

Financial statements of

**United Way of Calgary and Area**

December 31, 2015

# United Way of Calgary and Area

December 31, 2015

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## **Independent Auditor's Report**

To the Members of  
United Way of Calgary and Area

We have audited the accompanying financial statements of United Way of Calgary and Area, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in fund balances and cash flows for the 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.

### **Auditor's 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 auditor's 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 auditor considers 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 United Way of Calgary and Area as at December 31, 2015, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Deloitte LLP*

Chartered Professional Accountants, Chartered Accountants  
March 31, 2016

# United Way of Calgary and Area

## Statement of operations year ended December 31, 2015

			2015	2014
	General Fund	Tomorrow Fund	Total	Total
	\$	\$	\$	\$
<b>Revenue</b>				
Annual unrestricted campaign	44,929,289	204,900	45,134,189	47,321,970
Funds transferred from other United Ways	2,253,557	-	2,253,557	3,440,136
Funds transferred to other United Ways	(2,745,622)	-	(2,745,622)	(2,838,379)
Gross unrestricted campaign revenue	44,437,224	204,900	44,642,124	47,923,727
Allowance for uncollected pledges	(965,279)	-	(965,279)	(1,075,460)
Net unrestricted campaign revenue	43,471,945	204,900	43,676,845	46,848,267
Donor designated funds to United Way initiatives	5,188,529	-	5,188,529	4,316,036
Donor designated funds to registered charities	8,710,275	-	8,710,275	8,489,548
Tomorrow Fund distribution income				
(Note 8(b))	1,225,000	(1,225,000)	-	-
Investment income	557,289	1,562,492	2,119,781	1,458,296
Other revenue	85,831	-	85,831	80,871
	59,238,869	542,392	59,781,261	61,193,018
Fundraising expenses (Schedule 2)	6,472,560	-	6,472,560	6,519,944
Net revenue available for				
United Way Community Service	52,766,309	542,392	53,308,701	54,673,074
United Way Community Service expenses				
(Schedule 3)	55,587,747	85,381	55,673,128	55,451,376
(Deficiency) excess of revenue over expenses before other item	(2,821,438)	457,011	(2,364,427)	(778,302)
Unrealized gains on investments	-	1,819,170	1,819,170	2,920,472
<b>(Deficiency) excess of revenue over expenses</b>	<b>(2,821,438)</b>	<b>2,276,181</b>	<b>(545,257)</b>	<b>2,142,170</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# United Way of Calgary and Area

Statement of changes in fund balances  
year ended December 31, 2015

					2015	2014
	Designated for community use	Sustainability Reserve	Total General Fund	Total Tomorrow Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Fund balance, beginning of year</b>	<b>39,793,158</b>	<b>8,100,000</b>	<b>47,893,158</b>	<b>33,707,091</b>	<b>81,600,249</b>	79,235,459
(Deficiency) excess of revenue over expenses	-	(2,821,438)	(2,821,438)	2,276,181	(545,257)	2,142,170
Endowments contributions (transferred) received (Note 8(b))	-	-	-	(13,052)	(13,052)	222,620
Designated in the year for community use	34,287,750	(34,287,750)	-	-	-	-
Community investments made in the year	(36,639,188)	36,639,188	-	-	-	-
<b>Fund balance, end of year</b>	<b>37,441,720</b>	<b>7,630,000</b>	<b>45,071,720</b>	<b>35,970,220</b>	<b>81,041,940</b>	81,600,249

The accompanying notes to the financial statements are an integral part of this financial statement.

# United Way of Calgary and Area

## Statement of financial position as at December 31, 2015

			2015	2014
	General Fund	Tomorrow Fund	Total	Total
	\$	\$	\$	\$
<b>Assets</b>				
Current assets				
Cash and cash equivalents	16,028,394	-	16,028,394	12,882,036
Short-term investments (Note 3)	15,399,521	-	15,399,521	18,223,046
Interfund receivable	(381,871)	381,871	-	-
Campaign pledges receivable	21,737,151	-	21,737,151	20,697,622
Accounts receivable and other assets	116,774	-	116,774	466,065
Government remittances recoverable	43,024	-	43,024	60,070
Trust assets (Note 6)	885,613	-	885,613	990,817
	<b>53,828,606</b>	<b>381,871</b>	<b>54,210,477</b>	<b>53,319,656</b>
Investments (Note 4)	4,125,802	35,814,361	39,940,163	45,229,706
Tangible capital assets (Note 5)	806,229	-	806,229	997,783
	<b>58,760,637</b>	<b>36,196,232</b>	<b>94,956,869</b>	<b>99,547,145</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	593,099	-	593,099	666,257
Trust obligations (Note 6)	885,613	-	885,613	990,817
Current portion of deferred contributions (Note 7)	11,098,430	44,578	11,143,008	12,400,587
	<b>12,577,142</b>	<b>44,578</b>	<b>12,621,720</b>	<b>14,057,661</b>
Deferred contributions (Note 7)	1,111,775	181,434	1,293,209	3,889,235
	<b>13,688,917</b>	<b>226,012</b>	<b>13,914,929</b>	<b>17,946,896</b>
Commitments (Note 9)				
<b>Fund balances</b>				
Sustainability Reserve (Note 8(a))	7,630,000	-	7,630,000	8,100,000
Internally restricted (Note 8(a) and (b))	37,441,720	13,056,539	50,498,259	51,854,341
Endowments (Note 8(b))	-	22,913,681	22,913,681	21,645,908
	<b>45,071,720</b>	<b>35,970,220</b>	<b>81,041,940</b>	<b>81,600,249</b>
	<b>58,760,637</b>	<b>36,196,232</b>	<b>94,956,869</b>	<b>99,547,145</b>

Approved by the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# United Way of Calgary and Area

## Statement of cash flows

year ended December 31, 2015

	2015	2014
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	(545,257)	2,142,170
Items not affecting cash and cash equivalents		
Amortization of tangible capital assets	579,633	832,904
Unrealized gains on investments	(1,819,170)	(2,920,472)
	(1,784,794)	54,602
Net changes in non-cash operating working capital (Note 10)	(4,803,443)	1,837,020
	(6,588,237)	1,891,622
<b>Financing activity</b>		
Contributions received (transfers) for endowment purposes	190,436	222,620
<b>Investing activities</b>		
Tomorrow Fund income redeemed (reinvested)	121,856	(150,369)
Redemption of (investment in) Guaranteed Investment Certificates	6,986,857	(3,119,137)
Redemption of (investment in) short-term investments	2,823,525	(9,616,031)
Acquisition of tangible capital assets	(388,079)	(716,675)
	9,544,159	(13,602,212)
Net increase (decrease) in cash and cash equivalents	3,146,358	(11,487,970)
Cash and cash equivalents, beginning of year	12,882,036	24,370,006
<b>Cash and cash equivalents, end of year</b>	<b>16,028,394</b>	<b>12,882,036</b>
<b>Represented by</b>		
Cash on hand and held with financial institutions	7,350,961	1,361,336
Deposits held with banks	8,677,433	11,520,700
	<b>16,028,394</b>	<b>12,882,036</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

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### 1. Nature of operations

United Way of Calgary and Area (the "Organization") is a registered charitable public foundation. The Organization is incorporated under the Societies Act of Alberta.

As a registered charitable foundation under Section 149(1) of the Income Tax Act, the Organization is exempt from income taxes; therefore, no provision for income taxes is recorded in the financial statements.

### 2. Significant accounting policies

#### a) Funds

The Organization applies the deferral method of accounting and has elected to further reflect detail of its operations through both its General Fund and its Tomorrow Fund. Each of these is described in detail below.

##### General Fund

The General Fund reports revenues and expenses related to program delivery, fundraising and operational support activities of the Organization.

Within the General Fund, the Organization undertakes certain initiatives for which designated donor funds or internally designated funds are received to cover a portion of the related project expenditures.

The Organization also receives and distributes funds designated by donors for payment to specified registered charities.

##### Tomorrow Fund

The Tomorrow Fund was established to support the Organization's long term objectives.

With effect from November 26, 2015, the structure of the Tomorrow Fund was changed to allow it to accept and hold Endowment Contributions and Non-Endowment Contributions comprising Donor Advised contributions and Internally Restricted funds.

##### Endowment contributions

Endowment contributions include only contributions that are clearly established as endowment in nature. Endowment contributions include the following:

- Unrestricted Endowments

Unrestricted endowments have no restriction as to purpose and the Organization is free to apply funds available for use as it considers appropriate. Up to 4% of the market value of invested assets of Unrestricted Endowments as at the end of the prior financial year, will be distributed to the General Fund to support the Organization's work in Poverty, Kids and Community and additional amounts to reduce the Organization's costs as the Board directs.

- Specific Purpose Endowments

Specific Purpose Endowments restrict the application of funds available for use, to defined, unchanging purposes. Up to 4% of the market value of invested assets of Specific Purpose Endowments restricted for specific purpose as at the end of the prior financial year, will be distributed in accordance with the specific requirements attaching to such endowments.

# United Way of Calgary and Area

Notes to the financial statements

December 31, 2015

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## 2. Significant accounting policies (continued)

### a) Funds (continued)

#### Tomorrow Fund (continued)

##### Endowment contributions (continued)

- Donor Advised Endowments

Donor Advised Endowments provide for the application of funds available for use to be decided with advice of the donor. Up to 4% of the market value of invested assets of Donor Advised Endowments as at the end of the prior financial year, will be made available for distribution each year. To the extent that such distribution is not made, the unused portion of available distribution each year is capitalized. Distributions are made with the advice of the donors.

##### Non-Endowment Internally Restricted funds

The Board retains the right in its discretion to direct the use of these internally restricted gifts and to subsequently remove or vary such internal restrictions. These funds include funds restricted by the Board out of the General Fund, plus annual gifts to the Tomorrow Fund, legacy bequests, life insurance proceeds and any other testamentary gifts which are not endowed or otherwise restricted by the donor are held as Internally Restricted funds of the Tomorrow Fund (see Note 8).

Certain funds have been restricted by the Board to match contributions of Specific Purpose Endowments. Distributions from these internally restricted amounts are applied to support the same purposes as the Specific Purpose Endowments to which they relate.

Up to 4% of the market value of invested assets of Internally Restricted Funds as at the end of the prior financial year, will be distributed to the General Fund to support the Organization's work in Poverty, Kids and Community and additional amounts to reduce the Organization's costs as the Board directs.

##### Non-Endowment Donor Advised contributions

These are contributions that are designated by the donor agreements for specified longer term projects. Consistent with the Organization's accounting of such contributions, they are treated as deferred contributions within the Tomorrow Fund. Refer to Note 2 (b) under Donor designated funds.

To the extent that earnings and growth attribute to these funds and subject to the agreement with the donor, attributable earnings and growth as well as principal are distributed with the advice of the donors.

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

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### 2. Significant accounting policies (continued)

#### b) Revenue recognition

The Organization's financial statements are prepared using the deferral method of accounting for contributions.

##### Unrestricted campaign revenue

An annual campaign is conducted to raise support for projects and services provided in the following year by funded agencies, organizations addressing new and emerging needs and other registered Canadian charities. Unrestricted campaign revenue comprises unrestricted contributions and contributions to the Organization's three focus areas – kids, poverty and communities. These contributions may be received in cash or pledges receivable during the annual campaign and are recognized as revenue in the period in which the campaign is held. Reductions in the carrying amount of pledges receivable are recognized as a reduction of unrestricted campaign revenue in the year in which the reduction occurs.

Contributions of shares in publicly traded companies are recorded at the closing market price of the shares on the day they are effectively received by the Organization, or, in the case of thinly traded and other shares whose liquidation is restricted in any form, at a value discounted from the closing price where this is considered appropriate. The resultant value of the shares is included in unrestricted campaign revenue.

Stock options donated to the Organization are recorded at \$Nil unless information is available to support a reasonable fair market valuation. If there is a resultant value, this amount is included in unrestricted campaign revenue.

##### Donor designated funds

All contributions that are designated by donors for United Way initiatives are initially deferred, then recognized as revenue of the General Fund or Tomorrow Fund as applicable, in the year in which related expenses are incurred.

Where earnings and growth are attributable to any donor designated funds, they are treated as direct increases of the deferred contribution. Together with the principal contributed, they are recognized as revenue in the year in which related expenses are incurred.

Contributions of shares in publicly traded companies which are designated by donors are valued as described under Unrestricted Revenue and initially deferred. Revenue is recognized when proceeds are disbursed.

##### Designated contributions for tangible capital assets

Contributions that are designated by donors for the acquisition of tangible capital assets are deferred and then amortized over the same period as the corresponding asset.

##### Bequests and Legacy Gifts

With effect from November 26, 2015, annual gifts to the Tomorrow Fund, bequests, life insurance proceeds and any other testamentary gifts which are not endowment gifts or otherwise restricted by the donor will be recognized as revenue of the Tomorrow Fund as received.

##### Endowment contributions

Endowment contributions to the Tomorrow Fund are recognized as direct increases in endowment fund balances.

##### Investment income and costs

Interest and dividend income and gains and losses on short-term investments are recognized in investment income in the applicable fund in the period in which they are realized.

Interest and dividend income earned on long-term investments are recognized in investment income in the applicable fund in the period in which they are earned. Unrealized and realized gains and losses on long-term investments are recognized through the statement of operations in the applicable fund.

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

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### 2. Significant accounting policies (continued)

#### c) *Pledges receivable*

Pledges are recorded as revenue and receivable when signed pledge documents are received or other documents are available to provide reasonable evidence of a valid pledge. Allowances are provided for amounts estimated to be uncollectible.

#### d) *Donated goods and services*

Goods and services contributed to the Organization to be consumed in operations are not recorded as revenue due to difficulties in determining fair value.

#### e) *Tangible capital assets*

Purchased tangible capital assets with a value exceeding \$1,000 are recorded at cost. Purchased tangible capital assets with a value of less than \$1,000 are charged to the General Fund as incurred. Contributed tangible capital assets are recorded at fair value at the date of the contribution if their value exceeds \$1,000.

Tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally estimated.

Amortization of tangible capital assets is provided on a straight-line basis over the useful lives of the assets, estimated as follows:

Computer software	3 years
Computer equipment	5 years
Furniture and fixtures	5 years
Telephone equipment	5 years
Building improvements	Term of lease

As stated in Note 9, the Organization will enter a new lease in 2016. The Organization is required to vacate certain space under the current lease by May 16, 2016. The unamortized value of Building improvements attaching to rental space being vacated is not material and has been written off in the current year.

Building improvements attaching to the retained space under the current lease with an unamortized value of \$58,073 at December 31, 2015, will continue to be utilized and amortized until 2022, the end of the original lease.

#### f) *Allocation of expenses*

The nature of the Organization'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.

Operational support expenses are allocated between fundraising expenses and community service expenses based on the headcount of the Organization at the beginning of the year in which the operational support expenses are incurred.

Operational support expenses are allocated as follows:

	<b>2015</b>	2014
	%	%
Fundraising expenses	<b>45.0</b>	42.7
United Way Community Service expenses	<b>55.0</b>	57.3
	<b>100.0</b>	100.0

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

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### 2. Significant accounting policies (continued)

#### g) *Financial instruments*

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in excess of revenue over expenses as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in excess of revenue over expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in excess of revenue over expenses in the period the reversal occurs.

#### h) *Foreign currency translation*

Investments denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect on the date of the statement of financial position. Investment income from these securities is translated at the exchange rate in effect when realized.

#### i) *Cash and cash equivalents*

Cash and cash equivalents include the amounts held in bank deposits and current accounts maintained by the Organization. Any amount included as cash and cash equivalents will have a maturity of 90 days or less from inception.

#### j) *Use of accounting estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Specific items subject to estimation include amortization and potential impairment of tangible capital assets, potential impairment of the promissory note, the provision for uncollectable pledges, the current portion of deferred contributions, accrued liabilities and the allocation of operational support costs.

These estimates are subject to measurement uncertainty and the effects of changes in these estimates in future periods could be significant.

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

### 3. Short-term investments

At December 31, 2015, the Organization's short-term investments included Guaranteed Investment Certificates ("GIC") and equity securities.

Equity securities were donated to the Organization and remain unsold at the respective dates of the financial statements. These assets will be liquidated as soon as is possible in line with the Organization's Policy on Acceptance and Disposal of Shares.

	Maturity	2015	2014
		\$	\$
GIC's			
Investment in 18-month fixed GIC, 1.95% per annum interest rate	June 2016	2,040,496	-
Investment in 12-month fixed/flex GIC, 1.5% per annum interest rate	December 2016	8,022,742	-
Investment in 36-month fixed/flex GIC, 4% per annum interest rate	December 2016	5,221,545	-
Investment in 16-month fixed/flex GIC, 2.55% per annum interest rate	April 2015	-	3,079,079
Investment in 12-month fixed GIC, 1.9% per annum interest rate	July 2015	-	4,107,596
Investment in 12-month fixed GIC, 1.95% per annum interest rate	July 2015	-	3,024,682
Investment in 12-month fixed/flex GIC, 1.725% per annum interest rate	December 2015	-	8,000,000
		<b>15,284,783</b>	18,211,357
Equity securities		<b>114,738</b>	11,689
		<b>15,399,521</b>	18,223,046

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

### 4. Investments

	2015	2014
	\$	\$
Tomorrow Fund		
Investments in externally managed funds	33,606,611	31,896,977
Promissory note	1,982,750	1,982,750
Irrevocable Charitable Remainder Trust	225,000	225,000
	<b>35,814,361</b>	<b>34,104,727</b>
General Fund GICs	4,125,802	11,124,979
	<b>39,940,163</b>	<b>45,229,706</b>

#### *Externally managed funds portfolio weighting*

	2015	2014
	%	%
Pooled bonds and cash	36.8	37.3
Equities		
Canadian	19.6	18.4
United States	20.6	21.5
Other foreign	23.0	22.8
	<b>100.0</b>	<b>100.0</b>

Pooled bonds are entirely denominated in Canadian dollars.

The promissory note earns interest on the principal sum at a rate equal to the 10-year Government of Canada bonds set in 2007 less 0.25% per annum. At December 31, 2015, the effective rate of interest is 1.94% less 0.25% (2014 - 1.94% less 0.25%). This rate is effective January 1, 2012 and redetermined every five years thereafter. This note is repayable upon death of the issuer and is secured by the insurance policy on the life of the donor.

The interest in an Irrevocable Charitable Remainder Trust is carried at the expected realizable value advised by the trustee and will be settled at the time of death of the donor.

At December 31, 2015, the Organization's long-term investments of the General Fund were composed of GICs as follows:

	Maturity	2015	2014
		\$	\$
Investment in 36-month fixed GIC, 2.35% per annum interest rate	December 2017	4,097,606	4,003,605
Investment in 16-month fixed GIC, 1.95% per annum interest rate	June 2016	-	2,001,496
Investment in 36 month fixed/flex GIC, 2.75% per annum interest rate blended over 3 years	December 2016	-	5,091,682
Cash surrender value of life insurance policies	-	28,196	28,196
		<b>4,125,802</b>	<b>11,124,979</b>

The Organization has a bridge financing facility to provide funds where needed. The facility bears interest at the bank's prime rate of interest per annum (currently 3%). The facility is secured by hypothecation of the GICs maturing in December 2016 (Note 3). As at December 31, 2015, \$Nil (2014 - \$Nil) was drawn on this facility.

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

### 5. Tangible capital assets

	2015		
	Cost or donated value	Accumulated amortization	Net book value
	\$	\$	\$
Computer software	6,209,772	5,851,326	358,446
Computer equipment	1,604,090	1,235,563	368,527
Furniture and fixtures	398,396	385,933	12,463
Telephone equipment	377,823	369,103	8,720
Building improvements	109,905	51,832	58,073
	<b>8,699,986</b>	<b>7,893,757</b>	<b>806,229</b>

  

	2014		
	Cost or donated value	Accumulated amortization	Net book value
	\$	\$	\$
Computer software	5,874,393	5,503,993	370,400
Computer equipment	1,554,853	1,053,236	501,617
Furniture and fixtures	396,280	379,740	16,540
Telephone equipment	376,476	362,583	13,893
Building improvements	306,483	211,150	95,333
	<b>8,508,486</b>	<b>7,510,702</b>	<b>997,783</b>

### 6. Trust assets and obligations

The Organization coordinates the national campaign for corporate donors, including the processing, collection and subsequent distribution of pledges to other United Way offices. This activity requires that the Organization hold certain assets on behalf of other United Way offices.

### 7. Deferred contributions

Deferred contributions related to tangible capital assets represent the unamortized portions of designated contributions and contributed tangible capital assets received from private donors as well as contributions received from donors that have not yet been expended.

Deferred contributions to United Way initiatives represent the unspent portions of donor designated funds to be used to fund initiatives undertaken by the Organization.

Deferred contributions to registered charities represent the unspent portion of donor designated funds to be paid to registered charities defined by the donor.

Deferred contributions related to future year campaigns reflect the pledged and received amounts of donations accepted by the Organization that are restricted by the donor for campaigns of future years.

Deferred contributions of the Tomorrow Fund are Non-Endowment Donor Advised contributions. These are held in accordance with donor agreements for specified longer term projects.



# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

### 7. Deferred contributions (continued)

Deferred contributions also include the unspent portion of corporate sponsorships received to cover operating expenses.

Changes in deferred contributions are as follows:

#### *General Fund*

				2015	2014
	Opening balance	Deferred contributions received in year	Deferred contributions used in year	Ending balance	Ending balance
	\$	\$	\$	\$	\$
Tangible capital assets Donor designated	30,796	-	(17,561)	13,235	30,796
to United way initiatives	8,312,595	1,931,979	(4,615,625)	5,628,949	8,312,595
Donor designated to registered charities	7,719,702	8,743,225	(10,156,867)	6,306,060	7,719,702
Sponsorship	226,730	189,771	(154,540)	261,961	226,729
	16,289,823	10,864,975	(14,944,593)	12,210,205	16,289,822
Less: current portion				11,098,430	12,400,587
				1,111,775	3,889,235

#### *Tomorrow Fund*

				2015	2014	
	Opening balance	Transfers from endowments	Deferred contributions received in year	Deferred contributions used in year	Ending balance	Ending balance
	\$		\$	\$	\$	\$
Non-endowment donor advised	-	203,488	-	22,524	-	226,012
Less: current portion					44,578	-
					181,434	-

The current portion of deferred contributions is based on management's best estimate of amounts to be recognized in the following year.

### 8. Fund balances

#### a) *General Fund*

##### Sustainability Reserve

The Board has determined that the Organization needs to retain a level of funds to support the Organization in periods of financial uncertainty. The Board established the following criteria to guide the retention of funds to be held available for the sustainability of the Organization as required:

- 6 months of operating budget
- 18 months of normal amortization
- \$1,000,000 disaster response reserve

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

### 8. Fund balances (continued)

#### a) General Fund (continued)

##### Designated for community use

The Organization's community investment program is planned around a combination of 1 to 3 year commitments and the flexible component is to accommodate years where weak economic conditions might require their use. Any funds beyond those held available under the Sustainability Reserve are considered to be available for community use. In years where a significant operating surplus or deficit results, the funds designated for community use can change materially.

#### b) Tomorrow Fund

	2015						2014		
	Opening balance	Contributions received	Total	Net earnings	Unrealized gains	Distributions	Transferred to non-endowment donor advised	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Endowments</b>									
<b>Unrestricted</b>									
endowments	12,268,708	186,095	12,454,803	590,193	703,542	(504,470)	-	13,244,068	12,268,708
Donor advised	4,092,717	4,341	4,097,058	122,308	112,472	(85,381)	(203,488)	4,042,969	4,092,717
Specific purpose	5,284,483	-	5,284,483	255,799	306,628	(220,266)	-	5,626,644	5,284,483
	21,645,908	190,436	21,836,344	968,300	1,122,642	(810,117)	(203,488)	22,913,681	21,645,908
<b>Non-endowment - internally restricted</b>									
Board discretion	9,430,563	204,900	9,635,463	466,855	543,889	(390,615)	-	10,255,592	9,430,563
Specific purpose	2,630,620	-	2,630,620	127,337	152,639	(109,649)	-	2,800,947	2,630,620
	12,061,183	204,900	12,266,083	594,192	696,528	(500,264)	-	13,056,539	12,061,183
<b>Total</b>	<b>33,707,091</b>	<b>395,336</b>	<b>34,102,427</b>	<b>1,562,492</b>	<b>1,819,170</b>	<b>(1,310,381)</b>	<b>(203,488)</b>	<b>35,970,220</b>	<b>33,707,091</b>

Distributions of \$1,310,381 include \$85,381 paid to registered charities under advice of donors. The balance of \$1,225,000 was distributed to the General Fund.

### 9. Commitments

- a) The Board approves the annual plan to apply funds to the Organization's community investment program. While approved in principle, the Board reserves the right to modify any such plan should economic or certain circumstances require such revision.

Commitments under this program are included as funds designated for community use. At December 31, 2015, these commitments are as follows:

	\$
2016	34,840,858
2017	10,967,929
2018	500,000

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

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### 9. Commitments (continued)

- b) The Organization leases office premises under two operating leases expiring on December 31, 2016 and July 31, 2022. Under the terms of the main lease expiring in 2022, the Organization has the option to surrender a portion or all of the leased premises at any time after the end of five years.

Under the provisions of the main lease of premises, if the option to surrender is exercised, the Organization would have to pay the unamortized portion of the leasehold allowance, to the landlord, which as of December 31, 2015 was \$287,443 (2014 - \$316,856).

As a result of its plans to expand the facilities, a new lease will come into force on June 1, 2016 for a term of 20 years, covering all space leased in a single agreement. Once the new lease is in effect, all existing leases for office premises will terminate. The Organization has no material exposure to any environmental remediation in terms of the existing leases. The Landlord has agreed to forgive the liability for leasehold allowance under the existing main lease as described above once the new lease is effective.

Lease payments required over the next five years and thereafter in accordance with both the existing and the future office premises lease are as follows:

	Office premises existing leases	Office premises future leases	Office equipment	Total
	\$	\$	\$	\$
2016	179,162	383,764	79,840	642,766
2017	-	665,530	79,840	745,370
2018	-	679,132	79,840	758,972
2019	-	692,577	79,840	772,417
2020	-	706,151	13,307	719,458
Thereafter	-	12,857,144	-	12,857,144
	179,162	15,984,298	332,667	16,496,127

### 10. Net changes in non-cash operating working capital

	2015	2014
	\$	\$
Campaign pledge receivable	(1,039,529)	(644,619)
Accounts receivable and other assets	349,291	(205,022)
Government remittances recoverable	17,046	8,731
Accounts payable and accrued liabilities	(73,158)	(57,218)
Deferred contributions	(4,057,093)	2,735,148
	(4,803,443)	1,837,020

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

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### 11. Management of capital

The Organization defines its capital as the amounts included in its fund balances.

The Organization sets the amount of fund balances in proportion to risk, manages the fund structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Organization's objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and stakeholders.

The Organization's capital includes funds that are restricted either by donors, or by the Board as described in Notes 2 and 8.

The Organization has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

Management and the Board carefully consider fundraising campaigns, donor contributions designated to United Way initiatives, sponsorship and investment income to ensure that sufficient funds will be available to meet the Organization's short and long-term objectives.

The Organization monitors its financial performance against an annual budget that is approved by the Board. Surpluses from unspent operational activities are accumulated under the Sustainability Reserve or those internally designated for community use. In the event that revenues decline, the Organization will budget for reduced distributions and reduced operational expenditures. The Board has the right to determine how the Organization's funds that are under its discretion may be used to offset any deficits.

The Organization has a bridge financing facility to provide funds where needed (Note 4).

### 12. Financial risk management

The Organization's financial risks are as follows:

#### *Market risk*

The Tomorrow Fund's assets include a large portion of equity securities. These assets are invested in pooled funds managed professionally by a fund manager appointed by the Board. The fund manager is governed by an investment policy of the Board, which places certain parameters on investments. The performance of the fund manager is routinely assessed by the Investment Committee of the Board. The Investment Committee has authority to make certain changes to asset mix to ensure that the investments are as secure as possible. The value of equity securities changes in concert with the business, financial condition, management and other relevant factors affecting the underlying organization that issued the securities. In addition, general economic conditions of the markets, in which such organizations operate, change, thereby exposing the Organization to fluctuations in the value of investments. The fair market value of the managed portfolio at December 31, 2015 is \$33,606,611 (2014 - \$31,896,977) with 63.2% (2014 - 62.7%) invested in equity securities (Note 4).

The Organization carries a promissory note, valued at \$1,982,750 (2014 - \$1,982,750), that is fully insured on the life of the donor. The Organization also carries a Charitable Remainder Trust, valued at \$225,000 (2014 - \$225,000). The Organization does not include the value of either of these assets in any of its operational plans.

Short-term investments include equity securities donated to the Organization which remains unsold at the date of the financial statements. The market value of these securities at December 31, 2015 was \$114,738 (2014 - \$11,689). These assets will be liquidated as soon as is possible in line with the Organization's Policy on Acceptance and Disposal of Shares.

# United Way of Calgary and Area

## Notes to the financial statements

December 31, 2015

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### 12. Financial risk management (continued)

#### *Liquidity risk*

In the current economic environment, the Organization may be subject to liquidity risk if required to realize its long-term investments in the near term. Long-term investments in GICs are held in a staggered portfolio to mitigate liquidity risk

Investments in the Tomorrow Fund are primarily intended to be held for the long term with much of its principal held in perpetuity. The Tomorrow Fund investment portfolio has considerable funds in cash (Note 4), which may be accessed if needed in the short term. In the event that funds are required to be drawn from Internally Restricted funds of the Tomorrow Fund, arrangements can be made with the investment manager to have funds made available at short notice.

#### *Interest rate risk*

The Organization is exposed to interest rate risk given that its cash equivalents, short-term and long-term investments have varying maturity dates. Accordingly, if interest rates decline, the Organization may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing.

#### *Foreign exchange risk*

Because a portion of the Organization's investment portfolio is denominated in foreign currencies, the Organization is exposed to fluctuations in those currencies. At December 31, 2015, the foreign content of the managed portfolio of the Tomorrow Fund was 43.6% (2014 - 44.3%) (Note 4).

#### *Credit risk*

The Organization is exposed to credit risk to the extent that its donors may experience financial difficulty and would be unable to meet their obligations. However, the Organization has a large number of diverse donors, which minimizes the concentration of credit risk. Furthermore, the Organization maintains a provision for potential pledge loss which is adjusted upward should this be considered necessary.

### 13. Comparative figures

Certain of the prior year's comparative amounts have been reclassified to conform to current year presentation.

# United Way of Calgary and Area

year ended December 31, 2015

## Schedule of operational support expenses - Schedule 1

	2015	2014
	\$	\$
Salaries and employee benefits	<b>3,732,228</b>	3,819,937
Occupancy costs	<b>754,226</b>	830,513
Professional fees	<b>338,883</b>	380,514
Promotion and publicity	<b>554,639</b>	612,756
Office expenses	<b>520,978</b>	643,853
Professional development and training	<b>73,648</b>	119,959
Meetings and travel	<b>4,541</b>	42,639
Other administrative expenses	<b>225,920</b>	187,328
Amortization of tangible capital assets	<b>579,633</b>	832,904
Total operational support expenses before allocations	<b>6,784,696</b>	7,470,403
Allocation to fundraising expenses (Schedule 2)	<b>(3,052,683)</b>	(3,190,278)
Allocation to United Way Community Service expenses (Schedule 3)	<b>(3,732,013)</b>	(4,280,125)
	-	-

# United Way of Calgary and Area

## Schedule of fundraising expenses - Schedule 2 year ended December 31, 2015

	2015	2014
	\$	\$
Salaries and employee benefits	<b>3,018,742</b>	2,953,255
Professional fees	<b>33,773</b>	56,480
Office expenses	<b>95,069</b>	80,535
Professional development and training	<b>1,196</b>	2,356
Meetings and travel	<b>21,686</b>	30,196
Direct fundraising expenses	<b>249,411</b>	206,844
Total direct fundraising expenses (Schedule 4)	<b>3,419,877</b>	3,329,666
Allocation of operational support expenses (Schedules 1 and 4)	<b>3,052,683</b>	3,190,278
Total fundraising expenses	<b>6,472,560</b>	6,519,944

# United Way of Calgary and Area

## Schedule of United Way Community Service expenses - Schedule 3 year ended December 31, 2015

	2015	2014
	\$	\$
Community investment process	1,890,646	1,834,949
Allocation of operational support expenses (Schedule 1)	3,732,013	4,280,125
Community investments in United Way initiatives	3,639,918	3,450,180
Community investments in registered charities	32,999,270	33,411,243
Emergency reserves - flood relief	-	55,571
Tomorrow Fund donor advised distributions	85,381	123,699
Donor designated funds applied to United Way initiatives	4,615,625	3,806,061
Donor designated funds to registered charities	8,710,275	8,489,548
	<b>55,673,128</b>	<b>55,451,376</b>
<b>Community Service expenses by nature of engagement</b>		
Collaborations focused on system level change	3,289,128	3,595,928
Multi-partner collaboration on delivery of services	11,647,365	11,599,246
Programmatic investments and capacity building	32,026,360	31,766,654
Donor designated funds to registered charities	8,710,275	8,489,548
	<b>55,673,128</b>	<b>55,451,376</b>



# United Way of Calgary and Area

## Schedules of Transparency Accountability and Financial Reporting (TAFR) ratios - Schedule 4 year ended December 31, 2015

	2015		2014	
	\$	%	\$	%
<b>Fundraising ratio</b>				
Total revenue per statement of operations	59,781,261	-	61,193,018	-
Add: allowances for uncollected pledges	965,279	-	1,075,460	-
<b>Total revenue for fundraising</b>	<b>60,746,540</b>	<b>-</b>	<b>62,268,478</b>	<b>-</b>
Total direct fundraising expenses (Schedule 2)	3,419,877	5.6	3,329,666	5.3
Operational support expenses associated with fundraising (Schedule 2)	3,052,683	5.0	3,190,278	5.1
	<b>6,472,560</b>	<b>10.6</b>	<b>6,519,944</b>	<b>10.4</b>
<b>Allocation ratio</b>				
Total revenue per statement of operations	59,781,261	-	61,193,018	-
Deficiency of revenue over expenses resourced out of fund balances	(2,364,427)	(4.0)	(778,302)	(1.3)
United Way Community Service expenses	55,673,128	93.1	55,451,376	90.6

### Charitable Fund-raising Act and Regulations

Solicitation material provided by the Organization to prospective donors in 2015 reflects total fundraising costs to be an estimated 10.6% (2014 - 10.4%) of total revenue.

The information required to be disclosed under the Charitable Fund-raising Regulation (Alberta 108/2000) is adequately presented in these financial statements and the respective schedules.