

Canadian UNICEF Committee

Financial statements

December 31, 2019



Independent auditor's report

To the Members of the
Canadian UNICEF Committee

Opinion

We have audited the financial statements of **Canadian UNICEF Committee** ["UNICEF Canada"] which comprise the balance sheet as at December 31, 2019 and the statement of revenue and expenses, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the UNICEF Canada as at December 31, 2019 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

Toronto, Canada
April 17, 2020

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants



Canadian UNICEF Committee

Balance sheet

As at December 31

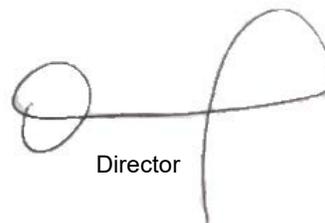
	2019	2018
	\$	\$
Assets		
Current		
Cash and cash equivalents	13,142,219	14,550,940
Accounts receivable	546,197	510,514
Prepaid expenses	232,593	289,983
Total current assets	13,921,009	15,351,437
Capital assets, net <i>[note 4]</i>	619,680	227,504
	14,540,689	15,578,941
Liabilities and net assets		
Current		
Payable to UNICEF <i>[notes 1 and 3]</i>	10,161,723	12,294,824
Accounts payable and accrued liabilities	1,416,537	1,239,571
Deferred contributions <i>[note 6]</i>	757,840	479,756
Total current liabilities	12,336,100	14,014,151
Deferred capital contributions <i>[note 7]</i>	247,623	—
Total liabilities	12,583,723	14,014,151
Commitments <i>[note 12]</i>		
Net assets		
Unrestricted <i>[note 8]</i>	619,680	227,504
Internally restricted <i>[note 9]</i>	1,337,286	1,337,286
Total net assets	1,956,966	1,564,790
	14,540,689	15,578,941

See accompanying notes

On behalf of the Board:



Director



Director

Canadian UNICEF Committee

Statement of revenue and expenses

Year ended December 31

	2019	2018
	\$	\$
Revenue		
Fundraising	32,828,611	30,172,459
Government and other grants <i>[note 10]</i>	5,610,327	3,536,638
Product sales	343,053	499,653
Other income	207,802	191,775
	38,989,793	34,400,525
Expenses <i>[note 11]</i>		
Programs		
International contributions <i>[note 1]</i>	19,867,317	19,131,390
Public advocacy and Canadian programs <i>[note 11]</i>	4,392,757	3,716,249
	24,260,074	22,847,639
Product <i>[note 11]</i>	51,058	43,313
Fundraising and administration <i>[note 11]</i>		
Fundraising	12,309,800	10,088,110
Administration	1,976,685	1,519,574
	14,286,485	11,607,684
	38,597,617	34,498,636
Excess (deficiency) of revenue over expenses for the year	392,176	(98,111)

See accompanying notes

Canadian UNICEF Committee

Statement of changes in net assets

Year ended December 31

	2019		2018
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	227,504	1,337,286	1,564,790
Excess (deficiency) of revenue over expenses for the year	392,176	—	392,176
Net assets, end of year	619,680	1,337,286	1,956,966

See accompanying notes

Canadian UNICEF Committee

Statement of cash flows

Year ended December 31

	2019	2018
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	392,176	(98,111)
Add item not affecting cash		
Amortization of capital assets	144,594	153,650
Amortization of deferred capital contributions	(20,077)	—
	<u>516,693</u>	55,539
Net change in non-cash working capital balances related to operations	(1,656,344)	1,210,877
Cash (used in) provided by operating activities	<u>(1,139,651)</u>	1,266,416
Financing activities		
Deferred capital contributions received	267,700	—
Cash provided by financing activities	<u>267,700</u>	—
Investing activities		
Purchase of capital assets	(536,770)	(55,539)
Cash used in investing activities	<u>(536,770)</u>	(55,539)
Net (decrease) increase in cash and cash equivalents during the year	(1,408,721)	1,210,877
Cash and cash equivalents, beginning of year	14,550,940	13,340,063
Cash and cash equivalents, end of year	<u>13,142,219</u>	14,550,940

See accompanying notes

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Canadian UNICEF Committee

Notes to financial statements

December 31, 2019

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 122680572RR0001 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 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.

Canadian UNICEF Committee

Notes to financial statements

December 31, 2019

Unless otherwise noted, it is management's opinion that UNICEF Canada is not exposed to significant interest rate risk, currency risk, market risk, credit risk or liquidity risk arising from financial instruments.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short-term to maturity of approximately three months or less.

Capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is charged at annual rates on a straight-line basis designed to amortize the cost of the assets over their estimated useful lives as follows:

Tangible

Office furniture and equipment	10%
Computer equipment	20%
Leasehold improvements	Over the terms of the leases

Intangible

Software	20%
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Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to UNICEF Canada's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of revenue and expenses. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Employee pension plan

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

Allocation of expenses

Salaries and benefits and other function costs for general support, such as finance, human resources and information technology and occupancy at head office included in administration expenses, are allocated to the other functions disclosed in the statement of revenue and expenses based on an estimate of the percentage of time spent by personnel in each department on activities related to each function.

New accounting standards

During the year, UNICEF Canada adopted the new accounting standards Section 4433, *Tangible Capital Assets*, and Section 4434, *Intangible Capital Assets* as of January 1, 2019. Section 4433, *Tangible Capital Assets* replaces the previous Section 4431, *Tangible Capital Assets* and provides additional guidance on contributed assets and the write-down (partial impairment) of assets. Section 4434, *Intangible Capital Assets* replaces the previous Section 4432, *Intangible Capital Assets* and provides additional guidance on contributed assets and the write-down (partial impairment) of assets. The changes did not have any impact on these financial statements.

Canadian UNICEF Committee

Notes to financial statements

December 31, 2019

3. Related party transactions

The payable to UNICEF is due before June 30, 2020 [2018 – June 30, 2019] and is non-interest bearing.

During the year, contributions aggregating \$3,653,710 [2018 – \$2,384,840] were received from UNICEF to invest in fundraising initiatives, of which \$3,250,000 [2018 – \$2,000,000] was recognized as revenue in the year [note 9] and \$403,710 [2018 – \$384,840] is recognized in 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.

4. Capital assets

Capital assets consist of the following:

	2019		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	32,525	13,776	18,749
Computer equipment	454,006	305,703	148,303
Leasehold improvements	458,994	41,345	417,649
Intangible			
Software	288,706	253,727	34,979
	1,234,231	614,551	619,680
	2018		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	594,718	585,172	9,546
Computer equipment	916,960	780,469	136,491
Leasehold improvements	540,884	530,697	10,187
Intangible			
Software	765,309	694,029	71,280
	2,817,871	2,590,367	227,504

During the year, fully amortized assets of \$2,120,410 [2018 – nil] were written off as they are no longer in use.

Canadian UNICEF Committee

Notes to financial statements

December 31, 2019

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, 2019 and 2018, there were no draws on the facility.

6. Deferred contributions

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

	2019	2018
	\$	\$
Balance, beginning of year	479,756	232,913
Deferred contributions received <i>[note 3]</i>	13,891,271	12,247,862
Amount recognized as revenue	(13,613,187)	(12,001,019)
Balance, end of year	757,840	479,756

7. Deferred capital contributions

Deferred capital contributions represents 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.

	2019	2018
	\$	\$
Balance, beginning of year	—	—
Deferred capital contributions received	267,700	—
Amortization of deferred capital contributions	(20,077)	—
Balance, end of year	247,623	—

8. Unrestricted net assets

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

9. Internally restricted net assets

Internally restricted net assets were set up with the proceeds from the sale of properties and are to be used for the future purchase of property, which requires prior approval from the Board of Directors.

Canadian UNICEF Committee

Notes to financial statements

December 31, 2019

10. Government and other grants

Government and other grants consist of the following:

	2019 \$	2018 \$
Government of Canada	1,988,213	1,313,141
Government of Ontario	60,000	—
UNICEF [note 3]	3,562,114	2,223,497
	<u>5,610,327</u>	<u>3,536,638</u>

11. Allocation of expenses

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

	2019 \$	2018 \$
Public advocacy and Canadian programs	1,111,421	979,838
Product	20,567	27,282
Fundraising	1,391,520	1,176,820
	<u>2,523,508</u>	<u>2,183,940</u>

12. Commitments

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

	\$
2020	295,578
2021	266,006
2022	254,315
2023	254,315
2024	274,393
Thereafter	1,234,766
	<u>2,579,373</u>

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

Notes to financial statements

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13. Subsequent events

Subsequent to year-end, the outbreak of the Coronavirus disease (“COVID-19”) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of UNICEF Canada in future periods.