

Financial Statements of

**UNITED WAY OF  
GREATER TORONTO**

(OPERATING AS UNITED WAY GREATER TORONTO  
(FORMERLY UNITED WAY TORONTO & YORK REGION))

And Independent Auditors' Report thereon

Year ended March 31, 2019



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 (formerly United Way Toronto & York Region)) (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- 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 end of March 31, 2019, 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 7, 2019

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

(Incorporated under the laws of Ontario)

Statement of Financial Position  
(In thousands of dollars)

March 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 21,279	\$ 20,737
Accounts receivable	5,290	734
Prepaid expenses	393	581
	<u>26,962</u>	<u>22,052</u>
Long-term investments (note 4)	96,738	96,539
Capital assets (note 5)	2,022	1,880
	<u>\$ 125,722</u>	<u>\$ 120,471</u>

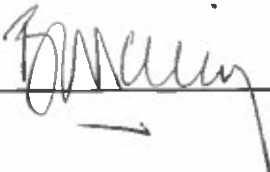
## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,347	\$ 3,830
Flowthrough gifts payable	1,192	2,004
Deferred campaign revenue	8,588	5,241
Other deferred revenue (note 7)	979	755
	<u>16,106</u>	<u>11,830</u>
Accrued net pension liability (note 6)	7,683	7,421
Other deferred revenue (note 7)	2,886	3,136
	<u>10,569</u>	<u>10,557</u>
Total liabilities	26,675	22,387
Net assets:		
Invested in capital assets	2,022	1,880
The Tomorrow Fund (note 8)	80,682	79,816
Unrestricted (note 9)	16,343	16,388
	<u>99,047</u>	<u>98,084</u>
Commitments (note 13)		
	<u>\$ 125,722</u>	<u>\$ 120,471</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 (FORMERLY UNITED WAY TORONTO & YORK REGION))

Statement of Operations  
(In thousands of dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Campaign revenue (note 10)	\$ 143,057	\$ 130,588
Bequests	1,538	1,394
Total fundraising revenue	<u>144,595</u>	<u>131,982</u>
Government grants (note 11)	2,500	2,131
Other income	321	1,992
	<u>2,821</u>	<u>4,123</u>
Investment income	<u>2,653</u>	<u>5,601</u>
Total revenue	150,069	141,706
Distributions and community programs:		
Allocations to United Way of Greater Toronto agencies, partners and community services	73,889	69,141
Programs delivered by United Way of Greater Toronto	6,115	5,116
Programs and organizations supported by targeted funds (notes 11 and 12)	5,595	5,260
Donor designations to:		
United Way of Greater Toronto agencies and partners	2,988	3,543
Other United Ways	2,030	2,126
Other registered charities	30,887	30,516
Allocations, programs and needs assessment expenses	8,241	7,158
Total distributions and community programs	<u>129,745</u>	<u>122,860</u>
Operating expenses:		
Fundraising	26,459	23,956
Recovery of campaign costs from other United Ways	(412)	(618)
	<u>26,047</u>	<u>23,338</u>
Total distributions and expenses	155,792	146,198
Deficiency of revenue over distributions and expenses	<u>\$ (5,723)</u>	<u>\$ (4,492)</u>

See accompanying notes to financial statements.

**UNITED WAY OF GREATER TORONTO**  
 (OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY  
 TORONTO & YORK REGION))

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

Year ended March 31, 2019, with comparative information for 2018

	2019		2018	
	Unrestricted	Invested	Restricted	Total
	General	in capital	for The	Total
	(note 9)	assets	Tomorrow	Total
	(note 9)	(note 9)	Fund	Total
	(note 9)	(note 8)	(note 8)	Total
Net assets, beginning of year	\$ 23,809	\$ 1,880	\$ 79,816	\$ 98,084
Net asset contribution from United Way of Peel Region (note 2)	4,333	114	1,732	6,179
Deficiency of revenue over distributions and expenses	(3,596)	(492)	(1,635)	(5,723)
Pension remeasurements and other items	-	(262)	-	(262)
Endowment contributions	-	-	769	769
Invested in capital assets	(520)	520	-	-
<b>Net assets, end of year</b>	<b>\$ 24,026</b>	<b>\$ 2,022</b>	<b>\$ 80,682</b>	<b>\$ 99,047</b>
			<b>\$ 80,682</b>	<b>\$ 98,084</b>

See accompanying notes to financial statements.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

## Statement of Cash Flows (In thousands of dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash flows from operating activities:		
Deficiency of revenue over distributions and expenses	\$ (5,723)	\$ (4,492)
Items not involving cash:		
Amortization of capital assets	492	544
Unrealized loss on long-term investments	1,433	1,789
Defined benefit pension expense	1,991	2,048
Change in non-cash working capital	(342)	(5,101)
Defined benefit pension contributions	(1,991)	(2,048)
Cash flows used in operating activities	(4,140)	(7,260)
Cash flows from financing activities:		
Endowment contributions received	769	420
Cash flows from investing activities:		
Contributed net assets from United Way of Peel Region (note 2)	6,179	–
Purchase of capital assets	(634)	(223)
Proceeds (purchase) of investments, net	(1,632)	5,386
Cash flows provided by investing activities	3,913	5,163
Increase (decrease) in cash and cash equivalents	542	(1,677)
Cash and cash equivalents, beginning of year	20,737	22,414
Cash and cash equivalents, end of year	\$ 21,279	\$ 20,737

See accompanying notes to financial statements.



# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

Notes to Financial Statements  
(In thousands of dollars)

Year ended March 31, 2019

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The mission of United Way of Greater Toronto (operating as United Way Greater Toronto (formerly United Way Toronto & York Region)) ("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 or receivable. Pledges are accounted for 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 in these financial statements.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

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## 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) Donations restricted:

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 paid.

### (v) Flowthrough donations:

Flowthrough donations are funds received under the flowthrough arrangements for other United Ways. The amount received is recorded as a liability under flowthrough gifts payable.

### (vi) Restricted grant revenue and other income:

Grant revenue reported in these financial statements represents funds received from federal, provincial and municipal governments. Other income reported in these financial statements represents funds received from foundations and utilities. These revenues are recognized when the related program expenses and grants have been disbursed.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

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## 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.

### (viii) 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.

### (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.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

## 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
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.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

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## 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 pension plan. The benefits are based on years of service. 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 plan is unfunded; the 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. 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.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

## 1. Significant accounting policies (continued):

### (g) Calculation of cost revenue ratios:

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

	2019	2018
Total revenue	\$ 150,069	\$ 141,706
Breakdown of fundraising expenses on statement of operations:		
Direct fundraising expenses	\$ 18,836	\$ 15,820
General management and administrative expenses	7,623	8,136
Total fundraising expenses	\$ 26,459	\$ 23,956
	2019	2018
Direct fundraising expenses as a percentage of total revenue	12.5%	11.2%
General management and administrative expenses as a percentage of total revenue	5.1%	5.7%
Total fundraising expenses as a percentage of total revenue	17.6%	16.9%

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

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## 1. Significant accounting policies (continued):

### (h) Allocation of expenses:

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

General management and administrative expenses are allocated as follows:

	2019	2018
Fundraising	\$ 7,623	\$ 8,136
Allocations, programs and needs assessment	2,964	4,840

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### (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.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

## 2. Merger with United Way of Peel Region (continued):

The assets and liabilities received on April 1, 2018 are disclosed below:

<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 6,575
Other receivables	134
Prepaid expenses	43
Capital assets	114
	<hr/>
	\$ 6,866
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 418
Other deferred revenue	269
	<hr/>
	687
Net assets:	
Invested in capital assets	114
The Tomorrow Fund	1,732
Unrestricted	4,333
	<hr/>
	6,179
	<hr/>
	\$ 6,866

## 3. Youth Challenge Fund ("YCF"):

The Province of Ontario (the "Province") established the YCF in 2006 and appointed United Way as the trustee. The Province advanced United Way the sum of an initial \$15,000 and set up an independent board to oversee the operation of the program over the initial three-year period. As the trustee, United Way is currently responsible for the operation of the program and financial stewardship of the funds on behalf of the Province. The program has been extended until all of the funds have been distributed.

The financial activities of the YCF are not reported in these financial statements. A separate set of audited financial statements for YCF will be produced and filed with the Province in the final year of the program.



# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

## 4. Long-term investments:

	2019	2018
Canadian fixed income securities	\$ 3,553	\$ 3,546
Pooled fund investments with The Toronto Foundation	92,394	92,190
Other investments	791	803
	<u>\$ 96,738</u>	<u>\$ 96,539</u>

The Canadian fixed income securities produce a yield to maturity of 2.6% (2018 - 1.9%) and have a weighted average term to maturity of 0.72 years (2018 - 0.79 years).

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

	2019	2018
Cash and cash equivalents	4%	3%
Fixed income securities	21%	21%
Canadian equities	13%	12%
U.S. equities	8%	7%
Other foreign equities	31%	34%
Other investments	23%	23%
	<u>100%</u>	<u>100%</u>

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

Investments held for The Tomorrow Fund total \$80,682 (2018 - \$79,816) (note 8).

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

## 5. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 4,776	\$ 4,746	\$ 30	\$ 90
Computer equipment	5,881	5,396	485	244
Furniture and fixtures	2,036	1,334	702	738
Leasehold improvements	3,347	2,542	805	808
	\$ 16,040	\$ 14,018	\$ 2,022	\$ 1,880

## 6. Employee future benefits:

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

	2019	2018
Accrued net pension liability	\$ 7,683	\$ 7,421

United Way contributed \$304 (2018 - \$296) to its defined contribution plan.

## 7. Other deferred revenue:

Information about other deferred revenue is as follows:

	2019	2018
Current portion of other deferred revenue	\$ 979	\$ 755
Long-term portion of other deferred revenue	2,886	3,136
Total other deferred revenue	\$ 3,865	\$ 3,891

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

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## 7. Other deferred revenue (continued):

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, \$979 will be distributed over the next 12 months and \$2,886 will be distributed in future years.

## 8. 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 are bequests and other donations that were given by donors to United Way, and have been transferred to The Tomorrow Fund by the Board of Trustees. The Board of Trustees may make the internally restricted portion of The Tomorrow Fund available, should the circumstances warrant. Included in externally restricted funds are \$232 and internally restricted funds are \$1,500 as a result of the Peel merger.

The Tomorrow Fund consists of the following:

	2019	2018
Externally restricted	\$ 26,030	\$ 25,007
Internally restricted	54,652	54,809
	<u>\$ 80,682</u>	<u>\$ 79,816</u>

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

## 8. The Tomorrow Fund (continued):

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

	2019	2018
Investment income on:		
Internally restricted funds	\$ 1,894	\$ 4,582
Externally restricted funds	88	192
Bequests	—	1,394
Distributions to United Way	(3,617)	(4,005)
<b>Excess (deficiency) of revenue over distributions and expenses of The Tomorrow Fund</b>	<b>\$ (1,635)</b>	<b>\$ 2,163</b>

Endowment contributions of \$769 (2018 - \$420) 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).

The Board did not motion approval of bequests to The Tomorrow Fund in 2019.

## 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:

	2019	2018
General	\$ 24,026	\$ 23,809
Pension remeasurements and other items	(7,683)	(7,421)
<b>Unrestricted net assets</b>	<b>\$ 16,343</b>	<b>\$ 16,388</b>

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

## 10. 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:

	2019	2018
Campaign revenue	\$ 165,601	\$ 162,235
Funds received from other United Ways	955	1,218
Funds received for other United Ways	(23,499)	(32,865)
<b>Campaign revenue</b>	<b>\$ 143,057</b>	<b>\$ 130,588</b>

## 11. Homelessness Partnering Strategy:

Funding is received to administer the Homelessness Partnering Strategy in accordance with the funding agreement with the Minister of Employment and Social Development Canada.

The current project runs until March 31, 2019. The period below is from April 1, 2018 to March 31, 2019. This funding is included in government grants on the statement of operations.

	2019	2018
Revenue included in government grants:		
Balance, beginning of year	\$ 51	\$ 63
Received during the year	716	795
	<u>767</u>	<u>858</u>
Expenses included in programs and organizations supported by targeted funds:		
Project management cost	119	79
Sub-project costs	727	728
	<u>846</u>	<u>807</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (79)</b>	<b>\$ 51</b>

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

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## 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 or its partner agencies. United Way works with these donors to match their specific giving interest to United Way funding priorities in the community.

## 13. Commitments:

United Way leases office premises and certain office equipment under long-term operating leases expiring on or before July 31, 2022. Rental payments, excluding operating costs and realty taxes over the next four years, are as follows:

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2020	\$ 1,673
2021	1,663
2022	1,471
2023 (4 months)	422
	<hr/>
	\$ 5,229

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## 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 2018.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

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## 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 2018.

### (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 2018.

### (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 2018.

### (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 rate. 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 2018.

# UNITED WAY OF GREATER TORONTO

(OPERATING AS UNITED WAY GREATER TORONTO (FORMERLY UNITED WAY TORONTO & YORK REGION))

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

Year ended March 31, 2019

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## 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 \$16 (2018 - \$9). These transactions are considered to be in the normal course of business and are measured at fair market value.