

Canadian UNICEF Committee

Financial statements

December 31, 2017



Independent auditors' report

To the Members of the
Canadian UNICEF Committee

We have audited the accompanying financial statements of the **Canadian UNICEF Committee**, which comprise the balance sheet as at December 31, 2017, and the statements of revenue and expenses, 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 auditors consider 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 statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Canadian UNICEF Committee** as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Canada
April 20, 2018

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



Canadian UNICEF Committee

Balance sheet

As at December 31

	2017	2016
	\$	\$
Assets		
Current		
Cash and cash equivalents	13,340,063	10,327,035
Accounts receivable	570,026	487,244
Prepaid expenses	136,365	153,756
Total current assets	14,046,454	10,968,035
Capital assets, net <i>[note 4]</i>	325,615	422,747
	14,372,069	11,390,782
Liabilities and net assets		
Current		
Payable to UNICEF <i>[notes 1 and 3]</i>	10,668,885	8,637,897
Accounts payable and accrued liabilities	1,807,370	992,852
Deferred contributions <i>[note 3]</i>	232,913	—
Total current liabilities	12,709,168	9,630,749
Commitments <i>[note 8]</i>		
Net assets		
Unrestricted <i>[note 6]</i>	325,615	422,747
Internally restricted <i>[note 7]</i>	1,337,286	1,337,286
Total net assets	1,662,901	1,760,033
	14,372,069	11,390,782

See accompanying notes

On behalf of the Board:

Director

Director

Canadian UNICEF Committee

Statement of revenue and expenses

Year ended December 31

	2017	2016
	\$	\$
Revenue		
Fundraising	30,297,477	26,717,696
Government and other grants <i>[note 9]</i>	5,512,324	1,742,424
Government matching funds <i>[note 10]</i>	2,241,649	810,415
Product sales	545,403	713,879
Other income	89,302	22,551
Total revenue	38,686,155	30,006,965
Expenses <i>[note 11]</i>		
Programmes		
International contributions <i>[note 1]</i>	20,911,541	16,519,625
Government matching fund <i>[note 10]</i>	2,241,649	810,415
Public advocacy and Canadian programs <i>[note 11]</i>	4,018,566	3,362,559
	27,171,756	20,692,599
Product <i>[note 11]</i>	29,074	30,358
Fundraising and administration <i>[note 11]</i>		
Fundraising	8,756,110	6,585,901
Administration	2,826,347	2,780,526
	11,582,457	9,366,427
Total expenses	38,783,287	30,089,384
Deficiency of revenue over expenses for the year	(97,132)	(82,419)

See accompanying notes

Canadian UNICEF Committee

Statement of changes in net assets

Year ended December 31

	2017		2016
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	422,747	1,337,286	1,760,033
Deficiency of revenue over expenses for the year	(97,132)	—	(97,132)
Net assets, end of year	325,615	1,337,286	1,662,901

See accompanying notes

Canadian UNICEF Committee

Statement of cash flows

Year ended December 31

	2017	2016
	\$	\$
Operating activities		
Deficiency of revenue over expenses for the year	(97,132)	(82,419)
Add item not affecting cash		
Amortization of capital assets	167,231	190,636
	<u>70,099</u>	<u>108,217</u>
Net change in non-cash working capital balances related to operations	<u>3,013,028</u>	<u>1,533,880</u>
Cash provided by operating activities	<u>3,083,127</u>	<u>1,642,097</u>
Investing activities		
Purchase of capital assets	(70,099)	(108,217)
Cash used in investing activities	<u>(70,099)</u>	<u>(108,217)</u>
Net increase in cash and cash equivalents during the year	3,013,028	1,533,880
Cash and cash equivalents, beginning of year	<u>10,327,035</u>	<u>8,793,155</u>
Cash and cash equivalents, end of year	<u>13,340,063</u>	<u>10,327,035</u>

See accompanying notes

Canadian UNICEF Committee

Notes to financial statements

December 31, 2017

1. Nature of organization and relationship with UNICEF

The Canadian UNICEF Committee ["UNICEF Canada"] is the official partner in Canada for the United Nations Children's Fund ["UNICEF"]. UNICEF Canada is a corporation incorporated without share capital under the *Canada Corporations Act* by Letters Patent dated September 22, 1969, and has members comprising the directors of UNICEF Canada and others, as approved by the UNICEF Canada Board. UNICEF Canada transitioned to the new *Canada Corporations Act* in 2013. UNICEF Canada is a registered charity, is able to issue donation receipts for income tax purposes under registration number 122680572RR001 and, accordingly, is exempt from income taxes provided certain requirements of the *Income Tax Act* (Canada) are met.

The objectives of UNICEF Canada include:

- to raise and receive funds for the work of UNICEF; and
- to stimulate interest, provide information and to involve Canadians and their governments in protecting the rights of children throughout the world in meeting these needs.

UNICEF Canada is party to a cooperation agreement with UNICEF that establishes, among other things, that the net funds raised after expenditures relating to public advocacy and Canadian programs will be transferred to UNICEF for the funding of programs approved by the UNICEF Executive Board.

As the obligation to transfer funds to UNICEF arises in the period in which the funds are raised, the amounts to be transferred are charged to expenses [international contributions] during that same period.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

Revenue recognition

UNICEF Canada follows the deferral method of accounting for contributions, which include donations and grants. Donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are initially deferred and then recognized as revenue in the year in which the related expenses are incurred. Product sales are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated.

Financial instruments

Financial instruments, including accounts receivable, payable to UNICEF, and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Canadian UNICEF Committee

Notes to financial statements

December 31, 2017

Unless otherwise noted, it is management's opinion that UNICEF is not exposed to significant interest rate, currency, market, credit or liquidity risks arising from financial instruments.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short term to maturity of approximately three months or less.

Capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is charged at annual rates on a straight-line basis designed to amortize the cost of the assets over their estimated useful lives as follows:

Tangible

Office furniture and equipment	10%
Computer equipment	20%
Leasehold improvements	Over the terms of the leases

Intangible

Software	20%
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Employee pension plan

UNICEF Canada participates in a defined contribution pension plan. Contributions to this plan are expensed when due.

Allocation of expenses

Salaries and benefits and other function costs for general support, such as finance, human resources and information technology and occupancy at head office included in administration expenses, are allocated to the other functions disclosed in the statement of revenue and expenses based on an estimate of the percentage of time spent by personnel in each department on activities related to each function.

3. Related party transactions

The payable to UNICEF is due before June 30, 2018 and is non-interest bearing.

During the year, contributions aggregating \$2,002,236 [2016 – nil] were received from UNICEF to invest in fundraising initiatives, of which \$1,769,323 [2016 – nil] was recognized as revenue in the year [note 9] and \$232,913 [2016 – nil] is recognized in deferred contributions.

These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

Canadian UNICEF Committee

Notes to financial statements

December 31, 2017

4. Capital assets

Capital assets consist of the following:

	2017		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	594,718	575,350	19,368
Computer equipment	878,399	709,851	168,548
Leasehold improvements	536,867	508,056	28,811
Intangible			
Software	752,348	643,460	108,888
	<u>2,762,332</u>	<u>2,436,717</u>	<u>325,615</u>
	2016		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	592,787	561,231	31,556
Computer equipment	816,435	640,066	176,369
Leasehold improvements	533,572	480,331	53,241
Intangible			
Software	749,439	587,858	161,581
	<u>2,692,233</u>	<u>2,269,486</u>	<u>422,747</u>

5. Credit facility

UNICEF Canada has a revolving demand, unsecured, credit facility of \$1,000,000. Interest on the demand line of credit is payable at the bank's prime rate of interest. As at December 31, 2017 and 2016, there were no draws on the facility.

6. Unrestricted net assets

Unrestricted net assets are equal to the net book value of capital assets of UNICEF Canada.

Canadian UNICEF Committee

Notes to financial statements

December 31, 2017

7. Internally restricted net assets

Internally restricted net assets were set up with the proceeds from the sale of properties and are to be used for the future purchase of property, which requires prior approval from the Board of Directors.

8. Commitments

The future minimum annual operating lease payments for premises are as follows:

	\$
2018	174,089
2019	189,089
2020	195,898
2021	102,538
2022	—
	<u>661,614</u>

In addition to minimum rental payments, leases for offices generally require the payment of various operating costs.

9. Government and other grants

Government and other grants consist of the following:

	2017 \$	2016 \$
Department of Foreign Affairs, Trade, and Development	3,743,001	1,742,424
UNICEF <i>[note 3]</i>	1,769,323	—
	<u>5,512,324</u>	<u>1,742,424</u>

10. Government matching funds

The Government of Canada establishes relief funds for various worldwide crises and has granted funds directly to UNICEF. UNICEF Canada recognizes the portion of these contributions that were directly granted to UNICEF by the Government of Canada for UNICEF Canada's efforts. Government matching funds consist of the following:

	2017 \$	2016 \$
Global food crisis	2,241,649	—
Syria	—	810,415
	<u>2,241,649</u>	<u>810,415</u>

Canadian UNICEF Committee

Notes to financial statements

December 31, 2017

11. Allocation of expenses

Certain administrative expenses are allocated to functions reported in the statement of revenue and expenses as follows:

	2017	2016
	\$	\$
Public advocacy and Canadian programs	964,687	947,792
Product	23,660	25,122
Fundraising	131,973	130,357
	1,120,320	1,103,271