

United Way of Fort McMurray
Financial Statements
For the year ended December 31, 2014

Management's Responsibility

To the Members of United Way of Fort McMurray:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

February 18, 2015



Executive Director

Independent Auditors' Report

To the Members of United Way of Fort McMurray:

We have audited the accompanying financial statements of United Way of Fort McMurray, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As is common with many charitable organizations, United Way of Fort McMurray derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to campaign contributions and pledges, excess of revenues over expenses, cash flows from operations, current assets, current liabilities and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of United Way of Fort McMurray as at December 31, 2014, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Fort McMurray, Alberta

February 18, 2015

MNP LLP

Chartered Accountants

United Way of Fort McMurray
Statement of Financial Position

As at December 31, 2014

	2014	2013
Assets		
Current		
Cash and cash equivalents	5,386,037	4,409,865
Restricted cash resources (Note 3)	886,494	1,283,267
Marketable securities (Note 4)	2,624,259	2,302,378
Campaign pledges receivable (Note 5)	4,900,789	5,273,126
Goods and Services Tax receivable	9,749	8,936
Interest receivable	3,761	3,170
Other prepaid expenses	28,208	28,779
	13,839,297	13,309,521
Restricted cash resources (Note 3)	1,656,623	1,478,764
Capital assets (Note 6)	39,262	65,483
	15,535,182	14,853,768
Liabilities		
Current		
Accounts payable and accruals	1,441,371	1,555,231
Deferred rental income	2,381	-
Government remittances payable	23,919	16,434
Deferred grant revenue (Note 7)	206,050	201,667
	1,673,721	1,773,332
Unamortized deferred capital contributions (Note 8)	21,686	34,316
	1,695,407	1,807,648
Commitments (Note 9)		
Net Assets		
Invested in capital assets	17,576	31,167
General contingency reserve	359,650	-
Internally restricted net assets (Note 3)	8,641,652	8,297,023
Tomorrow fund (Note 3)	3,226,182	3,170,515
Capital fund (Note 3)	1,594,715	1,547,415
	13,839,775	13,046,120
	15,535,182	14,853,768

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

United Way of Fort McMurray
Statement of Operations

For the year ended December 31, 2014

	2014	2013
Support Revenue		
Campaign contributions and pledges	6,517,523	7,165,666
Transfer from other United Way agencies	1,667,134	734,228
	8,184,657	7,899,894
Provision for uncollectible pledges <i>(Note 5)</i>	(335,255)	(276,729)
	7,849,402	7,623,165
Other Revenue		
Doubtful pledge recovery (expense)	(97,339)	112,656
Interest	35,221	30,952
Investment income	102,967	141,489
Redpoll Centre revenue <i>(Schedule 4)</i>	212,010	213,887
Sponsorship funding	-	37,000
	252,859	535,984
Total revenue before expenses	8,102,261	8,159,149
General Management and Administration expenses <i>(Schedule 1)</i>	-	-
Campaign expenses <i>(Schedule 2)</i>	485,077	444,013
Community Investment <i>(Schedule 3)</i>	6,611,519	6,688,828
Redpoll expenses <i>(Schedule 4)</i>	212,010	213,887
Total expenses	7,308,606	7,346,728
Excess of revenue over expenses	793,655	812,421

The accompanying notes are an integral part of these financial statements

United Way of Fort McMurray
Statement of Changes in Net Assets
For the year ended December 31, 2014

	Invested in capital assets	General contingency reserve	Internally restricted net assets	Tomorrow fund	Capital fund	2013
Balance, beginning of year	31,167	-	8,297,023	3,170,515	1,547,415	12,233,699
Excess of revenue over expenses	-	793,655	-	-	-	812,421
Amortization of internally funded capital assets	(13,591)	13,591	-	-	-	-
Investment income earned in Tomorrow fund	-	(55,667)	-	55,667	-	-
Investment income earned in Capital fund	-	(47,300)	-	-	47,300	-
Transfer to internally restricted net assets	-	(344,629)	344,629	-	-	-
Net assets, end of year	17,576	359,650	8,641,652	3,226,182	1,594,715	13,046,120

The accompanying notes are an integral part of these financial statements

United Way of Fort McMurray
Statement of Cash Flows

For the year ended December 31, 2014

	2014	2013
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Cash provided by (used for) the following activities		
Operating activities		
Cash received from campaign contributions	8,123,218	6,968,118
Cash received from other contributions	207,326	199,569
Interest received	34,630	30,783
Community investment expenses paid	(6,718,262)	(6,422,586)
Campaign expenses paid	(458,650)	(417,612)
Redpoll expenses paid	(212,090)	(181,550)
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	976,172	176,722
Investing activities		
Internally funded capital assets	-	(9,157)
Increase in market value of restricted cash resources	102,967	141,489
Change in restricted cash resources	396,773	(846,996)
Change in marketable securities	(321,881)	1,111,562
Change in long term restricted cash resources	(177,859)	(406,055)
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	-	(9,157)
Increase in cash and cash equivalents	976,172	167,565
Cash and cash equivalents, beginning of year	4,409,865	4,242,300
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Cash and cash equivalents, end of year	5,386,037	4,409,865

The accompanying notes are an integral part of these financial statements

United Way of Fort McMurray
Notes to the Financial Statements
For the year ended December 31, 2014

1. Incorporation and nature of the organization

United Way of Fort McMurray (the "Organization") is a not-for-profit organization incorporated under the Alberta Societies Act for the purpose of conducting an annual fund raising campaign in Fort McMurray on behalf of member agencies. It is registered as a public foundation and thus is exempt from income taxes under section 149(1)(l) of the Income Tax Act ("the Act"). Its registered charity number is 11926 0495 RR0001.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash resources.

Capital assets

Capital assets are initially recorded at cost. The policy of the Organization is to capitalize assets when the useful life is greater than one year and the acquisition cost meets the capitalization threshold of \$1,000. Amortization is provided using the declining balance and straight line methods at rates intended to amortize the cost of assets over their estimated useful lives.

Assets	Method	Rate
Computer equipment and software	Straight line	33%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight line	20%

In the year of acquisition, amortization is taken starting in the month of acquisition.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Organization follows the deferral method of accounting with the following policies for each type of revenue:

- ii) **Campaign contributions and pledges**
 The annual campaign runs from September to December each calendar year. It is conducted to raise support for member agencies and new agency development in the following year. Contributions and pledges are recognized as revenue in the period in which the campaign is held.
- ii) **Designated contributions and pledges**
 Donations designated by donors for specific agencies are in addition to the allocations determined by the Board of Directors. The designated donations are included in Other Allocations, termed non-support direct pledges in Schedule 3.
- iii) **Contributed materials and services**
 Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the organization's operations and would otherwise have been purchased.
- iv) **Pledges receivable**
 Pledges are recorded as receivable at the time the pledges are made, usually during the annual campaign. Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.
- v) **Externally restricted non-capital contributions**
 Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributors. Any externally restricted contributions containing stipulations that the amounts should be retained as net assets or that the contributions should not be expended are recorded as direct increases in net assets.
- vi) **Externally restricted capital contributions**
 Externally restricted capital contributions are recorded as deferred contributions until the amount is invested to acquire capital assets. Amounts invested in externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.
- vii) **Redpoll Centre revenue**
 Redpoll Centre receives revenue from rental operations. Revenue is recognized when amounts are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. The Redpoll Centre also receives externally restricted contributions and revenue is recognized as described above.

Allocation of general management and administration expenses

General management and administration expenses (Schedule 1) are incurred to support functional areas and are allocated to campaign and community investment expenses based on the time study method. Following this method, general management and administration expenses are allocated as follows:

	<u>2014</u>	<u>2013</u>
Campaign expenses	50%	50%
Community investment	50%	50%

2. **Significant accounting policies** *(Continued from previous page)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Campaign pledges receivable are stated after evaluation as to their collectibility and an appropriate provision for uncollectible pledges is provided where considered necessary. Amortization is based on the estimated useful life of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA 3840 Related Party Transactions.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments, recorded as cash and cash equivalents and restricted cash resources, quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers, whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

United Way of Fort McMurray

Notes to the Financial Statements

For the year ended December 31, 2014

3. Composition of cash and restricted cash resources

Cash resources represent amounts required to fulfill the subsequent year's community investment commitments, designated donations, United Way programs and the United Way operating budget. These funds are included in internally restricted net assets.

Restricted cash resources represent funds that are restricted for the Tomorrow Fund and Capital Fund. The Tomorrow Fund is restricted to projects that address emerging issues in the community and developmental program funding. The Capital Fund is restricted for future purchases of capital assets. The funds in these accounts require board approval to be transferred to internally restricted net assets or the General Contingency reserve. The short term restricted cash resources include government investment securities maturing within one year.

Investment income earned on investments in the current year was \$102,967 (2013 - \$141,489).

4. Marketable securities

Marketable securities consist of investments held in mutual funds, common shares and preferred shares which are actively traded in the open market. Marketable securities are restricted within the Capital and Tomorrow funds.

	2014	2013
Measured at fair value:		
Marketable securities	1,562,318	1,357,397
Mutual funds	965,746	937,696
Other investments	96,195	7,285
	2,624,259	2,302,378

5. Campaign pledges receivable

Campaign pledges receivable are shown net of allowance for uncollectible pledges. The amount of uncollectible pledges is estimated to be \$335,255 (2013 - \$276,729).

6. Capital assets

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	29,498	27,776	1,722	4,546
Computer software	50,398	42,578	7,820	15,946
Furniture and fixtures	100,190	71,703	28,487	35,609
Leasehold improvements	132,592	131,359	1,233	9,382
	312,678	273,416	39,262	65,483

United Way of Fort McMurray
Notes to the Financial Statements
For the year ended December 31, 2014

7. Deferred grant revenue

Deferred grant revenue represents the unspent portion of grants received in the year. Amounts received are intended for expenses related to the Redpoll Centre and Social Prosperity Wood Buffalo from Suncor Energy Foundation along with Convergence YMM and the Heart of Wood Buffalo Leadership Awards for which the Organization acts as a banker.

	2014	2013
Balance, beginning of year	201,667	220,741
Additional grant revenue received	132,022	85,251
Amount spent on operating expenses (Schedule 4)	(127,639)	(104,325)
	206,050	201,667

8. Unamortized deferred capital contributions

Unamortized deferred capital contributions represent the unamortized portion of contributed and external funding of capital assets. Recognition of these amounts is deferred to periods when the related capital assets are amortized. Changes in the unamortized deferred capital contributions balance are as follows:

	2014	2013
Balance, beginning of year	34,316	66,652
Amortization of deferred capital contributions (Schedule 4)	(12,630)	(32,336)
	21,686	34,316

9. Commitments

The Organization has entered into two lease agreements for premises with estimated minimum annual payments as follows:

2015	175,443
2016	162,153
2017	166,890
2018	171,872
2019	177,018
Thereafter, to 2029	2,103,094
	2,956,470

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

The Organization is subject to credit risk with respect to campaign pledges receivable. However, the Organization is not exposed to any significant concentration of credit risk due to its large donor base. Management monitors these accounts regularly and is reasonably assured that the Organization is not exposed to significant credit risk in excess of the provision for doubtful pledges at the balance sheet date.

United Way of Fort McMurray
Notes to the Financial Statements

For the year ended December 31, 2014

10. **Financial instruments** *(Continued from previous page)*

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization enters into transactions with their marketable securities and restricted cash resources denominated in US currency for which the related revenues and expenses are subject to exchange rate fluctuations. As at December 31, 2014, marketable securities of \$227,512 (2013 - \$258,571) and restricted cash resources of \$100,383 (2013 - \$15,873) are denominated in United States currency.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Change in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Company is exposed to interest rate price risk on its cash deposited, marketable securities and other restricted cash resources.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to provide funding to other organizations for which repayment is required at various maturity dates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization enters into transactions to purchase investments, for which the market price fluctuates. The Organization's investments in publicly-traded securities and money market instruments exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market interest rates, general economic indicators and restrictions on credit markets.

United Way of Fort McMurray
Schedule 1 - Schedule of General Management and Administration Expenses

For the year ended December 31, 2014

	2014	2013
Audit and accounting	22,313	21,563
Amortization	13,591	14,776
Bank charges	1,965	1,353
Conferences	3,574	13,889
Goods and Service Tax	2,307	2,469
Insurance	5,402	5,398
Membership fees	1,890	1,963
Meetings, seminars and events	4,161	12,450
Office expenses	36,315	27,563
Promotion and publicity	25,387	17,883
Recognition	6,339	2,296
Rent	26,941	25,987
Salaries and employee benefits	387,297	378,136
Training	4,409	11,021
Transportation	2,685	2,975
Total general management and administration expenses before allocation	544,576	539,722
Allocation to campaign expenses <i>(Note 2)</i>	<i>(272,288)</i>	<i>(269,861)</i>
Allocation to community investment <i>(Note 2)</i>	<i>(272,288)</i>	<i>(269,861)</i>
Total general management and administration allocation	(544,576)	(539,722)
Total general management and administration expenses	-	-

United Way of Fort McMurray
Schedule 2 - Schedule of Campaign Expenses
For the year ended December 31, 2014

	2014	2013
Bank charges	12,127	13,601
Events	32,157	20,106
Goods and Service Tax	1,624	1,044
Meetings	172	26
Office expenses	3,132	3,047
Promotion and publicity	45,124	24,543
Raffle	25,461	150
Recognition	8,449	8,912
Salaries and employee benefits	78,630	94,617
Supplies	5,066	2,371
Training	399	5,205
Transportation	448	530
Allocation of general management and administration expenses <i>(Schedule 1)</i>	272,288	269,861
Total campaign expenses	485,077	444,013

United Way of Fort McMurray
Schedule 3 - Schedule of Community Investment
For the year ended December 31, 2014

	2014	2013
Agency allocations		
Alberta Brain Injury Network	66,783	63,745
CNIB	18,500	18,500
Canadian Mental Health Association	110,000	110,000
Canadian Paraplegic Association	25,000	15,943
Centre of Hope	564,280	481,695
Children First	104,500	104,528
Fort McMurray Assessment and Referral Society (recovered)	(24,400)	125,000
Fort McMurray Boys & Girls Club	230,153	207,653
Fort McMurray Family Crisis Society	298,980	455,602
Fort McMurray Golden Years Society	82,500	78,000
Fort McMurray Search and Rescue	7,000	14,000
Fort McMurray Society for the Protection of Cruelty to Animals (recovered)	-	(10,875)
Girls Incorporated of Northern Alberta Society	90,000	90,000
HIV North Society	84,002	35,502
Justin Slade Youth Foundation	230,659	224,000
McMan Youth Services	189,056	189,056
Multicultural Association of Fort McMurray	126,000	105,000
Nistawoyou Friendship Centre (recovered)	-	(25,873)
Pastew Place Detox Centre	556,995	541,572
Some Other Solutions Society for Crisis Prevention	439,005	351,000
Support Through Housing Team	142,395	135,448
The Children's Centre	168,327	168,327
The Hub Family Resource Centre	402,881	385,000
The Salvation Army	425,808	452,420
The Wood's Home Foundation	350,000	315,000
Volunteer Wood Buffalo	-	115,300
Wood Buffalo Community Village	21,921	90,000
Wood Buffalo Wellness Society	280,000	280,000
YMCA of Wood Buffalo	305,864	277,484
	5,296,209	5,393,027
Other allocations		
Emerging needs	157,826	150,000
Non-Profit Sector Link	1,249	4,487
Non-support direct pledges	508,588	495,056
Personal Support Network	35,987	36,810
Social Prosperity Wood Buffalo	3,997	(2,179)
Support agencies direct pledges	135,111	148,808
Tools for School	3,365	12,436
	846,123	845,418
Total allocations	6,142,332	6,238,445
Other expenses		
United Way of Canada	66,411	64,564
Community building	14,957	4,730
Community investment process	115,531	111,228
Allocation of general management and administration expenses (Schedule 1)	272,288	269,861
Total community investment	6,611,519	6,688,828

United Way of Fort McMurray
Schedule 4 - Schedule of Redpoll Centre Revenues and Expenses
For the year ended December 31, 2014

	2014	2013
Revenue		
Grant revenue from Suncor Energy Foundation <i>(Note 7)</i>	127,639	104,325
Amortization of deferred capital contributions <i>(Note 8)</i>	12,631	32,336
Revenue from Redpoll Centre	71,740	77,226
	212,010	213,887
Expenses		
Goods and Services Tax	4,596	4,105
Office expenses	26,831	33,475
Renovations	3,584	2,013
Rent	155,056	129,074
Salaries and benefits	6,930	8,532
Supplies	2,382	4,352
	199,379	181,551
Amortization	12,631	32,336
Total Expenses	212,010	213,887
Excess of revenue over expenses	-	-