

# **United Way of Calgary and Area**

Financial Statements  
**December 31, 2020**



## Independent auditor's report

To the Members of United Way of Calgary and Area

---

### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Calgary and Area (the Organization) as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

---

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### Comparative information

The financial statements of the Organization for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on April 2, 2020.

*PricewaterhouseCoopers LLP*  
111-5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825



---

## **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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
April 8, 2021

# United Way of Calgary and Area

## Statement of Financial Position

As at December 31, 2020

(in thousands of dollars)

			2020	2019
	General Fund \$	Tomorrow Fund \$	Total \$	Total \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	16,090	-	16,090	12,901
Interfund (payable) receivable	(215)	215	-	-
Accounts receivable and other assets	1,460	-	1,460	1,106
Government remittances recoverable	67	-	67	66
Trust assets (note 6)	779	-	779	269
	18,181	215	18,396	14,342
<b>Investments</b> (note 4)	15,722	45,089	60,811	59,363
<b>Long-term prepaid expenses</b>	400	-	400	400
<b>Tangible capital assets</b> (note 5)	1,141	-	1,141	1,474
	35,444	45,304	80,748	75,579
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	941	-	941	691
Trust obligations (note 6)	779	-	779	269
Current portion of deferred contributions (note 7)	10,245	-	10,245	5,670
	11,965	-	11,965	6,630
<b>Deferred contributions</b> (note 7)	448	3,512	3,960	3,195
	12,413	3,512	15,925	9,825
<b>Fund Balances</b>				
<b>Sustainability reserve</b> (note 8(a))	5,775	-	5,775	6,660
<b>Internally restricted</b> (note 8(a) and (b))	17,256	18,383	35,639	34,930
<b>Endowments</b> (note 8(b))	-	23,409	23,409	24,164
	23,031	41,792	64,823	65,754
	35,444	45,304	80,748	75,579
<b>Commitments</b> (note 10)				

Approved by the Board of Directors

 Director
  Director

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

# United Way of Calgary and Area

## Statement of Operations

For the year ended December 31, 2020

(in thousands of dollars)

			2020	2019
	General Fund \$	Tomorrow Fund \$	Total \$	Total \$
<b>Revenue</b>				
Unrestricted campaign (note 3)	30,595	582	31,177	37,281
Donor designated funds to United Way initiatives	5,189	-	5,189	6,582
Donor designated funds to registered charities	6,777	-	6,777	7,418
Funds designated by donors and Government assistance to registered charities in support of COVID-19 (note 16)	11,014	-	11,014	-
COVID-19 Government subsidies (note 15)	1,636	-	1,636	-
Tomorrow Fund distribution to General Fund (note 8(b))	5,880	(5,880)	-	-
Investment income	680	1,921	2,601	2,028
Sponsorship and other revenue	1,340	-	1,340	745
	63,111	(3,377)	59,734	54,054
<b>Expenses</b>				
Fundraising (schedule 2)	7,732	-	7,732	7,504
<b>Net revenue available for distributions, community programs and services</b>	55,379	(3,377)	52,002	46,550
<b>Distributions, community programs and services expenses</b> (schedule 3)				
Allocations and designations	45,833	47	45,880	38,988
Community programs and services expenses	10,605	-	10,605	9,925
<b>Total distributions, community programs and services expenses</b>	56,438	47	56,485	48,913
<b>Deficiency of revenue over expenses before other items</b>	(1,059)	(3,424)	(4,483)	(2,363)
<b>Unrealized gains on investments</b> (note 8(b))	-	3,530	3,530	5,586
<b>Realized gains on investments</b>	-	-	-	64
<b>(Deficiency) excess of revenue over expenses</b>	(1,059)	106	(953)	3,287

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

**United Way of Calgary and Area**  
**Statement of Changes in Fund Balances**  
**For the year ended December 31, 2020**

(in thousands of dollars)

					<b>2020</b>	<b>2019</b>
	<b>Designated for community use \$</b>	<b>Sustainability reserve \$</b>	<b>Total General Fund \$</b>	<b>Total Tomorrow Fund \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Fund balance – Beginning of year</b>	17,430	6,660	24,090	41,664	65,754	62,422
(Deficiency) excess of revenue over expenses	-	(1,059)	(1,059)	106	(953)	3,287
Endowments contributions received (note 8(b))	-	-	-	22	22	45
Designated in the year for community use	26,732	(26,732)	-	-	-	-
Community investments made in the year	(26,906)	26,906	-	-	-	-
<b>Fund balance – End of year</b>	<b>17,256</b>	<b>5,775</b>	<b>23,031</b>	<b>41,792</b>	<b>64,823</b>	<b>65,754</b>

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

# United Way of Calgary and Area

## Statement of Cash Flows

For the year ended December 31, 2020

---

(in thousands of dollars)

	2020 \$	2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	(953)	3,287
Items not affecting cash and cash equivalents		
Amortization of tangible capital assets	861	774
Unrealized gains on investments	(3,530)	(5,586)
Realized gains on investments	-	(64)
	<hr/>	<hr/>
	(3,622)	(1,589)
Net changes in non-cash operating working capital (note 11)	5,235	(33)
	<hr/>	<hr/>
	1,613	(1,622)
<b>Financing activity</b>		
Contributions received for endowment purposes	22	45
	<hr/>	<hr/>
<b>Investing activities</b>		
Tomorrow Fund income redeemed	2,695	956
Net purchases of long-term investments	(613)	(5,009)
Net redemption of short-term investments	-	5,391
Acquisition of tangible capital assets	(528)	(282)
	<hr/>	<hr/>
	1,554	1,056
<b>Net increase (decrease) in cash and cash equivalents</b>	3,189	(521)
<b>Cash and cash equivalents – Beginning of year</b>	12,901	13,422
	<hr/>	<hr/>
<b>Cash and cash equivalents – End of year</b>	16,090	12,901
	<hr/>	<hr/>

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



# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

### 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 the Province of Alberta.

As a registered charitable foundation under subsection 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 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant policies:

#### a) Funds

The Organization applies the deferral method of accounting and has elected to further reflect details 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 are received as well as using internally restricted funds 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.

The Tomorrow Fund is structured to allow it to accept and hold endowment contributions and non-endowment contributions comprising donor advised contributions and internally restricted funds. Funds are distributed as described below.

The Board has approved the investment of funds from the General Fund alongside balanced fund investments of the Tomorrow Fund in accordance with defined criteria as determined by the Board.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

### **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 three focus areas, Poverty, Kids and Community, with additional amounts used to offset the Organization's costs as the Board directs (note 8(b)).

- 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 a specific purpose as at the end of the prior financial year will be distributed to the General Fund in accordance with the specific requirements attaching to such endowments (note 8(b)).

- 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 to the General Fund each year. To the extent that such distribution is not made, the unused portion of the available distribution each year is capitalized. Distributions are made with the advice of the donors (note 8(b)).

### **Non-endowment internally restricted contributions**

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: the earnings above 4% of the General Fund investments, legacy bequests, life insurance proceeds, plus annual gifts to the Tomorrow Fund and any other testamentary gifts which are not endowed or otherwise restricted by the donor but which are held as internally restricted funds of the Tomorrow Fund (note (8(b)). The amount received as bequests in 2020 was \$324 (2019 – \$633).

These 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, with additional amounts used to offset the Organization's costs as the Board directs.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

These internally restricted funds are also available to ensure the principal of General Fund investments in the Tomorrow Fund is protected and made whole in the event that any of that principal declines as a result of market conditions.

### **Non-endowment donor advised contributions**

These are contributions that are designated by 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 (note 7).

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 donor.

### **b) Revenue recognition**

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

#### **Unrestricted campaign**

An annual campaign is conducted to raise support for projects and services to be 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: Poverty, Kids and Community. To the extent these contributions are received during the year, they are recognized as revenue in the period in which the funds are received.

Contributions of shares of 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 determined 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 determined value, this amount is included in unrestricted campaign revenue.

#### **Donor designated funds**

All contributions that are designated by donors for United Way initiatives or for other registered charities, including the COVID-19 funds, are initially deferred, then recognized as revenue of the General Fund or Tomorrow Fund, as applicable, in the year in which the related expenses (payments) 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 the related expenses are incurred.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

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

### **COVID-19 government subsidies**

Government subsidies are recorded as revenue within COVID-19 government subsidies in the General Fund when receivable or receivable.

### **Designated contributions for tangible capital assets**

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

### **Bequests and legacy gifts**

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 are recognized as revenue of the Tomorrow Fund as received.

### **Endowment contributions**

Contributions of perpetual endowments 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, minus the manager's fees, are recognized in investment income in the applicable fund in the period in which they are realized. Unrealized and realized gains and losses on long-term investments are recognized through the statement of operations in the applicable fund.

### **Sponsorship and other revenue**

Sponsorship and other revenue are recognized in the year funds are received to support special events as well as the operating activity of the Organization.

### **c) 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 of such goods and services.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

### d) Tangible capital assets

Purchased tangible capital assets with a value exceeding \$1,000 are capitalized and recorded at cost. Purchased tangible capital assets with a value of less than \$1,000 are charged as an expense 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 impairment when conditions indicate that a tangible capital asset no longer contributes to the Organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The writedowns of tangible capital assets are recognized as expenses in the statement of operations. Writedowns are not subsequently reversed.

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

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

### e) 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 expenses and distributions, community programs and services expenses are directly correlated to the number of people working in each of those areas.

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

### f) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments and other financial 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

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

of revenue over expenses as interest income or expense. With respect to financial assets measured at cost or amortized cost, the Organization recognizes an impairment loss, if any, in the statement of operations, 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 the statement of operations in the period the reversal occurs.

### **g) 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.

### **h) Cash and cash equivalents**

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

### **i) Investments**

Investments include cash, bonds, pooled equities, irrevocable charitable remainder trust, and the cash surrender value of a life insurance policy and are recorded at fair value in accordance with the Organization's investment policies.

Short-term investments are financial assets owned by the Organization and are expected to be converted into cash within one year.

### **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, 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 Financial Statements

December 31, 2020

---

(in thousands of dollars)

### k) Comparative figures

Certain of the prior year figures have been reclassified where necessary to conform to the current year's presentation.

### 3 Unrestricted campaign revenue

	<b>2020</b>	<b>2019</b>
	\$	\$
Annual unrestricted campaign	31,614	37,647
Funds transferred from other United Ways	1,292	1,809
Funds transferred to other United Ways	(1,729)	(2,175)
	<u>31,177</u>	<u>37,281</u>

### 4 Investments

	<b>2020</b>	<b>2019</b>
	\$	\$
Tomorrow Fund		
Investments in externally managed funds	44,883	43,951
Irrevocable Charitable Remainder Trust	105	225
Life insurance - cash surrender value	101	78
	<u>45,089</u>	<u>44,254</u>
General Fund		
Balanced fund investment	15,722	15,109
	<u>60,811</u>	<u>59,363</u>

Externally managed funds portfolio weighting in Tomorrow Fund

	<b>2020</b>	<b>2019</b>
	%	%
Pooled bonds and cash	34.8	39.9
Equities		
Canadian	17.0	15.8
United States	20.0	22.3
Other foreign	28.2	22.0
	<u>100.0</u>	<u>100.0</u>

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 the death of the donor.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

(in thousands of dollars)

### 5 Tangible capital assets

	2020		
	Cost or donated value \$	Accumulated amortization \$	Net \$
Computer software	8,744	8,404	340
Computer equipment	1,919	1,786	133
Furniture and fixtures	500	476	24
Telephone equipment	386	383	3
Building improvements	922	281	641
	<u>12,471</u>	<u>11,330</u>	<u>1,141</u>
	2019		
	Cost or donated value \$	Accumulated amortization \$	Net \$
Computer software	8,344	7,678	666
Computer equipment	1,813	1,723	90
Furniture and fixtures	478	455	23
Telephone equipment	386	381	5
Building improvements	922	232	690
	<u>11,943</u>	<u>10,469</u>	<u>1,474</u>

### 6 Trust assets and trust obligations

The Organization coordinates the national campaign for certain corporate donors, including the processing, collection and subsequent distribution of donations to other United Way offices. This activity requires that the Organization hold certain assets in trust for 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 in support of COVID-19 represent the undistributed portion of funds to be paid to registered charities defined by COVID-19 funding agreements.



# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

(in thousands of dollars)

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

Deferred contributions related to future years campaigns reflect the value of donations received 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.

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

Changes in deferred contributions are as follows:

### General Fund

				2020	2019
	Opening balance \$	Deferred contributions received in year \$	Deferred contributions used in year \$	Ending balance \$	Ending balance \$
Tangible capital assets	76	-	(38)	38	76
Donor designated to United Way initiatives	4,093	7,879	(5,151)	6,821	4,093
Funds designated to registered charities in support of COVID-19	-	13,139	(11,621)	1,518	-
Donor designated to registered charities	1,035	7,274	(6,258)	2,051	1,035
Donor designated to future years campaigns	298	127	(330)	95	298
Sponsorship	204	31	(65)	170	204
	5,706	28,450	(23,463)	10,693	5,706
Less: Current portion	5,522	-	-	10,245	5,522
	184	28,450	(23,463)	448	184

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

(in thousands of dollars)

### Tomorrow Fund

						2020	2019
	Opening balance	Transfer from endowments	Deferred contributions received in year	Earnings	Deferred contributions used in year	Ending balance	Ending balance
	\$	\$	\$	\$	\$	\$	\$
Non-endowed – donor advised	3,159	-	789	268	(704)	3,512	3,159
Less: Current portion	148	-	-	-	-	-	148
	3,011	-	789	268	(704)	3,512	3,011

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 uncommitted 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:

- 4 months (2019 – 4 months) of operating budget
- 6 months (2019 – 6 months) of normal amortization
- \$1,000 (2019 – \$1,000) disaster response reserve
- \$620 (2019 – \$660), being the unamortized portion of the transfer for building improvements from the Tomorrow Fund
- Designated for community use

The Organization's community investment program is planned around a combination of 1 to 5-year commitments and accommodates 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.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

(in thousands of dollars)

### b) Tomorrow Fund

							2020	2019
	Opening balance	Contributions received	Total	Investment income	Unrealized gains	Distributions	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Non-endowed – internally restricted								
Board discretion	14,733	582	15,315	772	1,968	(2,271)	15,784	14,733
Specific purpose	2,767	-	2,767	116	156	(440)	2,599	2,767
	17,500	582	18,082	888	2,124	(2,711)	18,383	17,500
Endowments								
Unrestricted endowments	14,608	(118)	14,490	604	808	(2,286)	13,616	14,608
Donor advised	3,997	140	4,137	195	286	(47)	4,571	3,997
Specific purpose	5,559	-	5,559	234	312	(883)	5,222	5,559
	24,164	22	24,186	1,033	1,406	(3,216)	23,409	24,164
	41,664	604	42,268	1,921	3,530	(5,927)	41,792	41,664

In 2020, distributions of \$5,927 (2019 – \$2,381) include: \$47 (2019 – \$75) paid to registered charities under the advice of donors, support of investments in the community of \$4,620 (2019 – \$965), support of the Organization's operating cost of \$460 (2019 – \$341), and support of the Organization's strategic or special initiatives of \$800 (2019 – \$1,000).

### 9 Allocation of expenses

Operational support expenses are allocated as follows:

	2020	2019
	%	%
Fundraising expenses	49.1	48.0
Distributions, community programs and services expenses	50.9	52.0
	100.0	100.0

### 10 Commitments

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 other circumstances require such revision.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

Commitments under this program are included as funds designated for community use. At December 31, 2020, these commitments are as follows:

	\$
2021	22,500
2022	16,105
2023	7,515

The current lease was entered into on June 1, 2016 for a term of 20 years. The Organization has no material exposure to any environmental or other remediation in terms of any former leases.

Lease payments required over the next five years and thereafter are as follows:

	Digital system access \$	Office premises \$	Office equipment \$	Total \$
2021	286	720	59	1,065
2022	-	735	59	794
2023	-	750	59	809
2024	-	765	59	824
2025	-	780	24	804
Thereafter	-	9,125	-	9,125
	<u>286</u>	<u>12,875</u>	<u>260</u>	<u>13,421</u>

### 11 Net changes in non-cash operating working capital

	2020 \$	2019 \$
Accounts receivable and other assets	(354)	(484)
Government remittances recoverable	(1)	8
Accounts payable and accrued liabilities	250	(138)
Deferred contributions	5,340	581
	<u>5,235</u>	<u>(33)</u>

### 12 Financing facility

In previous years, the Organization had a bridge financing facility in the amount of \$5,000 to provide funds when needed. The facility was bearing interest at the bank's prime rate of interest and was secured by the hypothecation of a bond that matured in September 2019, at which time, the Organization cancelled the financing facility.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

### 13 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 3 and 10.

The Organization has internal control processes to ensure that any restrictions are met prior to the utilization of these resources, and the Organization 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-term 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.

### 14 Financial risk management

The Organization's financial risks are as follows:

#### Market risk

The Tomorrow Fund's assets include both equity and fixed income securities. These assets are invested in diversified 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 Finance Audit Technology Committee of the Board. The Finance Audit Technology Committee has authority to make certain changes to asset mix to ensure that the investments are as secure as possible. The market value of these investments 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, 2020 is \$44,883 (2019 – \$43,951) with 65.2% (2019 – 60.1%) invested in equity securities (note 4).

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

The Organization also carries a Charitable Remainder Trust, valued at \$105 (2019 – \$225) (note 4). The Organization does not include the value of this asset in any of its operational plans.

### **Liquidity risk**

Liquidity risk is the risk the Organization will encounter difficulties in meeting its financial obligations. The Organization manages its liquidity risk through cash and liquidity management. Despite a significant disruption to the Organization's regular operations caused by COVID-19, there has been very little impact on the Organization's overall cash and debt management processes and thereby no increase in its assessment of liquidity risk.

The Organization may be subject to liquidity risk if required to realize its long-term investments in the near term.

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 on short notice.

### **Interest rate risk**

The Organization is exposed to interest rate risk given that its cash equivalents and long-term investments have varying maturity dates. For interest-bearing assets measured at fair value, the changes in interest rates would change the fair value of the investments. 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, 2020, the foreign content of the managed portfolio of the Tomorrow Fund was 48.2% (2019 – 44.3%) (note 4).

### **Credit risk**

The Organization is exposed to credit risk to the extent that its debtors may experience financial difficulty and would be unable to meet their payment obligations.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

---

(in thousands of dollars)

### 15 COVID-19 government subsidies

As part of the Government of Canada's COVID-19 Economic Response plan, the Organization received funding through the following programs:

#### a) Canada Emergency Wage Subsidy

Due to the decrease in revenue as a result of COVID-19, the Organization received the Canada Emergency Wage Subsidy to cover a portion of its employee wages from March 15 to December 31, 2020 in the amount of \$1,590 (2019 – \$nil), of which \$128 was receivable as at December 31, 2020 (2019 – \$nil).

#### b) 10% Temporary Wage Subsidy

The Organization received the 10% Temporary Wage Subsidy to cover part of its employee wages from March 18 to June 19, 2020 in the amount of \$25 (2019 – \$nil).

#### c) Canada Emergency Commercial Rent Assistance

The Organization received funding through Canada Mortgage and Housing Corporation to provide rent relief to its tenants in the amount of \$21 (2019 – \$nil).

The 10% Temporary Wage Subsidy and the Canada Emergency Commercial Rent Assistance amounts were excluded from the calculation of the Canada Emergency Wage Subsidy in line with the Government of Canada's eligibility criteria and special revenue circumstances for registered charities.

### 16 Coronavirus pandemic (COVID-19)

In March 2020, the World Health Organization declared the COVID-19 outbreak a worldwide pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include restrictions on events and gatherings, the implementation of travel bans, quarantine periods and physical distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have introduced significant monetary and fiscal relief programs designed to stabilize economic conditions. Public health orders and the current economic environment have and may continue to have adverse impacts on the Organization.

The disruption caused by COVID-19 and the collapse of oil prices on Calgary's economy was significant in 2020 and as expected, the revenues of the Organization were lower comparative with 2019. To respond to the rapidly evolving circumstances, management has taken the following mitigating actions to reduce costs and preserve liquidity: reducing non-essential operating expenditures, participating in eligible COVID-19 government support programs, and reviewing the risk of the investment portfolio to reduce equity risk. Decreased philanthropy due to limits on gatherings for fundraising events and the economic downturn required changing the focus to virtual fundraising meetings and events as well as the promotions of digital content and online donation tools.

# United Way of Calgary and Area

## Notes to Financial Statements

December 31, 2020

(in thousands of dollars)

In collaboration with The City of Calgary (including the Calgary Emergency Management Agency), the Organization created the COVID-19 Community Response Fund, a city-wide effort to ensure that social service agencies in Calgary and area could quickly provide emergency funds to the most vulnerable people in our community. In addition to this fund, the Organization received funding support as follows:

	<u>2020</u>			<u>2019</u>
	<b>Opening balance \$</b>	<b>Funds received \$</b>	<b>Funds used \$</b>	<b>Ending balance \$</b>
United Way of Calgary and Area – Community Response Fund donations	-	5,998	(5,998)	-
United Way Centraide Canada – COVID-19 Emergency Community Support Fund	-	6,187	(4,669)	1,518
Government of Alberta – Charitable Giving Matching Donation Program	-	954	(954)	-
	-	13,139	(11,621)	1,518

These revenues were excluded from the calculation of the Canada Emergency Wage Subsidy in line with the Government of Canada's eligibility criteria and special revenue circumstances for registered charities.



# United Way of Calgary and Area

## Notes to Financial Statements

### Schedule 1: Operational Support Expenses

**For the year ended December 31, 2020**

---

(in thousands of dollars)

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and employee benefits	4,557	3,926
Occupancy costs	1,133	1,099
Professional fees	1,853	2,067
Promotion and publicity	357	483
Office expenses	550	505
Professional development and training	25	21
Meetings and travel	21	69
Other administrative expenses	998	1,004
Amortization of tangible capital assets	861	774
	<hr/>	<hr/>
Total operational support expenses before allocations	10,355	9,948
Allocation to fundraising expenses (schedule 2)	(5,088)	(4,772)
	<hr/>	<hr/>
Allocation to distributions, community programs and services expenses (schedule 3)	(5,267)	(5,176)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

# United Way of Calgary and Area

## Notes to Financial Statements

### Schedule 2: Fundraising Expenses

For the year ended December 31, 2020

---

(in thousands of dollars)

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and employee benefits	2,474	2,699
Office expenses	6	24
Professional development and training	1	-
Meetings and travel	1	7
Direct fundraising expenses	162	2
	<hr/>	<hr/>
Total direct fundraising expenses (schedule 4)	2,644	2,732
Allocation of operational support expenses before allocations (schedule 1 and 4)	5,088	4,772
	<hr/>	<hr/>
	<b>7,732</b>	<b>7,504</b>
	<hr/>	<hr/>

# United Way of Calgary and Area

## Notes to Financial Statements

### Schedule 3: Distributions, Community Programs and Services Expenses

For the year ended December 31, 2020

(in thousands of dollars)

	2020 \$	2019 \$
<b>Distributions</b>		
Allocations and designations to member agencies	31,910	32,792
Allocations and designations to non-member agencies	13,970	6,196
	<u>45,880</u>	<u>38,988</u>
<b>Community programs and services expenses</b>		
Community investment process	1,324	1,339
Community programs and services expenses	3,577	2,934
United Way Centraide Canada dues	437	476
	<u>5,338</u>	<u>4,749</u>
Allocation of operational support expenses (schedule 1)	5,267	5,176
	<u>10,605</u>	<u>9,925</u>
	<u>56,485</u>	<u>48,913</u>
<b>Distributions, community programs and services expenses by focus area</b>		
Overcoming poverty	8,530	9,859
Successful kids	11,050	11,850
Strong communities	30,081	19,329
Donor choice	6,777	7,800
Tomorrow Fund	47	75
	<u>56,485</u>	<u>48,913</u>

# United Way of Calgary and Area

## Notes to Financial Statements

### Schedule 4: Fundraising Ratio

For the year ended December 31, 2020

(in thousands of dollars)

	2020		2019	
	\$	%	\$	%
<b>Fundraising ratio</b>				
Total revenue per statement of operations	59,734		54,054	
Total direct fundraising expenses (schedule 2)	2,644	4.4	2,732	5.1
Operational support expenses associated with fundraising (schedule 2)	5,088	8.5	4,772	8.8
	7,732	12.9	7,504	13.9
<b>Fundraising ratio excluding government funding for COVID-19</b>				
Total revenue for fundraising less government funding for COVID-19	52,475		54,054	
Total fundraising expenses	7,732	14.7	7,504	13.9

In 2020, the Organization recognized government funding related to COVID-19 as further described in notes 15 and 16 totalling \$7,259 (excluding United Way of Calgary and Area – Community Response Fund Donations) (2019 - \$nil). For comparative purposes, the fundraising ratio above has been calculated removing these government funds.

Solicitation material provided by the Organization to prospective donors during the year reflects total fundraising costs estimated as between 14% and 16% (2019 – between 14% and 16%) of total revenue.

In management's opinion, 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.