

Financial Statements

**Canadian UNICEF Committee**

December 31, 2015



Building a better  
working world

## 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, 2015, and the statements of revenue and expenses, changes in net assets and cash flows for 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, 2015, 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.

*Ernst & Young LLP*

Toronto, Canada  
April 22, 2016

Chartered Professional Accountants  
Licensed Public Accountants



A member firm of Ernst & Young Global Limited

**Canadian UNICEF Committee**

**BALANCE SHEET**

As at December 31

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	8,793,155	7,554,361
Accounts receivable <i>[note 6]</i>	462,158	661,209
Prepaid expenses	188,103	170,889
<b>Total current assets</b>	<b>9,443,416</b>	<b>8,386,459</b>
Capital assets, net <i>[note 4]</i>	505,166	568,066
	<b>9,948,582</b>	<b>8,954,525</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Payable to UNICEF <i>[notes 1 and 3]</i>	7,074,023	6,247,550
Accounts payable and accrued liabilities	909,751	786,623
Deferred revenue	122,356	15,000
<b>Total current liabilities</b>	<b>8,106,130</b>	<b>7,049,173</b>
<b>Net assets</b>		
Unrestricted <i>[note 5]</i>	505,166	568,066
Internally restricted <i>[note 7]</i>	1,337,286	1,337,286
	<b>1,842,452</b>	<b>1,905,352</b>
	<b>9,948,582</b>	<b>8,954,525</b>

Commitments *[note 8]*

*See accompanying notes*

On behalf of the Board:

Director

Director

**Canadian UNICEF Committee**

**STATEMENT OF REVENUE AND EXPENSES**

Year ended December 31

	2015	2014
	\$	\$
<b>REVENUE</b>		
Fundraising		
Donations	33,390,636	26,976,846
Government matching fund <i>[note 10]</i>	3,525,738	—
Government and other grants <i>[note 9]</i>	1,902,185	—
Product sales	567,689	709,707
Other income	81,589	72,263
<b>Total revenue</b>	<b>39,467,837</b>	<b>27,758,816</b>
<b>EXPENSES <i>[note 11]</i></b>		
Programmes		
International contributions <i>[note 1]</i>	21,288,334	14,451,202
Government matching fund <i>[note 10]</i>	3,525,738	—
Public advocacy and Canadian programs <i>[note 11]</i>	3,685,195	3,605,467
	<b>28,499,267</b>	<b>18,056,669</b>
Product <i>[note 11]</i>	<b>70,699</b>	<b>122,034</b>
Fundraising and administration <i>[note 11]</i>		
Fundraising	8,231,025	6,884,377
Administration	2,729,746	2,522,340
	<b>10,960,771</b>	<b>9,406,717</b>
<b>Total expenses</b>	<b>39,530,737</b>	<b>27,585,420</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>(62,900)</b>	<b>173,396</b>

*See accompanying notes*

**Canadian UNICEF Committee**

**STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31

	<b>2015</b>			<b>2014</b>
	<b>Unrestricted</b>	<b>Internally restricted</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net assets, beginning of year</b>	<b>568,066</b>	<b>1,337,286</b>	<b>1,905,352</b>	<b>1,731,956</b>
Excess (deficiency) of revenue over expenses for the year	<b>(62,900)</b>	<b>—</b>	<b>(62,900)</b>	<b>173,396</b>
<b>Net assets, end of year</b>	<b>505,166</b>	<b>1,337,286</b>	<b>1,842,452</b>	<b>1,905,352</b>

*See accompanying notes*

**Canadian UNICEF Committee**

**STATEMENT OF CASH FLOWS**

Year ended December 31

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	<b>(62,900)</b>	173,396
Add item not affecting cash		
Amortization	<b>193,686</b>	144,463
	<b>130,786</b>	317,859
Net, changes in non-cash working capital balances related to operations	<b>1,238,794</b>	(411,578)
<b>Cash provided by (used in) operating activities</b>	<b>1,369,580</b>	(93,719)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<b>(130,786)</b>	(317,859)
<b>Cash used in investing activities</b>	<b>(130,786)</b>	(317,859)
<b>Net increase (decrease) in cash and cash equivalents     during the year</b>	<b>1,238,794</b>	(411,578)
Cash and cash equivalents, beginning of year	<b>7,554,361</b>	7,965,939
<b>Cash and cash equivalents, end of year</b>	<b>8,793,155</b>	7,554,361

*See accompanying notes*



## Canadian UNICEF Committee

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

#### 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 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 expenses [international contributions] during that same period.

## **Canadian UNICEF Committee**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Unless otherwise noted, it is management’s opinion that UNICEF is not exposed to significant interest rate, currency, market or credit 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.



## Canadian UNICEF Committee

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

#### 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:

<b>Tangible</b>	
Office furniture and equipment	10%
Computer equipment	20%
Leasehold improvements	Over the terms of the leases
<b>Intangible</b>	
Software	20%

#### 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, 2016 and is non-interest bearing.

During the year, contributions aggregating \$527,185 [2014 – nil] were received from UNICEF to invest in fundraising initiatives [note 9].

**Canadian UNICEF Committee**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

**4. CAPITAL ASSETS**

Capital assets consist of the following:

<b>2015</b>			
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Tangible</b>			
Office furniture and equipment	590,136	546,568	43,568
Computer equipment	789,480	561,315	228,165
Leasehold improvements	520,106	451,553	68,553
<b>Intangible</b>			
Software	684,294	519,414	164,880
	<b>2,584,016</b>	<b>2,078,850</b>	<b>505,166</b>

  

<b>2014</b>			
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Tangible</b>			
Office furniture and equipment	590,136	532,036	58,100
Computer equipment	658,694	486,012	172,682
Leasehold improvements	520,106	422,403	97,703
<b>Intangible</b>			
Software	684,294	444,713	239,581
	<b>2,453,230</b>	<b>1,885,164</b>	<b>568,066</b>

**5. UNRESTRICTED NET ASSETS**

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

**6. GOVERNMENT REMITTANCES RECEIVABLE**

As at December 31, 2015, accounts receivable include government remittances receivable of \$256,266 [2014 – \$231,794].

## Canadian UNICEF Committee

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

#### 8. COMMITMENTS

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

	\$
2016	505,920
2017	508,030
2018	286,887
2019	31,080
2020 and thereafter	—
	<u>1,331,917</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:

	2015 \$	2014 \$
Department of Foreign Affairs, Trade, and Development	1,375,000	—
UNICEF International [note 3]	527,185	—
	<u>1,902,185</u>	—

## Canadian UNICEF Committee

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

#### 10. GOVERNMENT MATCHING FUND

In 2015, the Government of Canada established relief funds for both the Nepal earthquake and the conflict in Syria. As a result of these relief funds, the Government of Canada granted funds directly to UNICEF International. These amounts recognize the portion that UNICEF Canada contributed to the relief fund pool and were subsequently granted to UNICEF International by the Government of Canada.

	2015 \$	2014 \$
Nepal	1,750,000	—
Syria	1,775,738	—
	<u>3,525,738</u>	<u>—</u>

#### 11. ALLOCATION OF EXPENSES

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

	2015 \$	2014 \$
Public advocacy and Canadian programs	947,629	877,778
Product	27,494	25,590
Fundraising	125,018	123,686
	<u>1,100,141</u>	<u>1,027,054</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 year recognized in the statement of revenue and expenses for the pension plan was \$210,756 [2014 – \$196,411].

**Canadian UNICEF Committee**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

**13. 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, 2015 and 2014, there were no draws on the facility.



