

Canadian UNICEF Committee

Financial statements

December 31, 2020



Independent auditor's report

To the Members of the
Canadian UNICEF Committee

Opinion

We have audited the financial statements of **Canadian UNICEF Committee** ["UNICEF Canada"] which comprise the balance sheet as at December 31, 2020 and the statement of revenue and expenses, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the UNICEF Canada as at December 31, 2020 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of UNICEF Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the UNICEF Canada's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate UNICEF Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing UNICEF Canada's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 UNICEF Canada's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on UNICEF Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause UNICEF Canada to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada
April 23, 2021

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



Canadian UNICEF Committee

Balance sheet

As at December 31

	2020	2019
	\$	\$
Assets		
Current		
Cash and cash equivalents	13,570,322	13,142,219
Accounts receivable <i>[note 13]</i>	2,109,908	546,197
Prepaid expenses	280,911	232,593
Total current assets	15,961,141	13,921,009
Capital assets, net <i>[note 4]</i>	657,488	619,680
	16,618,629	14,540,689
Liabilities and net assets		
Current		
Payable to UNICEF <i>[notes 1 and 3]</i>	12,222,001	10,161,723
Accounts payable and accrued liabilities	1,562,388	1,416,537
Deferred contributions <i>[note 6]</i>	618,613	757,840
Total current liabilities	14,403,002	12,336,100
Deferred capital contributions <i>[note 7]</i>	220,853	247,623
Total liabilities	14,623,855	12,583,723
Commitments <i>[note 12]</i>		
Net assets		
Unrestricted <i>[note 8]</i>	657,488	619,680
Internally restricted <i>[note 9]</i>	1,337,286	1,337,286
Total net assets	1,994,774	1,956,966
	16,618,629	14,540,689

See accompanying notes

On behalf of the Board:



Director



Director

Canadian UNICEF Committee

Statement of revenue and expenses

Year ended December 31

	2020	2019
	\$	\$
Revenue		
Fundraising	48,200,312	32,828,611
Government and other grants <i>[note 10]</i>	12,580,823	5,610,327
Product sales	299,222	343,053
Other income <i>[note 7]</i>	96,551	207,802
	61,176,908	38,989,793
Expenses <i>[note 11]</i>		
Programs		
International contributions <i>[note 1]</i>	43,968,171	19,867,317
Public advocacy and Canadian programs <i>[note 11]</i>	3,799,215	4,392,757
	47,767,386	24,260,074
Product <i>[note 11]</i>	30,748	51,058
Fundraising and administration <i>[note 11]</i>		
Fundraising	11,342,081	12,309,800
Administration	1,998,885	1,976,685
	13,340,966	14,286,485
	61,139,100	38,597,617
Excess of revenue over expenses for the year	37,808	392,176

See accompanying notes

Canadian UNICEF Committee

Statement of changes in net assets

Year ended December 31

	2020		2019	
	Unrestricted	Internally restricted	Total	
	\$	\$	\$	
Net assets, beginning of year	619,680	1,337,286	1,956,966	1,564,790
Excess of revenue over expenses for the year	37,808	—	37,808	392,176
Net assets, end of year	657,488	1,337,286	1,994,774	1,956,966

See accompanying notes

Canadian UNICEF Committee

Statement of cash flows

Year ended December 31

	2020	2019
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	37,808	392,176
Add (deduct) items not affecting cash		
Amortization of capital assets	127,027	144,594
Amortization of deferred capital contributions	(26,770)	(20,077)
	<u>138,065</u>	<u>516,693</u>
Net change in non-cash working capital balances related to operations	454,873	(1,656,344)
Cash provided by (used in) operating activities	<u>592,938</u>	<u>(1,139,651)</u>
Financing activities		
Deferred capital contributions received	—	267,700
Cash provided by financing activities	<u>—</u>	<u>267,700</u>
Investing activities		
Purchase of capital assets	(164,835)	(536,770)
Cash used in investing activities	<u>(164,835)</u>	<u>(536,770)</u>
Net increase (decrease) in cash during the year	428,103	(1,408,721)
Cash and cash equivalents, beginning of year	<u>13,142,219</u>	<u>14,550,940</u>
Cash and cash equivalents, end of year	<u>13,570,322</u>	<u>13,142,219</u>

See accompanying notes

Canadian UNICEF Committee

Notes to financial statements

December 31, 2020

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 as a registered charity, is able to issue donation receipts for income tax purposes under registration number 122680572RR0001 and, accordingly, is exempt from income taxes provided certain requirements of the *Income Tax Act* (Canada) are met.

UNICEF is the world's leading humanitarian organization focused on children. As part of the United Nations, UNICEF's reach spans more than 190 countries and territories, ensuring that UNICEF is on the ground to help the most disadvantaged children. While part of the UN system, UNICEF relies entirely on voluntary donations to finance its life-saving work.

UNICEF Canada one of 33 National Committees around the world, and each National Committee operates under a cooperation agreement with UNICEF. Through fundraising, education and advocacy activities, UNICEF Canada supports programs that provide protection, healthcare and immunizations, education, safe water and sanitation and nutrition, and 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 cash and cash equivalents, 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.

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Unless otherwise noted, it is management's opinion that UNICEF Canada is not exposed to significant interest rate risk, currency risk, market risk, credit risk or liquidity risk 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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Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to UNICEF Canada's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of revenue and expenses. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

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, 2021 [2019 – June 30, 2020] and is non-interest bearing.

During the year, contributions aggregating to \$1,944,286 [2019 – \$3,653,710] were received from UNICEF to invest in fundraising initiatives, of which \$1,644,286 [2019 – \$3,250,000] was recognized as revenue in the year [note 10] and \$300,000 [2019 – \$403,710] is recognized in deferred contributions [note 6].

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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.

4. Capital assets

Capital assets consist of the following:

	2020		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	39,337	17,150	22,187
Computer equipment	525,804	361,518	164,286
Leasehold improvements	469,180	90,664	378,516
Intangible			
Software	364,745	272,246	92,499
	1,399,066	741,578	657,488
	2019		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	32,525	13,776	18,749
Computer equipment	454,006	305,703	148,303
Leasehold improvements	458,994	41,345	417,649
Intangible			
Software	288,706	253,727	34,979
	1,234,231	614,551	619,680

During the year, fully amortized assets of nil [2019 – \$2,120,410] were written off as they are no longer in use.

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, 2020 and 2019, there were no draws on the facility.

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6. Deferred contributions

Deferred contributions include unspent funds from UNICEF and designated contributions as set out below:

	2020	2019
	\$	\$
Balance, beginning of year	757,840	479,756
Deferred contributions received <i>[note 3]</i>	59,437,680	13,891,271
Amount recognized as revenue	(59,576,907)	(13,613,187)
Balance, end of year	618,613	757,840

7. Deferred capital contributions

Deferred capital contributions represent funds UNICEF Canada received as a tenant inducement of \$267,700 that was applied towards leasehold improvements. The annual amortization of the tenant inducement is recorded as other income in the statement of revenue and expenses.

	2020	2019
	\$	\$
Balance, beginning of year	247,623	—
Deferred capital contributions received	—	267,700
Amortization of deferred capital contributions	(26,770)	(20,077)
Balance, end of year	220,853	247,623

8. Unrestricted net assets

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

9. 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.

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10. Government and other grants

Government and other grants consist of the following:

	2020 \$	2019 \$
Government of Canada <i>[notes 3 and 14]</i>	10,442,918	1,988,213
UNICEF <i>[note 3]</i>	2,002,398	3,562,114
Government of Ontario and other	135,507	60,000
	<u>12,580,823</u>	<u>5,610,327</u>

11. Allocation of expenses

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

	2020 \$	2019 \$
Fundraising	1,414,325	1,391,520
Public advocacy and Canadian programs	1,149,034	1,111,421
Product	19,123	20,567
	<u>2,582,482</u>	<u>2,523,508</u>

12. Commitments

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

	\$
2021	309,769
2022	301,340
2023	271,078
2024	274,393
2025	281,085
Thereafter	953,680
	<u>2,391,345</u>

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

13. Accounts receivable

As at December 31, 2020, accounts receivable included \$1,600,000 [2019 – nil] representing payments with respect to bequests, which were received subsequent to year-end.

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14. COVID-19

In March 2020, the World Health Organization declared the spread of the novel coronavirus disease ["COVID-19"] to be a global pandemic. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel restrictions in and out of and within Canada, barring gatherings of people and requirements to stay home. These restrictions impacted the operations of UNICEF Canada with a significant reduction of face-to-face fundraising activities and events, the closure of offices with staff working from home, and cancellation of domestic and international travel.

Management considered the impact of COVID-19 in its assessment of UNICEF Canada's assets and liabilities and its ability to continue as a going concern. Although COVID-19 has had an impact on UNICEF Canada's operations, management believes UNICEF Canada continues to have sufficient resources to manage the operations through the next year.

During the year, UNICEF Canada received \$25,000 [2019 – nil] through the Temporary Wage Subsidy for Employers ["TWS"] government program and \$417,918 [2019 – nil] from the Canada Emergency Wage Subsidy ["CEWS"] government program. TWS was a three-month measure that allowed eligible employers to reduce the amount of payroll deductions needed to remit to the Canada Revenue Agency during March 18, 2020 to June 19, 2020. CEWS was introduced to prevent further job losses, encourage employers to quickly rehire workers previously laid off as a result of COVID-19, and help better position the Canadian economy. The CEWS revenue included in the fiscal year is for the period from March 15, 2020 to May 9, 2020.