Financial Statements of

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

And Independent Auditors' Report thereon

Year ended March 31, 2020

KPMG

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of United Way of Greater Toronto

Opinion

We have audited the financial statements of United Way of Greater Toronto (operating as United Way Greater Toronto) (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

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

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

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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 5, 2020

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)
(Incorporated under the laws of Ontario)

Statement of Financial Position
(In thousands of dollars)

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 27,174	$ 21,279
Accounts receivable	3,478	5,290
Prepaid expenses	478	393
	31,130	26,962
Long-term investments (note 3)	80,282	96,738
Long-term receivable	426	–
Capital assets (note 4)	1,769	2,022
	$ 113,607	$ 125,722
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,375	$ 5,347
Flowthrough gifts payable	988	1,192
Deferred campaign revenue	8,151	8,588
Other deferred revenue (note 6)	1,473	979
	13,987	16,106
Accrued net pension liability (note 5)	3,218	7,683
Other deferred revenue (note 6)	2,393	2,886
	5,611	10,569
Total liabilities	19,598	26,675
Net assets:		
Invested in capital assets	1,769	2,022
The Tomorrow Fund (note 7)	74,494	80,682
Unrestricted (note 8)	17,746	16,343
	94,009	99,047
Commitments (note 13)		
Subsequent event (note 17)		
	$ 113,607	$ 125,722

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Trustee _______________ Trustee

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Statement of Operations
(In thousands of dollars)

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Campaign revenue (note 9)	$ 133,095	$ 144,595
Government grants (note 10)	2,424	2,500
Other income	351	321
	135,870	147,416
Investment income (loss)	(3,677)	2,653
Total revenue	132,193	150,069
Distributions and community programs:		
Community investments through United Way of Greater Toronto agencies, partners and community services (note 11)	73,759	73,889
Community impact support expenses	5,437	6,115
Programs and organizations supported by targeted funds (note 12)	3,880	5,595
Donor designations to:		
United Way of Greater Toronto agencies and partners	2,907	2,988
Other United Ways	3,581	2,030
Other registered charities	25,447	30,887
Programs and needs assessment expenses	6,495	8,241
Total distributions and community programs	121,506	129,745
Operating expenses:		
Fundraising	21,585	26,459
Recovery of campaign costs from other United Ways	(952)	(412)
	20,633	26,047
Total distributions and expenses	142,139	155,792
Deficiency of revenue over distributions and expenses	$ (9,946)	$ (5,723)

See accompanying notes to financial statements.

UNITED WAY OF GREATER TORONTO
(OPERATING AS UNITED WAY GREATER TORONTO)

Statement of Changes in Net Assets
(In thousands of dollars)

Year ended March 31, 2020, with comparative information for 2019

	Unrestricted				2020	2019
	General	Pension remeasurements and other items	Invested in capital assets	The Tomorrow Fund	Total	Total
	(note 8)	(note 8)		(note 7)		
Net assets, beginning of year	$ 24,026	$ (7,683)	$ 2,022	$ 80,682	$ 99,047	$ 98,084
Net asset contribution from United Way of Peel Region (note 2)	–	–	–	–	–	6,179
Deficiency of revenue over distributions and expenses	(2,837)	–	(478)	(6,631)	(9,946)	(5,723)
Pension remeasurements and other items (note 5)	–	4,465	–	–	4,465	(262)
Endowment contributions	–	–	–	443	443	769
Invested in capital assets	(225)	–	225	–	–	–
Net assets, end of year	$ 20,964	$ (3,218)	$ 1,769	$ 74,494	$ 94,009	$ 99,047

See accompanying notes to financial statements.

UNITED WAY OF GREATER TORONTO
(OPERATING AS UNITED WAY GREATER TORONTO)

Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash flows from operating activities:		
Deficiency of revenue over distributions and expenses	$ (9,946)	$ (5,723)
Items not involving cash:		
Amortization of capital assets	478	492
Unrealized loss on long-term investments	8,796	1,433
Defined benefit pension expense	1,035	1,991
Change in non-cash working capital	(1,311)	(342)
Defined benefit pension contributions (note 5)	(1,035)	(1,991)
Cash flows used in operating activities	(1,983)	(4,140)
Cash flows from financing activities:		
Endowment contributions received	443	769
Cash flows from investing activities:		
Contributed net assets from United Way of Peel Region (note 2)	–	6,179
Purchase of capital assets	(225)	(634)
Proceeds (purchase) of investments, net	7,660	(1,632)
Cash flows provided by investing activities	7,435	3,913
Increase in cash and cash equivalents	5,895	542
Cash and cash equivalents, beginning of year	21,279	20,737
Cash and cash equivalents, end of year	$ 27,174	$ 21,279

See accompanying notes to financial statements.

The mission of United Way of Greater Toronto (operating as United Way Greater Toronto) ("United Way") is to meet urgent human needs and improve social conditions by mobilizing the community's volunteer and financial resources in a common cause of caring.

United Way is registered as a charitable organization under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, United Way must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook.

(a) Revenue recognition:

United Way follows the deferral method of accounting for contributions, which include campaign revenue.

United Way recognizes unrestricted donations as revenue when received.

Restricted donations are treated as follows:

Certain United Ways are requested to act on behalf of employers and employee groups as the coordinator of their national campaigns and to receive and disburse funds on behalf of other United Ways within local communities. These campaigns are known as Centrally Coordinated Campaigns ("CCC").

(i) Funds received from other United Ways:

These funds from other United Ways under the CCC arrangement are reported when received.

1. Significant accounting policies (continued):

(ii) Funds received for other United Ways:

Funds received by United Way under the CCC arrangement are included in the campaign revenue amount when distributed. These distributed funds are recorded as a reduction to campaign revenue.

(iii) Designated donations:

Designated donations for United Way that have not been disbursed at year end are recorded as deferred campaign revenue on the statement of financial position. Upon disbursement, the payment is recorded as an expense and the donation is recorded as campaign revenue.

(iv) Restricted donations:

Donations restricted for a specific purpose that have not been spent at the end of the year are recorded as deferred campaign revenue on the statement of financial position. They are recognized as campaign revenue when distributed.

(v) Government grant revenue and other income:

Government grant revenue represents funds received from federal, provincial and municipal governments. Other income reported represents funds received from foundations and utilities, the latter being a court-ordered settlement (per note 6). Government grant revenue and other income are recognized when the related program expenses and grants have been disbursed.

(vi) Investment income:

Investment income includes dividends, interest, income distributions from pooled funds, realized gain/losses and the net change in unrealized gain/losses for the year and are recognized on an accrual basis.

1. Significant accounting policies (continued):

(vii) Endowment contributions:

Endowment contributions are recognized as increases in net assets in the year in which they are received. Capital appreciation/depreciation for those funds which are above/below the distribution threshold are added to/deducted from the principal and recognized as direct increases/decreases in net assets in the year in which they are incurred.

(b) Cash and cash equivalents:

Cash and cash equivalents include deposits in banks, certificates of deposit and short-term investments with original maturities of less than three months.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. United Way has elected to carry its fixed income and pooled fund investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, United Way determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount United Way expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Capital assets:

Purchased capital assets are recorded at cost. When a capital asset no longer contributes to United Way's ability to provide services, its carrying amount is written down to its residual value. Capital assets are amortized on the following basis using the following rates:

Asset	Basis	Rate
Automobiles	Straight line	4 years
Software	Straight line	3 - 7 years
Computer equipment	Straight line	3 years
Furniture and fixtures	Declining balance	15%
Leasehold improvements	Straight line	Term of lease

(e) Contributed materials and services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. In addition, the value of contributed materials is not recognized in the financial statements. Since these contributed materials and services are not purchased nor charged by United Way, they are not recognized in these financial statements.

1. Significant accounting policies (continued):

(f) Employee future benefits:

United Way has a combined registered defined benefit and defined contribution pension plan covering substantially all of its employees and an unregistered defined benefit supplemental pension plan that provides additional pension benefits to certain individuals. The benefits are based on years of service and earnings. The registered defined benefit and defined contribution plans are funded by contributions from United Way (defined benefit and defined contribution) and employees (defined contribution only). The unregistered defined benefit pension plan is unfunded, the associated cost is expensed and accrued annually.

United Way accrues its obligations under the defined benefit plans as employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). United Way recognizes the full actuarial liability net of plan assets in the statement of financial position using the immediate recognition approach. The measurement date of the plan assets and accrued benefit obligation coincides with United Way's fiscal year end. The accrued benefit obligation for the defined benefit provision of the registered plan is based on the most recent actuarial valuation of the plan for accounting purposes. The most recent actuarial valuation of the plan for funding purposes was prepared as at January 1, 2019 and the next required actuarial valuation will be as at January 1, 2022.

During the year, the registered defined benefit pension plan was amended effective December 31, 2019 to facilitate the transfer of the defined benefit component of the registered pension plan into the Colleges of Applied Arts and Technology pension plan ("CAAT Pension Plan"), pending receipt of applicable regulatory approval.

As part of this amendment, the registered defined benefit pension plan was closed to new entrants, and members ceased to accrue credited service beyond December 31, 2019. In addition, the definition of final average earnings was amended to exclude earnings after December 31, 2019.

(In thousands of dollars)

1. Significant accounting policies (continued):

Effective January 1, 2020, United Way became a participating employer in the CAAT Pension Plan, and all United Way employees, who were accruing pension benefits in the registered pension plan, started accruing pension benefits in the CAAT Pension Plan. The costs of the pension benefits are the employer's contributions due to the plan in the period. The contributions are expensed in the period in which the payments are made.

(g) Calculation of cost revenue ratios:

In accordance with United Way Centraide Canada's Transparency, Accountability and Financial Reporting policies, United Way uses the following method to calculate cost revenue ratios ("CRR"):

	2020	2019
Total revenue	$ 132,193	$ 150,069
Breakdown of fundraising expenses on statement of operations:		
Direct fundraising expenses	$ 16,382	$ 18,836
General management and administrative expenses	5,203	7,623
Total fundraising expenses	$ 21,585	$ 26,459

	2020	2019
Direct fundraising expenses as a percentage of total revenue	12.4%	12.5%
General management and administrative expenses as a percentage of total revenue	3.9%	5.1%
Total fundraising expenses as a percentage of total revenue	16.3%	17.6%

1. Significant accounting policies (continued):

(h) Allocation of expenses:

General management and administrative expenses are allocated between fundraising expenses and programs and needs assessment expenses based on effort.

General management and administrative expenses are allocated as follows:

	2020	2019
Fundraising	$ 5,203	$ 7,623
Programs and needs assessment	3,468	2,964

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include the obligations related to employee future benefits and allocation of expenses.

2. Merger with United Way of Peel Region:

On October 30, 2017, United Way of Greater Toronto entered into a combination agreement with United Way of Peel Region with the objective to carry on their operations under a single corporation. United Way of Greater Toronto agreed to accept and assume all of United Way of Peel Region's assets and liabilities effective April 1, 2018, with their operations continued under United Way of Greater Toronto, operating as United Way Greater Toronto.

(In thousands of dollars)

3. Long-term investments:

	2020	2019
Canadian fixed income securities	$ 3,574	$ 3,553
Pooled fund investments with The Toronto Foundation	76,445	92,394
Other investments	263	791
	$ 80,282	$ 96,738

The Canadian fixed income securities produce a yield to maturity of 2.3% (2019 - 2.6%) and have a weighted average term to maturity of 0.77 years (2019 - 0.72 years).

Investments held for The Tomorrow Fund, which is held with The Toronto Foundation total $74,494 (2019 - $80,682) (note 7).

The following chart provides the asset class allocation for the pooled fund investments with The Toronto Foundation:

	2020	2019
Cash and cash equivalents	4%	4%
Fixed income securities	23%	21%
Canadian equities	9%	13%
U.S. equities	9%	8%
Other foreign equities	32%	31%
Other investments	23%	23%
	100%	100%

Other investments as defined by The Toronto Foundation are comprised of absolute return funds, commercial mortgage funds and bond exchange traded funds.

(In thousands of dollars)

4. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Automobiles	$ 28	$ 4	$ 24	$ –
Software	4,776	4,757	19	30
Computer equipment	6,079	5,660	419	485
Furniture and fixtures	2,036	1,383	653	702
Leasehold improvements	3,347	2,693	654	805
	$ 16,266	$ 14,497	$ 1,769	$ 2,022

5. Employee future benefits:

Information about United Way's defined benefit pension plan is as follows:

	2020	2019
Accrued net pension liability	$ 3,218	$ 7,683

	2020			2019		
Pension liability	RPP	SERP	All plans	RPP	SERP	All plans
Opening accrued pension liability	$ (4,747)	$ (2,936)	$ (7,683)	$ (4,627)	$ (2,794)	$ (7,421)
Employer contributions	941	94	1,035	1,897	94	1,991
Defined benefit cost	(2,343)	(165)	(2,508)	(2,174)	(158)	(2,332)
Pension remeasurement	645	136	781	157	(78)	79
Gain on curtailments	5,157	–	5,157	–	–	–
Closing accrued pension liability	$ (347)	$ (2,871)	$ (3,218)	$ (4,747)	$ (2,936)	$ (7,683)

The net reduction in the pension liability of $4,465 - All Plans, is recorded in unrestricted net assets per statement of changes in net assets. The curtailment gain related to the existing defined benefit plan of $5,157 - RPP, is included in the reduction of the pension liability. The curtailment gain was as a result of freezing of earnings as at December 31, 2019.

(In thousands of dollars)

5. Employee future benefits (continued):

Information about United Way's defined contribution pension plan is as follows:

(a) United Way contributed $231 (2019 - $304) to its defined contribution pension plan. Contributions to the defined contribution pension plan ceased on December 31, 2019 with the pending implementation of the CAAT Pension Plan.

(b) Once regulatory approval is received from the Financial Services Regulatory Authority of Ontario to transfer the pension assets to the CAAT Pension Plan, the defined contribution plan will be wound up.

6. Other deferred revenue:

Information about other deferred revenue is as follows:

	2020	2019
Current portion of other deferred revenue	$ 1,473	$ 979
Long-term portion of other deferred revenue	2,393	2,886
Total other deferred revenue	$ 3,866	$ 3,865

In July 2011, United Way received an $11,234 legal settlement related to a class action against a group of electricity distribution companies in Ontario. United Way was charged with distributing these funds through an appropriate Low-Income Energy Assistance Program. United Way has decided to supplement the Ontario Energy Board's Low-Income Energy Assistance Program ("LEAP").

Every year, eligible agencies will contact United Way to request funds from this Late Payment Settlement to supplement funding they have received for that year from LEAP. United Way will continue to supplement this program until all of the Late Payment Settlement funds have been distributed. Based on United Way's best estimate, $1,473 will be distributed over the next 12 months to agencies and $2,393 will be distributed in future years.

(In thousands of dollars)

7. The Tomorrow Fund:

The Tomorrow Fund represents internally restricted amounts designated by the Board of Trustees and restricted endowment contributions received from donors. Internally restricted amounts include donations given by donors to United Way that have been transferred to The Tomorrow Fund by the Board of Trustees. The internally restricted portion of The Tomorrow Fund serves as a financial reserve to the United Way to ensure ongoing operations of its community investments and should circumstances warrant the use of these funds, these funds will become available subject to approval from the Board of Trustees.

The Tomorrow Fund consists of the following:

	2020	2019
Externally restricted endowments	$ 24,074	$ 26,030
Internally restricted	50,420	54,652
	$ 74,494	$ 80,682

The following breaks down the excess (deficiency) of revenue over distributions and expenses of The Tomorrow Fund:

	2020	2019
Investment income (loss) on:		
Internally restricted	$ (2,809)	$ 1,894
Externally restricted endowment	(1,332)	88
Distributions to United Way	(2,490)	(3,617)
Deficiency of revenue over distributions and expenses of The Tomorrow Fund	$ (6,631)	$ (1,635)

Endowment contributions of $443 (2019 - $769) have been added to The Tomorrow Fund. These amounts are not included in revenue in the statement of operations, but have been added directly to The Tomorrow Fund assets as stated in note 1(a)(vii).

(In thousands of dollars)

8. Unrestricted net assets:

Unrestricted net assets are comparable to the retained earnings of a for-profit organization. These funds are earmarked by management for the following purposes:

	2020	2019
General	$ 20,964	$ 24,026
Pension remeasurements and other items (note 5)	(3,218)	(7,683)
Unrestricted net assets	$ 17,746	$ 16,343

9. Campaign revenue:

Campaign revenue relates to donations mainly received from donors in the Peel, Toronto and York Region area. Certain United Ways are requested to act on behalf of employers and employee groups as the coordinator of their national campaigns and to receive and disburse funds on behalf of other United Ways within local communities.

Campaign revenue for United Way is as follows:

	2020	2019
Campaign revenue	$ 154,604	$ 167,139
Funds received from other United Ways (note 1(a)(i))	1,243	955
Funds received for other United Ways (note 1(a)(ii))	(22,752)	(23,499)
Campaign revenue	$ 133,095	$ 144,595

(In thousands of dollars)

10. Government grants:

	2020	2019
Reaching Home (Homeless Partnership Strategy)	$ 1,156	$ 847
Peel Newcomer Strategy	218	396
Toronto Enterprise Fund	914	996
National Housing Collaborative	40	160
Career Navigator	96	–
Capacity Building and Knowledge Exchange	–	101
Government grants	$ 2,424	$ 2,500

(a) Reaching Home (Homelessness Partnership Strategy):

The Reaching Home program, previously known as the Homelessness Partnership Strategy is funded by the Minister of Employment and Social Development Canada. This program specifically supports the Regional Municipality of York and United Way will administer this grant until March 31, 2024.

(b) Peel Newcomer Strategy Group:

The Peel Newcomer Strategy Group program is an immigration partnership serving Brampton, Caledon and Mississauga. This program is fully funded by Immigration, Refugees and Citizenship Canada (IRCC) and the Region of Peel.

(c) Toronto Enterprise Fund:

The Toronto Enterprise Fund supports social enterprises in the City of Toronto, the Regional Municipality of York and the Region of Peel. The Toronto Enterprise Fund provides a number of programs, workshops, and grants to support employment and enterprise development. This is a unique funding partnership between United Way, municipal governments and the provincial government.

(In thousands of dollars)

11. Community investments through United Way's network of agencies, partners and community services:

	2020	2019
Community Services Sector Strategy	$ 67,491	$ 67,968
Building Strong Neighbourhoods Strategy	2,676	3,165
Youth Success Strategy	3,592	2,756
Community investments	$ 73,759	$ 73,889

The Community Services Sector Strategy provides funding to member agencies that have the ability to reach and service people who are in, or at risk of falling into poverty. United Way currently supports over 270 member agencies that directly respond to changes in the community and deliver programs to address areas of the highest needs.

The Building Strong Neighbourhoods Strategy supports local residents living in priority neighbourhoods to engage in making meaningful changes through communities.

The Youth Success Strategy provides support to youth through assistance with post-secondary education and training applications, networking opportunities and mentorship programs.

Through targeted investments and partnerships (including our relationships with community agencies, local leaders and generous donors), United Way is able to support these programs.

12. Programs and organizations supported by targeted funds:

United Way receives targeted funds from donors and other funders. These funds are targeted to specific programs, capital projects or grant programs managed by United Way. United Way works with these donors to match their specific giving interest to United Way funding priorities in the community.

(In thousands of dollars)

13. Commitments:

United Way leases office premises under long-term operating leases expiring up to January 31, 2033. Rental payments, excluding operating costs and realty taxes, over the next five years and thereafter are as follows:

2021	$ 1,676
2022	1,483
2023	1,480
2024	1,581
2025	1,581
Thereafter	15,427
	$ 23,228

United Way maintains offices in the City of Toronto, the Regional Municipality of York and the Region of Peel. Lease expirations of these three premises are as follows:

- Toronto office - with the current lease expiring on July 22, 2022, an extension term was signed on December 31, 2019 for ten and a half years commencing August 1, 2022 and expiring on January 31, 2033.

- York-Markham office - lease expiring on June 30, 2022.

- Peel-Mississauga office - lease expiring on September 29, 2021.

14. Financial instruments:

(a) Currency risk:

United Way is exposed to financial risks with its securities denominated in a currency other than the Canadian dollar as a result of exchange rate fluctuations and the volatility of these rates. United Way does not currently enter into forward contracts to mitigate this risk. United Way mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. There has been no change to the risk exposure from 2019.

14. Financial instruments (continued):

(b) Liquidity risk:

Liquidity risk is the risk that United Way will be unable to fulfill its obligations on a timely basis or at a reasonable cost. United Way manages its liquidity risk by monitoring its operating requirements. United Way prepares budgets to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally repaid within 30 days. There has been no change to the risk exposure from 2019.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. United Way is exposed to credit risk with respect to other receivables. United Way assesses, on a continuous basis, other receivables and provides for any amounts that are not collectible. Cash and cash equivalents are held in creditworthy financial institutions. There has been no change to the risk exposure from 2019.

(d) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. United Way is exposed to other price risk on equity securities. United Way mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. There has been no change to the risk exposure from 2019.

(e) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in interest rates. The United Way is exposed to interest rate risk on its fixed income securities. The United Way manages this risk by staggering the terms of the securities held and by using a professional investment advisor. There has been no change to the risk exposure from 2019.

15. Voluntary related party disclosures:

As part of Imagine Canada Standards Program, United Way is required to disclose any payments to organizations in which a Board Member is an owner, partner or senior manager even though these transactions may not otherwise be disclosed under Section 4460 of Part III of the CPA Canada Handbook. United Way incurred expenses for bank service charges with organizations with which certain members of the Board of Trustees are associated by way of employment, totalling $26 (2019 - $16). These transactions are considered to be in the normal course of business and are measured at fair market value.

16. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the year.

17. Subsequent event:

In the month of March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, and it has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, United Way has experienced the following:

- All office locations are closed in Toronto, York-Markham and Peel-Mississauga.
- All staff, except for a few, are working remotely from home.
- Declines in the fair value of its investment portfolio, specifically in The Tomorrow Fund.
- Establishment of a special fundraising initiative for COVID-19 - "Local Love Fund in a Global Crisis", that will run till end of May 2020.
- Partnerships with City of Toronto, Regional Municipality of York, the Region of Peel and senior levels of Government to manage distribution of emergency funding and respond to community immediate needs.

17. Subsequent event (continued):

At this time, there are other factors which present uncertainty over future cash flows, and may impact assets and liabilities in the future. An estimate of the financial effect of these items is not practical at this time and continued monitoring of these are taking place. However, management is comfortable that the current reserve is sufficient to address the impact of the COVID-19 pandemic period and address its business priorities over the next year.