

Financial Statements

Canadian UNICEF Committee

December 31, 2013



Building a better
working world

INDEPENDENT AUDITORS' REPORT

To the Members of the
Canadian UNICEF Committee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the **Canadian UNICEF Committee** ["UNICEF Canada"], which comprise the balance sheet as at December 31, 2013, and the statements of revenue and expenses, changes in net assets and cash flows for the nine-month period ended December 31, 2013, 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, 2013, and the results of its operations and its cash flows for the nine-month period ended December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Canada Corporations Act, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
April 25, 2014.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants



Canadian UNICEF Committee

BALANCE SHEET

As at

	December 31, 2013	March 31, 2013
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	7,965,939	6,485,012
Accounts receivable <i>[note 7]</i>	596,524	195,083
Prepaid expenses	136,618	111,670
Total current assets	8,699,081	6,791,765
Capital assets, net <i>[note 5]</i>	394,670	426,497
	9,093,751	7,218,262
LIABILITIES AND NET ASSETS		
Current		
Payable to UNICEF <i>[notes 1 and 4]</i>	6,116,709	4,666,655
Accounts payable and accrued liabilities	1,235,586	725,115
Deferred contributions	9,500	62,709
Total current liabilities	7,361,795	5,454,479
Net assets		
Unrestricted net assets <i>[note 6]</i>	394,670	426,497
Internally restricted net assets <i>[note 8]</i>	1,337,286	1,337,286
	1,731,956	1,763,783
	9,093,751	7,218,262
Commitments <i>[note 9]</i>		

See accompanying notes

On behalf of the Board:

Director



Director



Canadian UNICEF Committee

STATEMENT OF REVENUE AND EXPENSES

	Nine-month period ended December 31, 2013 \$	Year ended March 31, 2013 \$
REVENUE		
Fundraising		
Donations	24,958,246	23,710,087
Product sales	311,267	725,564
Government and other grants <i>[notes 4 and 10]</i>	3,000,000	95,266
Other income	79,638	61,702
Total revenue	28,349,151	24,592,619
EXPENSES		
Programmes		
International contributions <i>[note 1]</i>	17,744,557	10,564,305
Public advocacy and Canadian programs <i>[note 11]</i>	2,680,886	4,314,117
	20,425,443	14,878,422
Product <i>[notes 4 and 11]</i>	85,032	183,297
Fundraising and administration <i>[note 11]</i>		
Fundraising	6,024,636	7,166,422
Administration	1,845,867	2,364,393
	7,870,503	9,530,815
Total expenses	28,380,978	24,592,534
Excess (deficiency) of revenue over expenses for the period	(31,827)	85

See accompanying notes



Canadian UNICEF Committee

STATEMENT OF CASH FLOWS

	Nine-month period ended December 31, 2013 \$	Year ended March 31, 2013 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the period	(31,827)	85
Add item not affecting cash		
Amortization	117,676	71,414
	<u>85,849</u>	<u>71,499</u>
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(401,441)	51,360
Decrease (increase) in prepaid expenses	(24,948)	1,386
Increase (decrease) in payable to UNICEF	1,450,054	(995,870)
Increase in accounts payable and accrued liabilities	510,471	37,374
Decrease in restructuring costs payable	—	(3,751)
Increase (decrease) in deferred revenue	(53,209)	61,359
Cash provided by (used in) operating activities	<u>1,566,776</u>	<u>(776,643)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(85,849)	(71,499)
Cash used in investing activities	<u>(85,849)</u>	<u>(71,499)</u>
Net increase (decrease) in cash and cash equivalents during the period	1,480,927	(848,142)
Cash and cash equivalents, beginning of period	6,485,012	7,333,154
Cash and cash equivalents, end of period	<u>7,965,939</u>	<u>6,485,012</u>

See accompanying notes



Canadian UNICEF Committee

STATEMENT OF CHANGES IN NET ASSETS

	<u>Nine-month period ended December 31, 2013</u>		
	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net assets, beginning of period	426,497	1,337,286	1,763,783
Deficiency of revenue over expenses for the period	(31,827)	—	(31,827)
Net assets, end of period	394,670	1,337,286	1,731,956

	<u>Year ended March 31, 2013</u>		
	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net assets, beginning of year	426,412	1,337,286	1,763,698
Excess of revenue over expenses for the year	85	—	85
Net assets, end of year	426,497	1,337,286	1,763,783

See accompanying notes



Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. NATURE OF ORGANIZATION AND BASIS OF PRESENTATION

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 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 co-operation 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 expense [international contributions] during that same period.

During the year, UNICEF Canada changed its year end from March 31 to December 31 to coincide with UNICEF.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Accounting Handbook – 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.

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

Financial instruments

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

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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Revenue recognition

UNICEF Canada follows the deferral method of accounting for contributions, which include donations and grants. Unrestricted donations are recognized as received. 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. Externally restricted donations and grants are initially deferred and then recognized as revenue in the year in which the related expenses are incurred.

Employee pension plan

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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. FINANCIAL INSTRUMENTS

UNICEF Canada's financial instruments consist of cash and cash equivalents, accounts receivable, payable to UNICEF and accounts payable and accrued liabilities. Management is of the opinion that UNICEF Canada is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk

UNICEF Canada is exposed to credit risk in connection with its accounts receivable and its short-term investments and fixed income investments included in cash and cash equivalents because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk

UNICEF Canada is exposed to interest rate risk with respect to its fixed income investments included in cash and cash equivalents because the fair value will fluctuate due to changes in market interest rates. In addition, UNICEF Canada is exposed to interest rate risk with respect to its available operating line of credit [which has not been drawn upon] because cash flows will fluctuate because the interest rate is linked to the bank's prime rate, which changes from time to time.

Liquidity risk

UNICEF Canada is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

4. RELATED PARTY TRANSACTIONS

The payable to UNICEF is due before June 30 [March 31, 2013 - due before September 30] after the fiscal year end and is non-interest bearing.

During the period ended December 31, 2013, contributions of nil [year ended March 31, 2013 - \$50,000] were received from UNICEF to invest in fundraising initiatives [note 10].

5. CAPITAL ASSETS

	December 31, 2013		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	585,752	518,239	67,513
Computer equipment	580,059	424,106	155,953
Leasehold improvements	420,712	409,805	10,907
Intangible			
Software	548,848	388,551	160,297
	2,135,371	1,740,701	394,670
	March 31, 2013		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	585,752	490,650	95,102
Computer equipment	543,599	373,931	169,668
Leasehold improvements	420,712	405,041	15,671
Intangible			
Software	499,459	353,403	146,056
	2,049,522	1,623,025	426,497

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

6. UNRESTRICTED NET ASSETS

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

7. GOVERNMENT REMITTANCES RECEIVABLE

As at December 31, 2013, accounts receivable include government remittances receivable of \$258,581 [March 31, 2013 - \$166,719].

8. 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 must have prior approval from the Board of Directors.

9. COMMITMENTS

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

	\$
2014	441,876
2015	436,476
2016	430,276
2017	429,776
2018	255,807
	<u>1,994,211</u>

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2013

10. GOVERNMENT AND OTHER GRANTS

	Nine-month period ended December 31, 2013 \$	Year ended March 31, 2013 \$
Department of Foreign Affairs, Trade, and Development	3,000,000	45,266
UNICEF <i>[note 4]</i>	—	50,000
	<u>3,000,000</u>	<u>95,266</u>

11. ALLOCATION OF EXPENSES

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

	Nine-month period ended December 31, 2013 \$	Year ended March 31, 2013 \$
Public advocacy and Canadian programs	752,821	1,740,365
Product	19,145	31,048
Fundraising	101,091	245,257
	<u>873,057</u>	<u>2,016,670</u>

12. PENSION PLAN

UNICEF Canada maintains a defined contribution pension plan for all permanent employees. Eligible employees can join the pension plan after completing at least six months of continuous service with UNICEF Canada. Employees contribute 5% of earnings to the plan and UNICEF Canada matches this contribution. The expense for the period recognized in the statement of revenue and expenses for the pension plan was \$142,783 [year ended March 31, 2013 - \$204,731].

