

Canadian UNICEF Committee

Financial statements

December 31, 2023



Independent auditor's report

To the Members of the
Canadian UNICEF Committee

Opinion

We have audited the financial statements of the **Canadian UNICEF Committee** ["UNICEF Canada"] which comprise the balance sheet as at December 31, 2023, 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 UNICEF Canada as at December 31, 2023, 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 is 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 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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 8, 2024



Canadian UNICEF Committee

Balance sheet

As at December 31

	2023	2022
	\$	\$
Assets		
Current		
Cash and cash equivalents	21,481,212	20,388,879
Accounts receivable	316,548	651,262
Prepaid expenses	507,407	509,732
Total current assets	22,305,167	21,549,873
Capital assets, net <i>[note 4]</i>	689,005	705,527
	22,994,172	22,255,400
Liabilities and net assets		
Current		
Payable to UNICEF <i>[notes 1 and 3]</i>	19,244,487	18,095,539
Accounts payable and accrued liabilities	1,563,002	1,633,185
Deferred contributions <i>[note 6]</i>	19,849	316,550
Total current liabilities	20,827,338	20,045,274
Deferred capital contributions <i>[note 7]</i>	140,543	167,313
Total liabilities	20,967,881	20,212,587
Commitments <i>[note 12]</i>		
Net assets		
Unrestricted <i>[note 8]</i>	689,005	705,527
Internally restricted <i>[note 9]</i>	1,337,286	1,337,286
Total net assets	2,026,291	2,042,813
	22,994,172	22,255,400

See accompanying notes

On behalf of the Board:


Director


Director

Canadian UNICEF Committee

Statement of revenue and expenses

Year ended December 31

	2023	2022
	\$	\$
Revenue		
Fundraising	50,856,592	63,486,766
Government and other grants <i>[note 10]</i>	3,635,453	2,922,369
Product sales	43,280	403,730
Other income <i>[note 7]</i>	799,996	438,033
	55,335,321	67,250,898
Expenses		
Programs		
International contributions <i>[notes 1 and 3]</i>	32,609,440	44,281,670
Public advocacy and Canadian programs <i>[note 11]</i>	4,335,866	3,767,366
	36,945,306	48,049,036
Fundraising and administration <i>[note 11]</i>		
Fundraising	15,455,731	16,579,339
Administration	2,950,806	2,624,733
	18,406,537	19,204,072
	55,351,843	67,253,108
Deficiency of revenue over expenses for the year	(16,522)	(2,210)

See accompanying notes

Canadian UNICEF Committee

Statement of changes in net assets

Year ended December 31

	2023		2022
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	705,527	1,337,286	2,042,813
Deficiency of revenue over expenses for the year	(16,522)	—	(16,522)
Net assets, end of year	689,005	1,337,286	2,026,291

See accompanying notes

Canadian UNICEF Committee

Statement of cash flows

Year ended December 31

	2023	2022
	\$	\$
Operating activities		
Deficiency of revenue over expenses for the year	(16,522)	(2,210)
Add (deduct) items not involving cash		
Amortization of capital assets	175,218	160,693
Amortization of deferred capital contributions	(26,770)	(26,770)
	<u>131,926</u>	131,713
Net change in non-cash working capital balances related to operations	<u>1,119,103</u>	5,650,279
Cash provided by operating activities	<u>1,251,029</u>	5,781,992
Investing activities		
Purchase of capital assets	(158,696)	(158,483)
Cash used in investing activities	<u>(158,696)</u>	(158,483)
Net increase in cash during the year	1,092,333	5,623,509
Cash and cash equivalents, beginning of year	<u>20,388,879</u>	14,765,370
Cash and cash equivalents, end of year	<u>21,481,212</u>	20,388,879

See accompanying notes

Canadian UNICEF Committee

Notes to financial statements

December 31, 2023

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 Not-for-Profit 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 is 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.

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.

Canadian UNICEF Committee

Notes to financial statements

December 31, 2023

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

During the year, contributions to UNICEF aggregating to \$32,609,440 [2022 – \$44,281,670] for the funding of programs are recognized as program expenses, of which \$19,244,487 [2022 – \$18,095,539] are payable to UNICEF as at December 31, 2023. The payable to UNICEF is due before June 30, 2024 [2022 – June 30, 2023] and is non-interest bearing.

During the year, contributions aggregating to \$2,312,698 [2022 – \$2,868,402] were recognized as revenue from UNICEF to invest in fundraising initiatives [note 10], of which \$2,131,391 [2022 – \$2,738,367] was received during the year and \$181,307 [2022 – \$130,035] was recognized from deferred contributions [note 6].

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, 2023

4. Capital assets

Capital assets consist of the following:

	2023		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	39,337	25,560	13,777
Computer equipment	619,973	521,363	98,610
Leasehold improvements	469,180	226,489	242,691
Intangible			
Software	776,310	442,383	333,927
	1,904,800	1,215,795	689,005
	2022		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	39,337	22,849	16,488
Computer equipment	588,980	469,498	119,482
Leasehold improvements	469,180	183,772	285,408
Intangible			
Software	648,607	364,458	284,149
	1,746,104	1,040,577	705,527

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, 2023 and 2022, there are no draws on the facility.

6. Deferred contributions

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

	2023	2022
	\$	\$
Balance, beginning of year	316,550	453,681
Deferred contributions received <i>[note 3]</i>	18,636,632	32,565,551
Amount recognized as revenue <i>[note 3]</i>	(18,933,333)	(32,702,682)
Balance, end of year	19,849	316,550

Canadian UNICEF Committee

Notes to financial statements

December 31, 2023

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.

	2023	2022
	\$	\$
Balance, beginning of year	167,313	194,083
Amortization of deferred capital contributions	(26,770)	(26,770)
Balance, end of year	140,543	167,313

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.

10. Government and other grants

Government and other grants consist of the following:

	2023	2022
	\$	\$
UNICEF <i>[note 3]</i>	2,312,698	2,868,402
Government of Canada	1,250,000	—
Government of Ontario and other	72,755	53,967
	3,635,453	2,922,369

11. Allocation of expenses

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

	2023	2022
	\$	\$
Fundraising	2,088,675	1,848,348
Public advocacy and Canadian programs	1,450,249	1,217,918
	3,538,924	3,066,266

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Notes to financial statements

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12. Commitments

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

	<u>\$</u>
2024	336,418
2025	343,610
2026	339,149
2027	327,995
2028	311,233
Thereafter	<u>73,318</u>
	<u>1,731,723</u>

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