

United Way of Calgary and Area

Financial Statements
December 31, 2021



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, 2021 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, 2021;
- 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

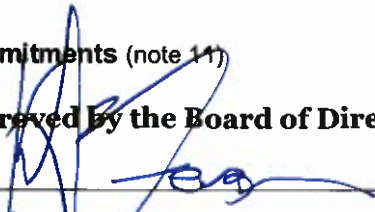
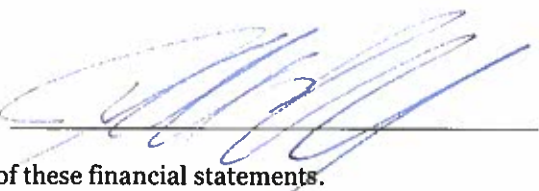
Calgary, Alberta
April 7, 2022

United Way of Calgary and Area

Statement of Financial Position

As at December 31, 2021

(in thousands of dollars)

	2021		2020
	General Fund \$	Tomorrow Fund \$	Total \$
Assets			
Current assets			
Cash and cash equivalents	21,498	-	21,498
Interfund (payable) receivable	(2,019)	2,019	-
Accounts receivable and other assets (note 3)	1,697	-	1,697
Government remittances recoverable	72	-	72
Trust assets (note 7)	628	-	628
	21,876	2,019	23,895
Investments (note 5)	16,673	46,309	62,982
Long-term prepaid expenses	-	-	-
Tangible capital assets (note 6)	1,006	-	1,006
	39,555	48,328	87,883
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	998	-	998
Trust obligations (note 7)	628	-	628
Current portion of deferred contributions (note 8)	9,220	-	9,220
	10,846	-	10,846
Deferred contributions (note 8)	719	5,544	6,263
	11,565	5,544	17,109
Fund Balances			
Sustainability reserve (note 9(a))	6,222	-	6,222
Internally restricted (note 9(a) and (b))	21,768	19,534	41,302
Endowments (note 9(b))	-	23,250	23,250
	27,990	42,784	70,774
	39,555	48,328	87,883
Commitments (note 11)			
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, 2021

(in thousands of dollars)

	2021		2020
	General Fund \$	Tomorrow Fund \$	Total \$
Revenue			
Unrestricted campaign (note 4)	32,789	500	33,289
Donor designated funds to United Way initiatives	6,098	-	6,098
Donor designated funds to registered charities	7,064	-	7,064
Funds designated by donors and government assistance to registered charities in support of COVID-19 (note 16)	1,555	-	1,555
COVID-19 government subsidies (note 15)	765	-	765
Tomorrow Fund distribution to General Fund (note 9(b))	3,880	(3,880)	-
Investment income	681	1,935	2,616
Sponsorship and other revenue	471	-	471
	53,303	(1,445)	51,858
Expenses			
Fundraising (schedule 2)	6,629	-	6,629
Net revenue available for distributions, community programs and services	46,674	(1,445)	45,229
Distributions, community programs and services expenses (schedule 3)			
Allocations and designations	29,871	152	30,023
Community programs and services expenses	11,844	-	11,844
Total distributions, community programs and services expenses	41,715	152	41,867
Excess (deficiency) of revenue over expenses before other items	4,959	(1,597)	3,362
Unrealized gains on investments (note 9(b))	-	1,873	1,873
Realized gains on investments (note 9(b))	-	936	936
Excess (deficiency) of revenue over expenses	4,959	1,212	(953)

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, 2021

(in thousands of dollars)

					2021	2020
	Designated for community use \$	Sustainability reserve \$	Total General Fund \$	Total Tomorrow Fund \$	Total \$	Total \$
Fund balance – Beginning of year	17,256	5,775	23,031	41,792	64,823	65,754
Excess (deficiency) of revenue over expenses	-	4,959	4,959	1,212	6,171	(953)
Endowments contributions (transferred) received (note 9(b))	-	-	-	(220)	(220)	22
Designated in the year for community use	26,003	(26,003)	-	-	-	-
Community investments made in the year	(21,491)	21,491	-	-	-	-
Fund balance – End of year	21,768	6,222	27,990	42,784	70,774	64,823

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, 2021

(in thousands of dollars)

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	6,171	(953)
Items not affecting cash and cash equivalents		
Amortization of tangible capital assets	403	861
Unrealized gains on investments	(1,873)	(2,465)
Realized gains on investments	(936)	(1,065)
	3,765	(3,622)
Changes in non-cash operating working capital (note 12)	1,493	5,235
	5,258	1,613
Financing activities		
Contributions (transferred) received for endowment purposes	(220)	22
Investing activities		
Tomorrow Fund income redeemed	1,591	2,695
Net purchases of long-term investments	(954)	(613)
Acquisition of tangible capital assets	(267)	(528)
	370	1,554
Increase in cash and cash equivalents	5,408	3,189
Cash and cash equivalents – Beginning of year	16,090	12,901
Cash and cash equivalents – End of year	21,498	16,090

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, 2021

(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 (Canada), 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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) 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 revenue 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 accept and hold endowment and non-endowment contributions comprising donor advised contributions and internally restricted funds. Funds are distributed as described below.

The Board of Directors (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, 2021

(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 9(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 9(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 to the donor each year for distribution to the General Fund. To the extent that such distribution is not made, the unused portion of the available distribution each year is kept within investments. Distributions are made with the advice of the donors (note 9(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 9(b)). The amount received as bequests in 2021 was \$341 (2020 – \$324).

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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

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.

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 8).

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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

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.

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 received 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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

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.

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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

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 (deficiency) 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 as at 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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

j) Use of accounting estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at 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.

k) Comparative figures

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

3 Accounts receivable and other assets

	2021 \$	2020 \$
Cash revenue in transit at the end of the year	1,263	1,175
Prepaid expenses and other assets	434	285
	<hr/> 1,697	<hr/> 1,460

4 Unrestricted campaign revenue

	2021 \$	2020 \$
Annual unrestricted campaign	32,876	31,614
Funds transferred from other United Ways	2,064	1,292
Funds transferred to other United Ways	(1,651)	(1,729)
	<hr/> 33,289	<hr/> 31,177

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

5 Investments

	2021 \$	2020 \$
Tomorrow Fund		
Investments in externally managed funds	46,194	44,883
Irrevocable Charitable Remainder Trust	-	105
Life insurance – cash surrender value	115	101
	46,309	45,089
General Fund		
Balanced fund investment	16,341	15,722
Other	332	-
	62,982	60,811

Externally managed funds portfolio weighting in Tomorrow Fund

	2021 %	2020 %
Pooled bonds and cash	36.2	34.8
Equities		
Canadian	18.4	17.0
United States	19.0	20.0
Other foreign	26.4	28.2
	100.0	100.0

The interest in an Irrevocable Charitable Remainder Trust was carried at the expected realizable value advised by the trustee. By the end of 2021, the Irrevocable Remainder Trust was entirely settled.

6 Tangible capital assets

	2021		
	Cost or donated value \$	Accumulated amortization \$	Net \$
Computer software	8,976	8,688	288
Computer equipment	1,955	1,841	114
Furniture and fixtures	500	487	13
Telephone equipment	386	385	1
Building improvements	921	331	590
	12,738	11,732	1,006

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

	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
	12,471	11,330	1,141

7 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.

8 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.

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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

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

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.

Changes in deferred contributions are as follows:

General Fund

	2021 Opening balance \$	Deferred contributions received in year \$	Deferred contributions used in year \$	2021 Ending balance \$
Tangible capital assets	38	-	(38)	-
Donor designated to United Way initiatives	6,821	6,595	(6,060)	7,356
Funds designated to registered charities in support of COVID-19	1,518	39	(1,555)	2
Donor designated to registered charities	2,051	6,714	(6,342)	2,423
Donor designated to future years campaigns	95	471	(542)	24
Sponsorship	170	24	(60)	134
	10,693	13,843	(14,597)	9,939
Less: Current portion	10,245	-	-	9,220
	448	13,843	(14,597)	719

Tomorrow Fund

	2021 Opening balance \$	Deferred contributions received in year \$	Earnings \$	Deferred contributions used in year \$	2021 Ending balance \$
Non-endowed – donor advised	3,512	2,190	449	(607)	5,544

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

9 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 (2020 – 4 months) of operating budget
- 6 months (2020 – 6 months) of normal amortization
- \$1,000 (2020 – \$1,000) disaster response reserve
- \$580 (2020 – \$620), 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.

b) Tomorrow Fund

	2021 Opening balance \$	Contributions received (transferred) \$	Total \$	Investment income \$	Unrealized gains \$	Realized gains \$	Distributions \$	2021 Total \$
Non-endowed – internally restricted	15,784	500	16,284	806	1,166	404	(1,689)	16,971
Board discretion	2,599	-	2,599	112	59	65	(272)	2,563
Specific purpose	18,383	500	18,883	918	1,225	469	(1,961)	19,534
Endowments	13,616	(105)	13,511	585	308	337	(1,396)	13,345
Unrestricted endowments	4,571	(115)	4,456	206	221	-	(135)	4,748
Donor advised	5,222	-	5,222	226	119	130	(540)	5,157
Specific purpose	23,409	(220)	23,189	1,017	648	467	(2,071)	23,250
	41,792	280	42,072	1,935	1,873	936	(4,032)	42,784

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

In 2021, distributions of \$4,032 (2020 – \$5,927) include: \$152 (2020 – \$47) paid to registered charities under the advice of donors, support of investments in the community of \$3,187 (2020 – \$4,620), support of the Organization's operating cost of \$300 (2020 – \$460) and support of the Organization's strategic or special initiatives of \$393 (2020 – \$800).

10 Allocation of expenses

Operational support expenses are allocated as follows:

	2021 %	2020 %
Fundraising expenses	46.7	49.1
Distributions, community programs and services expenses	53.3	50.9
	<u>100.0</u>	<u>100.0</u>

11 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.

Commitments under this program are included as funds designated for community use. As at December 31, 2021, these commitments are as follows:

	\$
2022	17,310
2023	8,314
2024	500

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 \$
2022	176	735	59	970
2023	-	750	59	809
2024	-	765	59	824
2025	-	780	24	804
2026	-	795	-	795
Thereafter	-	8,330	-	8,330
	<u>176</u>	<u>12,155</u>	<u>201</u>	<u>12,532</u>

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

12 Changes in non-cash operating working capital

	2021 \$	2020 \$
Accounts receivable and other assets	(237)	(354)
Government remittances recoverable	(5)	(1)
Long-term prepaid expenses	400	-
Accounts payable and accrued liabilities	57	250
Deferred contributions	1,278	5,340
	<hr/>	<hr/>
	1,493	5,235

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.

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 revenue declines, 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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

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 the 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 as at December 31, 2021 is \$46,194 (2020 – \$44,883) with 63.8% (2020 – 65.2%) invested in equity securities (note 5).

The Organization also carried a Charitable Remainder Trust, valued at \$nil (2020 – \$105) (note 5). The Organization did 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 5), 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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

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. As at December 31, 2021, the foreign content of the managed portfolio of the Tomorrow Fund was 45.4% (2020 – 48.2%) (note 5).

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.

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 January to October 2021 (2020 – March 15 to December 31, 2020) in the amount of \$653 (2020 – \$1,590), of which \$nil was receivable as at December 31, 2021 (2020 – \$128).

b) 10% Temporary Wage Subsidy

The Organization received the 10% Temporary Wage Subsidy to cover part of its employee wages in the amount of \$nil (2020 – \$25).

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 \$112 (2020 – \$21).

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.

United Way of Calgary and Area

Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

16 Coronavirus pandemic (COVID-19)

The disruption caused by COVID-19 continued to impact Calgary's business landscape in 2021. Restrictions on gatherings for fundraising events were still in place and the Organization increased the number of virtual fundraising meetings and events as well as the promotions of digital content and online donation tools. Management monitored spending on all activities keeping the costs low, participating in eligible COVID-19 government support programs, and reviewing the risk of the investment portfolio to reduce equity risk.

In early 2021, the Organization distributed the remaining funds from the COVID-19 Community Response Fund revenue received in 2020 in support of social service agencies in Calgary and area as shown in the table below:

	2021 Opening balance \$	Funds received \$	Funds used \$	2021 Ending balance \$
United Way of Calgary and Area – Community Response Fund donations	-	39	(37)	2
United Way Centraide Canada – COVID-19 Emergency Community Support Fund	1,518	-	(1,518)	-
	1,518	39	(1,555)	2

This revenue was 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, 2021

(in thousands of dollars)

	2021	2020
	\$	\$
Salaries and employee benefits	4,525	4,557
Occupancy costs	1,140	1,133
Professional fees	768	1,853
Promotion and publicity	390	357
Office expenses	594	550
Professional development and training	87	25
Meetings and travel	10	21
Other administrative expenses	889	998
Amortization of tangible capital assets	403	861
	<hr/>	<hr/>
Total operational support expenses before allocations	8,806	10,355
Allocation to fundraising expenses (schedule 2)	(4,114)	(5,088)
	<hr/>	<hr/>
Allocation to distributions, community programs and services expenses (schedule 3)	(4,692)	(5,267)
	<hr/>	<hr/>
	-	-

United Way of Calgary and Area

Notes to Financial Statements

Schedule 2: Fundraising Expenses

For the year ended December 31, 2021

(in thousands of dollars)

	2021	2020
	\$	\$
Salaries and employee benefits	2,427	2,474
Office expenses	5	6
Professional development and training	1	1
Meetings and travel	1	1
Direct fundraising expenses	81	162
	<hr/>	<hr/>
Total direct fundraising expenses (schedule 4)	2,515	2,644
Allocation of operational support expenses (schedule 1 and 4)	4,114	5,088
	<hr/>	<hr/>
	6,629	7,732
	<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, 2021

(in thousands of dollars)

	2021 \$	2020 \$
Distributions		
Allocations and designations to member agencies	21,302	31,910
Allocations and designations to non-member agencies	8,721	13,970
	<hr/> 30,023	<hr/> 45,880
Community programs and services expenses		
Community investment process	854	1,324
Community programs and services expenses	5,843	3,577
United Way Centraide Canada dues	455	437
	<hr/> 7,152	<hr/> 5,338
Allocation of operational support expenses (schedule 1)	4,692	5,267
	<hr/> 11,844	<hr/> 10,605
	<hr/> 41,867	<hr/> 56,485
Distributions, community programs and services expenses by investment type		
Programmatic	16,191	31,869
Collaborative	6,115	5,632
Innovation	1,950	-
Special Projects and Signature Initiatives	4,850	5,569
Tomorrow Fund	152	47
Donor choice	7,064	6,777
Operating support	5,545	6,591
	<hr/> 41,867	<hr/> 56,485

United Way of Calgary and Area

Notes to Financial Statements

Schedule 4: Fundraising Ratio

For the year ended December 31, 2021

(in thousands of dollars)

	2021		2020	
	\$	%	\$	%
Fundraising ratio				
Total revenue per statement of operations	51,858		59,734	
Total direct fundraising expenses (schedule 2)	2,515	4.8	2,644	4.4
Operational support expenses associated with fundraising (schedule 2)	4,114	7.9	5,088	8.5
	6,629	12.7	7,732	12.9
Fundraising ratio excluding government funding for COVID-19				
Total revenue for fundraising less government funding for COVID-19	49,538		52,475	
Total fundraising expenses	6,629	13.4	7,732	14.7

In 2021, the Organization recognized government funding related to COVID-19, as further described in notes 15 and 16, totaling \$2,320 (excluding United Way of Calgary and Area – Community Response Fund Donations) (2020 – \$7,259). 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 15% (2020 – 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.