

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

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, 2021
- 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, 2021, 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.



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.



Page 3

- 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 4, 2021

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, 2021, with comparative information for 2020


	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 40,807	\$ 27,174
Accounts receivable	871	3,478
Prepaid expenses	611	478
	<u>42,289</u>	<u>31,130</u>
Long-term investments (note 2)	66,484	56,208
The Tomorrow Fund - Endowments (note 3)	29,650	24,074
Long-term receivable	251	426
Capital assets (note 4)	1,826	1,769
	<u>\$ 140,500</u>	<u>\$ 113,607</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,899	\$ 3,375
Flowthrough gifts payable	2,012	988
Deferred revenue (note 6)	19,913	9,624
	<u>26,824</u>	<u>13,987</u>
Long-term liabilities:		
Accrued net pension liability (note 5)	3,019	3,218
Other deferred revenue (note 6)	2,888	2,393
	<u>5,907</u>	<u>5,611</u>
Total liabilities	32,731	19,598
Net assets:		
Invested in capital assets	1,826	1,769
Financial reserve (note 7)	45,920	50,420
The Tomorrow Fund - Endowments (note 8)	29,650	24,074
Unrestricted (note 9)	30,373	17,746
	<u>107,769</u>	<u>94,009</u>
Commitments (note 19)		
	<u>\$ 140,500</u>	<u>\$ 113,607</u>

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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Campaign revenue - UWGT (note 10)	\$ 99,395	\$ 100,687
Campaign revenue - other UWC's and charities (note 10)	22,335	31,935
Government grants (note 11)	2,048	2,424
Investment income	539	464
Other revenue	178	351
	<u>124,495</u>	<u>135,861</u>
COVID-19 pandemic and emergency revenue:		
Local Love Emergency Funds (note 12)	9,066	473
Government Emergency Funds (note 12)	28,507	-
Government Wage and Rent Subsidy programs (note 12)	4,200	-
	<u>41,773</u>	<u>473</u>
Investment activities:		
Asset liquidation from financial reserves (note 13)	5,948	-
Unrealized gains (losses)	3,476	(4,141)
	<u>9,424</u>	<u>(4,141)</u>
Total revenue	175,692	132,193
Fundraising expense	20,940	20,633
Available for distributions and community programs	154,752	111,560
Distributions and community programs:		
Community investments via UWGT network of agencies, partners (note 14)	72,023	73,759
Programs and organizations supported by restricted gifts and government grants (note 15)	6,569	3,880
Donor-directed designations (note 16)	22,335	31,935
Government emergency funded programs (note 17)	26,372	-
Community services and program support (note 18)	15,992	11,932
Total distributions and community programs	143,291	121,506
Excess (deficiency) of revenue over distributions and expenses	\$ 11,461	\$ (9,946)

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, 2021, with comparative information for 2020

						2021	2020
	General (note 9)	Pension remeasurements and other items (notes 5 and 9)	Invested in capital assets	Financial reserve (note 7)	The Tomorrow Fund - Endowments (note 8)	Total	Total
Net assets, beginning of year	\$ 20,964	\$ (3,218)	\$ 1,769	\$ 50,420	\$ 24,074	\$ 94,009	\$ 99,047
Excess (deficiency) of revenue over distributions and expenses	2,568	-	(531)	5,948	3,476	11,461	(9,946)
Pension remeasurements and other items (notes 5 and 9)	-	199	-	-	-	199	4,465
Endowment contributions	-	-	-	-	2,100	2,100	443
Invested in capital assets	(588)	-	588	-	-	-	-
Inter-fund transfers	10,448	-	-	(10,448)	-	-	-
Net assets, end of year	\$ 33,392	\$ (3,019)	\$ 1,826	\$ 45,920	\$ 29,650	\$ 107,769	\$ 94,009

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, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess (deficiency) of revenue over distributions and expenses	\$ 11,461	\$ (9,946)
Items not involving cash:		
Amortization of capital assets	531	478
Unrealized loss on investments	5,961	8,796
Defined benefit pension expense	166	1,035
Change in non-cash working capital	14,994	(1,311)
Defined benefit pension contributions (note 5)	(166)	(1,035)
Cash flows provided by (used in) operating activities	32,947	(1,983)
Cash flows from financing activities:		
Endowment contributions received	2,100	443
Cash flows from investing activities:		
Purchase of capital assets	(588)	(225)
Proceeds (purchase) of investments, net	(20,826)	7,660
Cash flows provided by (used in) investing activities	(21,414)	7,435
Increase in cash and cash equivalents	13,633	5,895
Cash and cash equivalents, beginning of year	27,174	21,279
Cash and cash equivalents, end of year	\$ 40,807	\$ 27,174

See accompanying notes to financial statements.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2021

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.

In fiscal 2020, United Way was the recipient of certain COVID-19 pandemic and emergency programs which have been separately disclosed for comparability. These include:

- Government emergency program funding for the community;
- Government emergency program support for businesses, i.e. Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS"); and
- Local Love In A Global Crisis program which was targeted fundraising to provide immediate support to communities affected by the COVID-19 pandemic.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

1. Significant accounting policies (continued):

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.

(ii) Funds received for other United Ways:

Funds received by United Way under the CCC and CCC type arrangements 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 - by the donors, 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.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(v) Government grant revenue and other income:

Government grant revenue represents funds received from the Federal, Provincial and Municipal governments. Other income reported represents funds received from foundations and utility companies, 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.

Government emergency program funding received from the Federal Government are disclosed separately from ongoing grant programs, as these funds are intended for specific purposes to address the COVID-19 pandemic.

(vi) Investment income:

Investment income includes dividends, interests, income distributions from pooled funds, realized gain/losses and the net change in unrealized gain/losses from cash and cash equivalents and financial reserves, and are recognized on an accrual basis.

(vii) Endowment contributions:

Endowment contributions, which are donor directed and restricted, are recognized as increases in net assets in the year in which they are received. Investment income earned on endowed funds that are restricted, is deferred and recognized in income in the year the related expenses are recognized. Investment income earned on endowed funds, whereby the principle is restricted but the investment earned thereon is not restricted, is recognized in income in the year earned. UWGT's policy for capital appreciation/depreciation for those funds which are above/below the distribution threshold are added to/deducted from the principal, and recognized as an inter-fund transfer in net assets as expendable funds available for a future year.

(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.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(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.

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

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(e) Contributed materials and services (gifts-in-kind and services-in-kind):

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.

(f) Employee future benefits:

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.

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.

The transfer of assets for the registered defined benefit pension plan was approved by the Financial Services Regulatory Authority of Ontario ("FSRA") on October 8, 2020.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(g) Calculation of cost revenue ratios:

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

	2021	2020 ^(a)
Total revenue, excluding government contributions and investment activities	\$ 131,513	\$ 133,910
Total fundraising expenses	\$ 20,940	\$ 20,633
Total fundraising expenses as a percentage of total revenue	15.9%	15.4%

^(a)2020 re-stated for revised definition of Total revenue, excluding government contributions and investment activities previously reported as 16.3%.

(h) Allocation of expenses:

General management and administrative expenses are allocated between fundraising expenses and community services and program support expenses based on either direct support activities or headcount-driven allocation, for example headcount ratio between the fundraising team and the community services and program support teams.

(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.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

2. Long-term investments:

In this fiscal year, United Way bifurcated The Tomorrow Fund which previously included United Way's financial reserve. Along with the endowment contributions - which are donor-directed and donor-restricted, both were previously pooled and invested with the Toronto Foundation.

This bifurcation decision was made by United Way to address liquidity risks due to the financial uncertainties brought by the COVID-19 pandemic, and as such - going forward, United Way has differing investment objectives for its financial and endowment investment portfolios.

Long-term investments and The Tomorrow Fund - Endowment investments are comprised as follows:

	2021	2020
Canadian fixed income securities	\$ -	\$ 3,574
Pooled - Financial Reserve invested with the Toronto Foundation	-	52,634
Endowment Funds pooled/invested with the Toronto Foundation	29,650	24,074
Financial reserve, held in interest bearing accounts	66,484	-
	\$ 96,134	\$ 80,282

Management has categorized the financial reserve as a long-term investment based on intent of use, regardless of the nature of the liquid assets held.

3. The Tomorrow Fund - Endowments:

The Tomorrow Fund - Endowments are donor-restricted funds that are invested with the Toronto Foundation. While the principal is not available for United Way's distribution and community programs, the investment income earned is available.

Investments held for The Tomorrow Fund - Endowments, are invested in the Toronto Foundation for a total of \$29.6 million, an increase of \$5.5 million over the previous year of \$24.1 million (note 8).

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

3. The Tomorrow Fund - Endowments (continued):

The following chart provides the asset class allocation for the pooled fund investments held by Toronto Foundation - based on the United Way's Statement of Investment Policies and Procedures:

	2021	2020
Cash and cash equivalents	11%	4%
Fixed income securities	13%	23%
Canadian equities	4%	9%
U.S. equities	18%	9%
Other foreign equities	21%	32%
Other investments	33%	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.

4. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Automobiles	\$ 28	\$ 9	\$ 19	\$ 24
Software	5,048	4,817	231	19
Computer equipment	6,184	5,923	261	419
Furniture and fixtures	2,036	1,424	612	653
Leasehold improvements	3,558	2,855	703	654
	\$ 16,854	\$ 15,028	\$ 1,826	\$ 1,769

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

5. Employee future benefits:

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

	2021	2020
Accrued net pension liability	\$ (3,019)	\$ (3,218)

Pension liability	2021			2020		
	RPP	SERP	All plans	RPP	SERP	All plans
Opening accrued pension liability	\$ (347)	\$ (2,871)	\$ (3,218)	\$ (4,747)	\$ (2,936)	\$ (7,683)
Employer contributions	–	166	166	941	94	1,035
Defined benefit cost	–	(170)	(170)	(2,343)	(165)	(2,508)
Pension rereasurement	347	(144)	203	645	136	781
Gain on curtailments	–	–	–	5,157	–	5,157
Closing accrued pension liability	\$ –	\$ (3,019)	\$ (3,019)	\$ (347)	\$ (2,871)	\$ (3,218)

With the FSRA approval to transfer the assets for the registered defined benefit pension plan to the CAAT Pension Plan, the United Way Board of Trustees approved the termination and wind-up of the registered defined benefit pension plan effective December 31, 2020 with respect to members, former members and other persons entitled to payments under the registered defined benefit pension plan.

6. Deferred revenue:

(a) Deferred revenue represents funds received from donors including individuals and corporations, bequests, and government, that are being held for future recognition based on direction in donation and funding agreements.

(b) 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 pooled under the Hydro Settlement Fund, 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 OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

6. Deferred revenue (continued):

The financial information of the Hydro Settlement Fund are as follows at the end of this fiscal year:

	2021	2020
Current portion of other deferred revenue	\$ 960	\$ 1,473
Long-term portion of other deferred revenue	2,888	2,393
Total other deferred revenue	\$ 3,848	\$ 3,866

7. Financial reserve:

The financial reserve is comprised of internally restricted accumulated operating surpluses from prior to 2015, as designated by the Board of Trustees.

The financial reserve is intended to ensure the on-going operations of United Way's community investments and should circumstances warrant the use of these funds, these funds will be accessible upon approval by the Board of Trustees.

Financial reserve was pooled in prior years as part of the Tomorrow Fund - Endowments, invested with the Toronto Foundation. However - per note 2, the financial reserve has now been bifurcated and carries its own investment portfolio, where liquidity is the key objective.

8. The Tomorrow Fund - Endowments:

Investments held for The Tomorrow Fund - Endowments, held with the Toronto Foundation total \$29.6 million, an increase of \$5.5 million over the previous year of \$24.1 million. The increase of \$5.5 million is comprised of \$2.1 million of endowments received and \$3.4 million of unrealized capital gains.

These amounts are not included in revenue in the statement of operations, as the increases are added directly to The Tomorrow Fund - Endowment assets, per note 1(a)(vii).

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

9. 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:

	2021	2020
General	\$ 33,392	\$ 20,964
Pension remeasurements and other items (note 5)	(3,019)	(3,218)
Unrestricted net assets	\$ 30,373	\$ 17,746

10. Campaign revenue:

Campaign revenue relates to donations mainly received from donors in the Peel, Toronto and York Region area. United Way, like some other United Ways in the movement, acts 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, this is known as CCC, note 1(a)(i) and 1(a)(ii).

Campaign revenue for United Way is as follows:

	2021	2020
Campaign revenue - UWGT	\$ 118,112	\$ 122,196
Funds received from other United Ways (note 1(a)(i))	2,276	1,243
Funds received for other United Ways (note 1(a)(ii))	(20,993)	(22,752)
Campaign revenue - UWGT	\$ 99,395	\$ 100,687

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

10. Campaign revenue (continued):

Campaign revenue - other United Ways in the movement and charities:

Donations received from donors in Peel, Toronto and York Region area that have been directed to other United Ways and other charities by the donor.

	2021	2020
United Way agencies and partners	\$ 1,469	\$ 2,907
Other United Ways	1,287	3,581
Other Canada Revenue Agency registered charities	19,579	25,447
	<u>\$ 22,335</u>	<u>\$ 31,935</u>

11. Government grants:

	2021	2020
Reaching Home (Homelessness Partnership Strategy)	\$ 968	\$ 1,156
Peel Newcomer Strategy Group	353	218
Toronto Enterprise Fund ("TEF")	727	914
National Housing Collaborative	-	40
Career Navigator	-	96
Government grants	<u>\$ 2,048</u>	<u>\$ 2,424</u>

(a) Reaching Home (Homelessness Partnership Strategy):

The Reaching Home program - previously known as the Homelessness Partnership Strategy, is funded by the Federal Government through the Minister of Employment and Social Development Canada.

A five year funding agreement was signed in March 2019, United Way is the program administrator of this grant until March 31, 2024.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

11. Government grants (continued):

(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 the Region of Peel and the Federal Government through Immigration, Refugees and Citizenship Canada ("IRCC"). A new 5-year funding agreement was approved in March 2020, and United Way is the program administrator of this grant until March 31, 2025.

(c) TEF:

The TEF supports social enterprises in the Peel, Toronto and the York Region area. TEF provides a number of programs, workshops, and grants to support employment and enterprise development. This is a unique funding partnership between the Province, Toronto and United Way. The program is renewed on an annual basis and United Way is the program administrator of this grant.

12. COVID-19 pandemic and emergency revenue:

(a) Local Love in a Global Crisis ("LLF") Emergency Fund:

In response to the increased need caused by the COVID-19 pandemic, United Way launched an emergency fund to support its most vulnerable neighbours - LLF. Funds raised from this emergency fund provided for new programs. United Way issued a report in October 2020, entitled LLF Greater Toronto Area.

(b) Government Emergency Funds:

During the COVID-19 pandemic, the Federal Government issued emergency program funding to support and strengthen the capacity of community service organizations in order to meet the urgent needs created by the COVID-19 pandemic.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

12. COVID-19 pandemic and emergency revenue (continued):

Recognizing United Way's grant management expertise, United Way was the recipient of \$28.5 million, and was the program administrator of three emergency community funding projects:

	2021	2020
Emergency Community Support Fund	\$ 22,752	\$ -
Seniors Support Fund	893	-
Reaching Home, York Region - COVID-19	4,862	-
	<u>\$ 28,507</u>	<u>\$ -</u>

(i) Emergency Community Support Fund ("ECSF"):

This fund was established by the Federal Government, through Employment and Social Development Canada, and distributed through United Way Centraide Canada ("UWCC"); Community Foundations of Canada and Canadian Red Cross. The purpose being to strengthen the capacity of community service organizations across the country to meet the urgent needs of vulnerable individuals and families affected by the COVID-19 pandemic.

As the program administrator, United Way's portion from UWCC was \$22.8 million. The program will be ending in June 2021, and all funds have already been disbursed to recipient agencies.

(ii) Seniors Support Fund:

UWCC with the Federal Government through Employment and Social Development Canada, established a COVID-19 Seniors Response Fund. Funds allowed United Way to identify and respond to the needs of seniors (55+) affected by the COVID-19 pandemic. Funds disbursed intended a nimble response and fast activation of support/strategies to address immediate needs of vulnerable seniors.

As the program administrator, United Way's portion from UWCC was \$0.9 million, the program ended in the Summer of 2020, with all funds disbursed to recipient agencies.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

12. COVID-19 pandemic and emergency revenue (continued):

(iii) Reaching Home, York Region - COVID-19:

The Federal Government, through Employment and Social Development Canada ("ESDC") provided funds through its current Reaching Home program with United Way, to expand the emergency response in helping communities in York Region to address the immediate impacts of the COVID-19 pandemic. The emergency funding supported people experiencing homelessness as well as provide transitional isolation shelters.

As the program administrator, United Way's funding from ESDC was \$7.2 million - the program will be ending in June 2021. Funds of \$2.3 million remain to be disbursed as at March 31, 2021.

(c) Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS"):

In response to the COVID-19 pandemic, the Federal Government enacted fiscal and tax relief to support individuals and businesses. The CEWS was to provide support to employers that experienced a decline in revenue during the COVID-19 pandemic. The CEWS program effective date was March 15, 2020, and has been extended to September 2021.

The CERS was effective as of September 27, 2020, with the purpose of providing rent relief subsidies to businesses experiencing a decline in revenue. Similar to CEWS, the program has been extended to September 2021.

United Way has been the recipient of such program support from the Federal Government, meeting the required revenue eligibility criteria to apply.

	2021	2020
CEWS	\$ 4,139	\$ -
CERS	61	-
	<u>\$ 4,200</u>	<u>\$ -</u>

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

13. Investment activities:

With the fundraising uncertainties due to the COVID-19 pandemic, all equity assets of the financial reserve were liquidated to cash and cash equivalents, resulting in a gain of \$5,948 in order to possibly provide for United Way's ongoing activities and financial commitments to its network of agencies.

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

	2021	2020
Community Services Sector Strategy	\$ 66,459	\$ 67,491
Building Strong Neighbourhoods Strategy	2,653	2,676
Youth Success Strategy	2,911	3,592
Community investments	\$ 72,023	\$ 73,759

United Way currently supports a network of 280 member agencies that directly respond to changes in the community and deliver programs to address areas of the highest needs.

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.

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 its network of agencies, working with communities, and engaging with donors and volunteers, United Way is able to deliver and support these important and necessary programs.

For more information, refer to the Building on Communities, fiscal year 2020-21 Annual Report.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

15. Programs and organizations supported by restricted gifts and government grants:

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

Additionally, United Way is the recipient of government grants, per note 11.

16. Donor-directed designations:

United Way receives donations received from donors in Peel, Toronto and York Region area that have been directed to other United Ways and other charities by the donor.

	2021	2020
United Way agencies and partners	\$ 1,469	\$ 2,907
Other United Ways	1,287	3,581
Other Canadian registered charities	19,579	25,447
	\$ 22,335	\$ 31,935

17. Government Emergency Programs, COVID-19:

Government Emergency programs as disclosed in note 12, were expended as follows:

	2021	2020
Emergency Community Support Fund	\$ 21,067	\$ -
Seniors Support Fund	850	-
Reaching Home, York Region - COVID-19	4,455	-
	\$ 26,372	\$ -

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

18. Community services and program support:

Community services and program supports the management, oversight and distribution of community investments via the United Way network of agencies, partners and community services. It also includes program administration for government programs, allocation of expenses per note 1(h) and United Way membership dues in accordance with the UWCC TAFR policy.

19. Commitments:

- (a) United Way has community investment commitments to the network of agencies of \$66.4 million for the period of April 1, 2021 to March 31, 2022.

To provide stability through the COVID-19 pandemic, United Way extended certain contracts with its network of agencies, partners and community services for an additional year to March 31, 2022. This extension applied to most agencies delivering programs for the Community Service Sector Strategy program and Youth Success Strategy.

Funding to Community Hubs was also maintained - during the COVID-19 pandemic, these pillars of community infrastructure in the Greater Toronto Area inner suburbs demonstrated just how critical they are to the health and well-being of a neighbourhood. In some of the neighbourhoods hardest hit by the pandemic, Community Hubs became food distribution or mobile testing sites, ensuring that people had access to the support they needed close to home.

In addition, United Way continued to offer flexibility with United Way funds and amended existing contracts to address the hardship of the on-going COVID-19 pandemic.

- (b) United Way maintains offices in Peel, Toronto and York Region area. Current contractual commitments accumulate to \$21.6 million, with lease expirations of these premises as follows:

- (i) Peel office - with current lease expiring in September 2021;
- (ii) Toronto office - with current lease expiring in January 2033; and
- (iii) York Region office - with current lease expiring in June 2022.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

19. Commitments (continued):

2022	\$ 1,483
2023	1,480
2024	1,581
2025	1,581
2026	1,746
Thereafter	13,681
	<hr/>
	\$ 21,552

20. 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 investment policies designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. As certain equity securities were converted to cash and cash equivalents, currency risk decreased as compared to 2020.

(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 and cash flow projections to ensure it has sufficient funds to fulfill its obligations. With the COVID-19 pandemic, this risk exposure was a focus as compared to 2020.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

20. Financial instruments (continued):

(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 - in accordance with United Way's investment policies.

(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 may be exposed to other price risk on equity securities. United Way mitigates these risks with investment policies designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. As certain equity securities were converted to cash and cash equivalents, other price risk decreased when compared to 2020.

(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. With consideration of the low interest rate environment, the interest risk exposure increased from 2020.

UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO)

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2021

20. Financial instruments (continued):

(f) Operating line of credit:

During the year, an operating line of credit of \$10 million was approved by the Board of Trustees, of which no amount has been drawn in fiscal year 2021.

21. 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 or Committee 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 approximately \$19 (2020 - \$26). These transactions are considered to be in the normal course of business and are measured at fair market value.

22. Comparative information:

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