

**Thompson Nicola Cariboo United Way**  
**Financial Statements**  
For the year ended March 31, 2020

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of the Thompson Nicola Cariboo United Way are the responsibility of management and have been prepared in accordance with legislation, and in accordance with Canadian accounting standards for not-for-profit organizations established by the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Thompson Nicola Cariboo United Way maintains systems of internal accounting and administrative controls of sufficient quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and the Society's assets are appropriately accounted for and adequately safeguarded.

The Thompson Nicola Cariboo United Way's Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility principally through meetings.

The Board of Directors reviews the Society's financial statements and recommends their approval. The Board of Directors meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Board of Directors takes this information into consideration when approving the financial statements for issuance to the Members. The Board of Directors also approves the engagement of the external auditor.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards. BDO Canada LLP has full access to the Board of Directors.

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Director

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Director



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## Independent Auditor's Report

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To the Board of Directors of  
Thompson Nicola Cariboo United Way

### Report on Financial Statements Qualified Opinion

We have audited the financial statements of Thompson Nicola Cariboo United Way as at March 31, 2020, which comprise the statements of financial position, changes in net assets, the statement of operations, 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, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Thompson Nicola Cariboo United Way as at March 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 Qualified Opinion

In common with many not-for-profit organizations, Thompson Nicola Cariboo United Way derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and the related pledges receivable was limited to the amounts recorded in the records of Thompson Nicola Cariboo United Way. Therefore we were not able to determine whether any adjustments might be necessary to fundraising revenue, pledges receivable, excess of revenue over expenses, and cash flows from operations for the periods ended March 31, 2020 and March 31, 2019, current assets and net assets at March 31, 2020 and March 31, 2019. Our audit opinion on the financial statements for the period ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 the Thompson Nicola Cariboo United Way 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.

### 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 Thompson Nicola Cariboo United Way'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 the Thompson Nicola Cariboo United Way or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Thompson Nicola Cariboo United Way'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 Thompson Nicola Cariboo United Way'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 the Thompson Nicola Cariboo United Way'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 the Thompson Nicola Cariboo United Way 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.



## **Report on Other Legal & Regulatory Requirements**

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

## **Chartered Professional Accountants**

**Kamloops, British Columbia  
July 28, 2020**

**Thompson Nicola Cariboo United Way**  
**Statement of Financial Position**

| As at March 31   | 2020         | 2019         |
|--|--------------|--------------|
| <b>Assets</b>  |              |              |
| <b>Current</b>   |              |              |
| Cash   | \$ 94,963    | \$ 381,394   |
| Restricted cash  | 310,480      | 233,542      |
| Pledges Receivable (Note 3)                                | 338,924      | 479,359      |
| Accounts receivable  | 54,043       | 91,355       |
| GST rebate receivable                                      | 32,028       | 6,383        |
| Prepaid expenses   | -            | 3,125        |
|  | 830,438      | 1,195,158    |
| <b>Capital assets (Note 4)</b>                             | 687,153      | 50,335       |
| <b>Cash value of life insurance (Note 5)</b>               | 91,581       | 91,581       |
|  | \$ 1,609,172 | \$ 1,337,074 |
| <b>Liabilities and Net Assets</b>                          |              |              |
| <b>Current</b>   |              |              |
| Accounts payable and accrued liabilities                   | \$ 438,442   | \$ 309,946   |
| Payroll remittances payable                                | 597          | 8,063        |
| Current portion of obligation under capital lease (Note 7) | -            | 7,219        |
| Deferred revenue (Note 8)                                  | 284,388      | 254,101      |
| Current portion of deferred capital contributions (Note 9) | 53,595       | 17,500       |
| Current portion of long-term debt (Note 10)                | 53,196       | 123,705      |
|  | 830,218      | 720,534      |
| <b>Obligations under capital leases (Note 7)</b>           | -            | 4,023        |
| <b>Deferred capital contributions (Note 9)</b>             | 455,558      | 332,500      |
| <b>Long-term debt (Note 10)</b>                            | 167,251      | 221,119      |
|  | 1,453,027    | 1,278,176    |
| <b>Net assets</b>  |              |              |
| Invested in capital assets                                 | 178,000      | 39,092       |
| Internally restricted                                      | 385,682      | 362,382      |
| Externally restricted (Note 11)                            | 33,890       | 44,096       |
| General operating  | (441,427)    | (386,672)    |
|  | 156,145      | 58,898       |
|  | \$ 1,609,172 | \$ 1,337,074 |

**Commitments (Note 12)**

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

**Thompson Nicola Cariboo United Way**  
**Statement of Changes in Net Assets**

|   | Invested in<br>Capital Assets | Internally<br>Restricted | Externally<br>Donor<br>Determined | Externally<br>Restricted | General<br>Operating | 2020        | 2019        |
|---|-------------------------------|--------------------------|-----------------------------------|--------------------------|----------------------|-------------|-------------|
| <b>Balance, beginning of year</b>               | \$ 39,092                     | \$ 362,382               | \$ -                              | \$ 44,096                | \$ (386,672)         | \$ 58,898   | \$ 160,413  |
| Revenue   | 26,798                        | -                        | 70,755                            | 371,749                  | 2,451,357            | 2,920,659   | 3,278,604   |
| Expenses  | (50,574)                      | (253,450)                | (70,755)                          | (381,955)                | (2,066,678)          | (2,823,412) | (3,380,119) |
| Excess (deficiency) of revenue<br>over expenses | (23,776)                      | (253,450)                | -                                 | (10,206)                 | 384,679              | 97,247      | (101,515)   |
| Transfers                                       |                               |                          |                                   |                          |                      |             |             |
| Board allocation (Note 13)                      | -                             | 276,750                  | -                                 | -                        | (276,750)            | -           | -           |
| Acquisition of capital assets                   | 162,684                       | -                        | -                                 | -                        | (162,684)            | -           | -           |
| <b>Balance, end of year</b>                     | \$ 178,000                    | \$ 385,682               | \$ -                              | \$ 33,890                | \$ (441,427)         | \$ 156,145  | \$ 58,898   |

The accompanying notes are an integral part of these financial statements.

## Thompson Nicola Cariboo United Way Statement of Operations

| For the year ended March 31               | 2020             | 2019                |
|---|------------------|---------------------|
| <b>Campaign Revenue:</b>                  |                  |                     |
| Corporate donations                       | \$ 253,370       | \$ 506,743          |
| Employee donations                        | 674,095          | 729,673             |
| Individual donations                      | 46,177           | 161,356             |
| Events                                    | 124,611          | 125,674             |
| Community Partnership Initiatives         | 173,686          | 241,470             |
| Less: Uncollectible pledges               | (113,312)        | (79,349)            |
| <b>Gross Campaign Revenue</b>             | <b>1,158,627</b> | <b>1,685,567</b>    |
| <b>Other Revenue:</b>                     |                  |                     |
| Interest and miscellaneous                | 8,494            | 14,424              |
| Grants                                    | 1,516,640        | 1,160,639           |
| XChange Centre                            | 223,613          | -                   |
| Success by Six funding                    | -                | 264,171             |
| Sponsorship                               | 25,500           | 36,250              |
| Loss on disposal of capital assets        | (12,215)         | -                   |
| Wildfire                                  | -                | 117,553             |
|   | <b>1,762,032</b> | <b>1,593,037</b>    |
| <b>Gross Revenue</b>                      | <b>2,920,659</b> | <b>3,278,604</b>    |
| <b>Expenses:</b>                          |                  |                     |
| Fundraising (Schedule 2)                  | 273,020          | 432,006             |
| XChange Centre (Schedule 1)               | 476,070          | -                   |
|   | <b>749,090</b>   | <b>432,006</b>      |
| <b>Net Revenue Available for Programs</b> | <b>2,171,569</b> | <b>2,846,598</b>    |
| <b>Program Expenses:</b>                  |                  |                     |
| Allocations and designations (Schedule 3) | 324,205          | 784,438             |
| Community Funding Program (Schedule 3)    | 1,750,117        | 2,163,675           |
|   | <b>2,074,322</b> | <b>2,948,113</b>    |
| <b>Surplus (deficit) for the year</b>     | <b>\$ 97,247</b> | <b>\$ (101,515)</b> |

The accompanying notes are an integral part of these financial statements.

## Thompson Nicola Cariboo United Way Statement of Cash Flows

| For the year ended March 31                                      | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>Operating activities</b>                                      |                   |                   |
| Cash received from all sources                                   | \$ 3,109,097      | \$ 3,186,465      |
| Cash paid to suppliers and employees                             | (2,611,276)       | (3,091,928)       |
| Interest paid  | (33,019)          | (46,541)          |
| <b>Cash flows from operating activities</b>                      | <b>464,802</b>    | <b>47,996</b>     |
| <b>Financing activity</b>  |                   |                   |
| Repayment of long-term debt                                      | (124,378)         | (117,391)         |
| Repayment on obligations under capital lease                     | (7,986)           | (6,480)           |
| Deferred capital contributions                                   | 159,153           | 350,000           |
| <b>Cash flows used in financing activities</b>                   | <b>26,789</b>     | <b>226,129</b>    |
| <b>Investing activities</b>                                      |                   |                   |
| Purchase of capital assets                                       | (701,084)         | (23,472)          |
| Cash increase from (decrease from sale of marketable securities) | -                 | 441               |
| <b>Cash flows used in investing activities</b>                   | <b>(701,084)</b>  | <b>(23,031)</b>   |
| <b>Increase (decrease) in cash</b>                               | <b>(209,493)</b>  | <b>251,094</b>    |
| <b>Cash, beginning of period</b>                                 | <b>614,936</b>    | <b>363,842</b>    |
| <b>Cash, end of period</b>                                       | <b>\$ 405,443</b> | <b>\$ 614,936</b> |
| <b>Comprised of:</b>   |                   |                   |
| Cash   | \$ 94,963         | \$ 381,394        |
| Restricted cash  | 310,480           | 233,542           |
|  | <b>\$ 405,443</b> | <b>\$ 614,936</b> |

The accompanying notes are an integral part of these financial statements.

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## Thompson Nicola Cariboo United Way Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies

#### Purpose of the Society

Thompson Nicola Cariboo United Way (the "Society") is dedicated to generating resources and collaborating with others to meet a regional community impact strategy within the communities of Kamloops, Merritt, Chase and surrounding areas. The Society is incorporated under the *Societies Act* in the Province of British Columbia. The Society is exempt from income taxes under Paragraph 149(1)(f) of the *Income Tax Act*, and is a registered charity under the *Income Tax Act*.

#### Basis of Accounting and Presentation

The Society has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### Fund Accounting

The financial statements record accounting transactions using the fund accounting method generally in use for not-for-profit organizations. The Society follows the restricted fund method of accounting for contributions. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial position of Thompson Nicola Cariboo United Way is shown on the financial statements which includes the assets, liabilities and equity of all funds presented in the financial statements. The various funds have been amalgamated for the purpose of presentation in the financial statements. The financial statements maintain the following funds:

##### General Operating:

The general operating fund is maintained to cover the general operating expenses of the Society and other special projects as required.

##### Internally restricted allocations:

The Board has set aside funds pledged in the current campaign to be distributed as allocations to the community. Each year, the Board estimates the amount that it will distribute in the subsequent year.

##### Externally donor determined:

Externally donor determined restricted funds are amounts pledged to the United Way designated by Campaign donors to be paid out to other Canadian registered charities.

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## Thompson Nicola Cariboo United Way Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies (continued)

#### Fund Accounting (continued)

Invested in equipment:

The invested in equipment represents the Society's investment in capital assets.

Externally restricted funding:

Externally restricted funds are amounts that have been designated for a specific purpose by an external party. The Society also receives donations which have been restricted by the donor, specifically regarding the use of and receipt of the funds.

#### Cash

Cash and cash equivalents includes cash, bank balances and bank indebtedness. Bank indebtedness form an integral part of the Society's cash management and fluctuates frequently from being positive to negative.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains or losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

#### Campaign revenue

These financial statements reflect the results of the campaigns and include campaign revenue and the related allocations, designations and operating expenditures applicable to that campaign.

#### Designations for Agencies

The United Way collects funds designated by campaign donors for other Canadian registered charities. These funds are included in campaign revenue and are recognized as expenditures of the current Campaign. Funds are distributed based on actual cash received, net of a \$16 fee per designation.

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## Thompson Nicola Cariboo United Way Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies (continued)

#### Contributed materials

Contributed materials are recorded at fair value, when fair value can be reasonably estimated, at the date the materials are contributed.

#### Volunteer time

A large number of people have contributed significant amounts of time to the Society without compensation. These financial statements do not reflect the value of those contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

#### Revenue Recognition

Pledges are recorded as receivable and recognized as revenue when signed pledge forms are received. Provision is made for possible cancellation of pledges.

Unrestricted donation revenue is recognized as revenue of the general operating fund when contributions are received or when pledges can be reasonably estimated and ultimate collection is reasonably assured.

Restricted donation revenue is recognized as revenue of the restricted fund when received or when pledges can be reasonably estimated and ultimate collection is reasonably assured. Restricted funding that is not associated with a restricted fund is recognized as revenue in the general operating fund in accordance with the deferral method of accounting.

Restricted contributions relating to funding grants are recorded as deferred revenue and recognized as revenue in the year which the related expenses are incurred.

Interest revenue is recognized as revenue on the internally restricted funds when earned.

Event revenue is recognized as revenue of the general fund when funds are received.

#### Expense Allocation

The Society engages in three functional areas: the XChange Centre, fundraising and programs. The costs of each area include personnel, premise and other expenses that are directly related to providing that function. The Society also incurs a number of general support expenses that are common to the administration of the organization and each of its functional areas.

The Society allocates certain of its general management and administrative expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. General management and administrative expenses are allocated to the functional areas based on management's estimates of actual time spent in each area.

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## Thompson Nicola Cariboo United Way Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies (continued)

#### Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make assumptions and estimates that have an effect on the reported amounts of assets, liabilities, and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates. Significant areas requiring the use of management estimates includes the estimation of possible cancellation of pledges receivable and the related designations.

#### Capital Assets

Capital assets acquired as part of the operating or capital funds are valued at cost and are recorded in the Capital Fund. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is charged against capital assets and invested in capital assets on the following basis:

|                               |                                |
|-------------------------------|--------------------------------|
| Leasehold improvements        | 10 years - straight line basis |
| Computer equipment            | 33% - declining balance basis  |
| Equipment                     | 33% - declining balance basis  |
| Software                      | 55% - declining balance basis  |
| Equipment under capital lease | 20% - declining balance basis  |
| Vehicles and trailers         | 30% - declining balance basis  |

#### Deferred Capital Contributions

Funding received for the purpose of capital asset purchases are recorded as a deferred capital contribution and amortized on the same basis as the related assets.

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## Thompson Nicola Cariboo United Way Notes to Financial Statements

**March 31, 2020**

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### 2. Going Concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of operations.

In recent years the organization's general operating fund has run at a deficit, causing a reduction in community funding over the past two years. Additionally, the XChange Collaboration Centre and Research Lab operated at a loss in its first year, further complicated by the anticipated lack of revenue generation from rentals due to COVID-19. There is also a concern about a further decline in campaign revenue during coming year due to the pandemic.

These factors create material uncertainties that may cast significant doubt upon the Society's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Society be unable to continue as a going concern.

As a result, the organization has reviewed and revised spending policies, staffing, internal controls and budgets for the coming year. Management and the Board of Directors have prioritized community fund payments and, with help from experts in the local business community, are actively revising the business plan for the XChange Centre. The organization's first quarter of the subsequent fiscal year has shown positive financial gains as a result of the the significant adjustments to operations and the budget.

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### 3. Pledges Receivable

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Current Campaign                             | \$ 487,610        | \$ 563,334        |
| Provision for estimated pledge cancellations | <u>(148,685)</u>  | <u>(83,975)</u>   |
|  | <u>\$ 338,925</u> | <u>\$ 479,359</u> |

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**Thompson Nicola Cariboo United Way**  
**Notes to Financial Statements**

**March 31, 2020**

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**4. Capital Assets**

|                               | 2020              |                             | 2019             |                             |
|-------------------------------|-------------------|-----------------------------|------------------|-----------------------------|
|                               | Cost              | Accumulated<br>Amortization | Cost             | Accumulated<br>Amortization |
| Leasehold improvements        | \$ 658,236        | \$ 33,360                   | \$ 44,371        | \$ 31,960                   |
| Computer equipment            | 71,104            | 65,267                      | 68,862           | 59,242                      |
| Equipment                     | 64,945            | 31,444                      | 30,656           | 24,568                      |
| Software                      | 58,825            | 55,878                      | 58,825           | 55,730                      |
| Equipment under capital lease | -                 | -                           | 34,796           | 20,384                      |
| Vehicles and Trailers         | 24,988            | 4,996                       | 5,540            | 831                         |
|                               | <b>878,098</b>    | <b>190,945</b>              | <b>243,050</b>   | <b>192,715</b>              |
| Net book value                | <b>\$ 687,153</b> |                             | <b>\$ 50,335</b> |                             |

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**5. Cash Value of Life Insurance**

The Society has been named the beneficiary of a life insurance policy, which contains a cash surrender value. This amount has been recorded at its fair market value.

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**Thompson Nicola Cariboo United Way**  
**Notes to Financial Statements**

**March 31, 2020**

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**6. Bank Indebtedness**

Under a revolving line of credit arrangement with the Royal Bank of Canada, the Society may borrow up to \$50,000 on such terms as the Society and the bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. The line of credit bears interest at prime plus 2.04% per annum when drawn upon.

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**7. Obligation Under Capital Lease**

|   | <u>2020</u> | <u>2019</u>     |
|---|-------------|-----------------|
| Roynat Inc. lease - expired in the year             | \$ -        | \$ 10,051       |
| Kamloops Office Systems lease - expired in the year | -           | 1,191           |
|   | -           | <u>11,242</u>   |
| Less: portion due within one year                   | -           | <u>7,219</u>    |
|   | <u>\$ -</u> | <u>\$ 4,023</u> |

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**Thompson Nicola Cariboo United Way**  
**Notes to Financial Statements**

**March 31, 2020**

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**8. Deferred Revenue**

|                             | 2020              | 2019              |
|-----------------------------|-------------------|-------------------|
| Capacity Building           | \$ -              | \$ 32,474         |
| A Way Home                  | -                 | 155,887           |
| JCP Grant                   | <b>20,548</b>     | -                 |
| Wildfire Anniversary        | -                 | 34,790            |
| Community Wellness Grant    | -                 | 30,950            |
| Job Creation Partnership    | <b>249,222</b>    | -                 |
| Community Action Initiative | <b>14,618</b>     | -                 |
|                             | <b>\$ 284,388</b> | <b>\$ 254,101</b> |

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**9. Deferred Capital Contributions**

The Society received various grants and donations in relation to the construction of the XChange Centre.

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| XChange Centre Funding                              | \$ 509,153        | \$ 350,000        |
| Less: Current portion                               | <b>53,595</b>     | <b>17,500</b>     |
| Long-term portion of deferred capital contributions | <b>\$ 455,558</b> | <b>\$ 332,500</b> |

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**Thompson Nicola Cariboo United Way**  
**Notes to Financial Statements**

**March 31, 2020**

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**10. Long-term Debt**

|   | 2020       | 2019       |
|---|------------|------------|
| Loan, repayable in monthly instalments of \$11,572 including interest of 5.25%, secured by a general security agreement, due May 2022.    |            |            |
| Subsequent to the year end, in response to Covid-19, the lender deferred principle payments as a temporary relief measure for six months. | \$ 220,447 | \$ 344,824 |
| Less: Current portion   | 53,196     | 123,705    |
| Long-term portion of debt   | \$ 167,251 | \$ 221,119 |

The estimated future minimum principal payments until maturity are as follows:

|      |    |         |
|------|----|---------|
| 2021 | \$ | 53,196  |
| 2022 |    | 133,255 |
| 2023 |    | 33,996  |
|      | \$ | 220,447 |

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## Thompson Nicola Cariboo United Way Notes to Financial Statements

March 31, 2020

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### 11. Global Pandemic

The impact of COVID-19 in Canada and on the global economy continues to increase significantly. As the impacts of COVID-19 continue, there could be further impact on the Society, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its essential fundraisers. In addition, the allowance for pledge loss was increased to be at 30% of total pledges receivable. While the Society has been named to administer some Covid Relief programs from government, it is unclear whether the revenue generated from these contracts will be able to offset the loss in other revenues. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Society is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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## Thompson Nicola Cariboo United Way Notes to Financial Statements

March 31, 2020

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### 12. Commitments

The Society is renting an office space under a lease as a part of the new XChange Centre Project which starts on September 1st and expires March 31, 2024. Future minimum payments are as follows:

|      |                   |
|------|-------------------|
| 2021 | \$ 83,049         |
| 2022 | 83,049            |
| 2023 | 83,049            |
| 2024 | <u>83,049</u>     |
|      | <u>\$ 332,196</u> |

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### 13. Financial Instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2020.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to this risk through its line of credit and long-term debt. The Society holds these instruments with a variable interest rate which involves risks of price changes due to, without limitation, such factors as interest rates and general economic conditions.

Floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk resulting from the possibility that a donor or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. Concentration of credit risk arises from the Society's pledges receivable.

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**Thompson Nicola Cariboo United Way**  
**Notes to Financial Statements**

**March 31, 2020**

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**13. Financial Instruments - continued**

*Liquidity Risk*

Liquidity risk is the risk that the Society encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. The Society is exposed to this risk mainly in respect of its accounts payable, payroll remittances payable, long-term debt and obligations under capital lease.

The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares and monitors budget and cash forecasts to ensure it will have sufficient funds to fulfill its obligations.

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**14. Contributed Assets and Services**

During the year the Society received contributions of materials and services as follows:

|                             | <u>2020</u>     | <u>2019</u>      |
|-----------------------------|-----------------|------------------|
| Emergency travel assistance |                 |                  |
| City of Kamloops            | <u>\$ 7,680</u> | <u>\$ 16,500</u> |

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## Thompson Nicola Cariboo United Way Notes to Financial Statements

March 31, 2020

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### 15. Allocation of General Management and Administrative Expenses

The nature of the Society's operations dictates that its costs are largely influenced by the deployment of its staff. Similarly, the costs of supporting fundraising and program expenses are directly correlated to the number of people working in each of those areas. General management and administrative costs are allocated between the XChange Centre expenses, fundraising expenses and program expenses based on the estimated amount of time employees spent on each function.

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### 16. Funds Held at BC Interior Community Foundation

The Society receives income from the Fund established at the BC Interior Community Foundation by the Society and others. The annual investment income is included in revenue on the statement of revenue and expenditures and is used to offset the Society's operating expenses. The Society has no access to the capital of this Fund and, accordingly, the Fund is not reflected in these financial statements. Net investment income earned on this fund was \$2,135 (2019 - \$2,244).

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### 17. Salaries, Honoraria and Benefits

The *Societies Act* (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and Directors.

Included in salaries and benefits is two (2019 - one) employees with remuneration over \$75,000. The total salaries paid to the individuals for the year ended March 31, 2020 was \$175,285 (2019 - \$83,317). No honoraria were paid to members of the Board of Directors for the 2020 and 2019 years.

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### 18. Comparative Amounts

Certain comparative figures were reclassified to conform with the current year's presentation.

**Thompson Nicola Cariboo United Way**  
**Schedule 1 - General Management and Administrative Expenses**

| For the year ended March 31                           | 2020           | 2019           |
|---|----------------|----------------|
| <b>XChange Centre</b>                                 |                |                |
| Advertising   | \$ 4,785       | \$ -           |
| Amortization  | 33,360         | -              |
| Contractors   | 19,965         | -              |
| Insurance   | 4,512          | -              |
| Office expenses                                       | 25,737         | -              |
| Rent  | 93,562         | -              |
| Utilities   | 7,059          | -              |
| Wages - allocation                                    | 263,067        | -              |
| Wages - direct XChange staff                          | 24,023         | -              |
|   | <b>476,070</b> | -              |
| <b>General Management and Administrative Expenses</b> |                |                |
| Amortization  | 17,214         | \$ 15,969      |
| Bank charges and interest                             | 33,215         | 46,399         |
| Interest on capital lease                             | 219            | 135            |
| Licences dues and fees                                | 9,900          | 13,636         |
| Miscellaneous and other                               | 7,513          | 1,564          |
| Office  | 16,837         | 15,404         |
| Professional Fees                                     | 14,125         | 10,381         |
| Rent  | 14,530         | 49,678         |
| Repairs and maintenance                               | 16,207         | 21,582         |
| Training  | -              | 1,399          |
| Utilities   | 7,563          | 4,675          |
| Wages   | 263,067        | 501,001        |
|   | <b>400,390</b> | <b>681,823</b> |
| Allocation to fundraising expenses                    | 200,195        | 340,912        |
| Allocation to program expenses                        | 200,195        | 340,911        |
|   | <b>\$ -</b>    | <b>\$ -</b>    |

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**Thompson Nicola Cariboo United Way**  
**Schedule 2 - Fundraising Expenses**

| <b>For the year ended March 31</b>   | <b>2020</b>       | <b>2019</b>       |
|--|-------------------|-------------------|
| <b>Fundraising Expenditures</b>  |                   |                   |
| Advertising  | \$ 11,345         | \$ 14,448         |
| Campaign expense   | 8,808             | 13,749            |
| Fundraising expenses   | 49,697            | 58,645            |
| Cabinet expense  | 235               | 745               |
| Centrally Coordinated Campaign costs   | 2,740             | 3,507             |
|  | <u>72,825</u>     | <u>91,094</u>     |
| Facilities Expenses:   |                   |                   |
| Allocation of general management and administrative expenses<br>(Schedule 1) | 200,195           | 340,912           |
| <b>Total Fundraising Expenses</b>  | <b>\$ 273,020</b> | <b>\$ 432,006</b> |

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**Thompson Nicola Cariboo United Way  
Schedule 3 - Program and Community Funding**

| <b>For the year ended March 31</b>   | <b>2020</b>         | <b>2019</b>         |
|--|---------------------|---------------------|
| <b>Internally Directed Funding</b>   |                     |                     |
| <b>Board Approved Community Impact Council Allocations</b>                   |                     |                     |
| Kamloops Community Fund  | \$ 110,600          | \$ 469,269          |
| Logan Lake / Ashcroft / Cache Creek Community Fund                           | 51,200              | 85,500              |
| Merritt Community Fund   | 45,000              | 46,000              |
| Cariboo Community Fund   | 20,000              | 51,000              |
| North Thompson Community Fund  | 19,150              | 54,501              |
| Lillooet, Lytton, and Spences Bridge   | 7,500               | 15,000              |
|  | <u>253,450</u>      | <u>721,270</u>      |
| <b>Externally Directed Funding</b>   |                     |                     |
| Designations to charities  | 70,755              | 63,168              |
| <b>Total allocations and designations</b>                                    | <u>324,205</u>      | <u>784,438</u>      |
| <b>Community Funding Program</b>   |                     |                     |
| <b>Direct Program Expenses</b>   |                     |                     |
| Capacity Building and Research   | 9,851               | -                   |
| Job Creation Fund  | 336,568             | 132,758             |
| Community Development  | 436,559             | 820,252             |
| Success by Six   | -                   | 176,443             |
| Sustainable future grant   | 31,433              | 57,409              |
| Community Action Team grant  | 37,983              | -                   |
| Youth grant  | -                   | 818                 |
| JUMP grant   | -                   | 500                 |
|  | <u>852,394</u>      | <u>1,188,180</u>    |
| Allocation of general management and administrative expenses<br>(Schedule 1) | 200,195             | 340,911             |
| Funded program wages   | 697,528             | 634,584             |
|  | <u>897,723</u>      | <u>975,495</u>      |
| <b>Total Community Funding Program Expenses</b>                              | <u>1,750,117</u>    | <u>2,163,675</u>    |
| <b>Total Program Expenses and Allocations</b>                                | <u>\$ 2,074,322</u> | <u>\$ 2,948,113</u> |