

Financial Statements of

**UNITED WAY ELGIN  
MIDDLESEX**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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## INDEPENDENT AUDITOR'S REPORT

To the Directors of United Way Elgin Middlesex

### ***Opinion***

We have audited the financial statements of United Way Elgin Middlesex (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of fund revenue and expenses for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and 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, 2023 and its results of operations, its changes in net asset 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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



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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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.



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- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 21, 2023

# UNITED WAY ELGIN MIDDLESEX

## Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,432,209	\$ 2,119,908
Cash and cash equivalents - restricted (note 10)	509,426	290,375
Short-term investments (note 6)	1,950,866	1,991,058
Pledges receivable (note 2)	2,941,412	3,305,757
Other assets	69,727	48,400
Government remittances receivable	23,305	22,180
	<u>7,926,945</u>	<u>7,777,678</u>
Property and equipment (note 3)	321,987	355,157
	<u>\$ 8,248,932</u>	<u>\$ 8,132,835</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accruals (note 9)	\$ 4,925,959	\$ 5,036,125
Project funds (note 10)	509,426	290,375
Designations payable	97,599	107,959
Deferred revenue (note 11)	242,483	271,448
	<u>5,775,467</u>	<u>5,705,907</u>
Fund balances:		
Operating	868,135	776,822
Internally restricted	1,605,330	1,650,106
	<u>2,473,465</u>	<u>2,426,928</u>
	<u>\$ 8,248,932</u>	<u>\$ 8,132,835</u>

See accompanying notes to financial statements.

On behalf of the Board:

DocuSigned by:

*Eric Mallory*

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Director

DocuSigned by:

*Colin Yausie*

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Director

# UNITED WAY ELGIN MIDDLESEX

## Statement of Fund Revenue and Expenses

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Internally restricted Property/ Equipment Fund	2023 Total	2022 Total
<b>Revenue:</b>				
Net donations, grants and special events (note 4)	\$ 7,371,908	\$ -	\$ 7,371,908	\$ 7,491,241
Local love giving campaign, Government 1-time funding	39,627	-	39,627	900,000
Investment income (note 5)	189,836	-	189,836	212,239
Unrealized loss on investments	(109,609)	-	(109,609)	(40,191)
Other income	106,751	-	106,751	4,604
	<u>7,598,513</u>	<u>-</u>	<u>7,598,513</u>	<u>8,567,893</u>
<b>Community investments:</b>				
Community fund (note 7)	4,661,000	-	4,661,000	4,655,255
Local love giving campaign, Government 1-time funding	1,600	-	1,600	850,000
Donor directed funds	411,768	-	411,768	399,027
Strategic investments	244,552	-	244,552	231,364
United Way community services	584,192	13,735	597,927	514,829
	<u>5,903,112</u>	<u>13,735</u>	<u>5,916,847</u>	<u>6,650,475</u>
Excess (deficiency) of revenue over community investments	1,695,401	(13,735)	1,681,666	1,917,418
<b>Other expense:</b>				
Fundraising and administrative (note 13)	(1,609,621)	(25,508)	(1,635,129)	(1,614,052)
Excess (deficiency) of revenue over expenses	\$ 85,780	\$ (39,243)	\$ 46,537	\$ 303,366

See accompanying notes to financial statements.

# UNITED WAY ELGIN MIDDLESEX

## Statement of Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Operating fund	Internally restricted		Total	2023
		Strategic, Contingency & Stability fund	Property equipment fund		
Fund balances, beginning of year	\$ 776,822	\$ 1,294,947	\$ 355,159	\$ 1,650,106	\$ 2,426,928
Excess (deficiency) of revenue over expenses	85,780	-	(39,243)	(39,243)	46,537
Property and equipment additions	(6,074)	-	6,074	6,074	-
Transfer between funds	11,607	(11,607)	-	(11,607)	-
<b>Fund balances, end of year</b>	<b>\$ 868,135</b>	<b>\$ 1,283,340</b>	<b>\$ 321,990</b>	<b>\$ 1,605,330</b>	<b>\$ 2,473,465</b>

	Operating fund	Internally restricted		Total	2022
		Strategic, Contingency & Stability fund	Property equipment fund		
Fund balances, beginning of year	\$ 776,822	\$ 1,004,935	\$ 341,805	\$ 1,346,740	\$ 2,123,562
Excess (deficiency) of revenue over expenses	339,428	-	(36,062)	(36,062)	303,366
Property and equipment additions	(49,416)	-	49,416	49,416	-
Transfer between funds	(290,012)	290,012	-	290,012	-
<b>Fund balances, end of year</b>	<b>\$ 776,822</b>	<b>\$ 1,294,947</b>	<b>\$ 355,159</b>	<b>\$ 1,650,106</b>	<b>\$ 2,426,928</b>

See accompanying notes to financial statements.

# UNITED WAY ELGIN MIDDLESEX

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Operating activities:		
Excess of revenues over expenses	\$ 46,537	\$ 303,366
Items not involving cash:		
Amortization of property and equipment	39,243	36,062
Unrealized loss on investments	109,609	40,191
Pledges receivable	364,345	(218,813)
Other assets	(21,327)	10,880
Government remittances receivable	(1,125)	4,636
Accounts payable and accruals	(110,165)	(489,375)
Project funds	219,051	75,917
Designations payable	(10,360)	2,640
Deferred revenue	(28,965)	12,076
	606,843	(222,420)
Investing activities:		
Property and equipment additions	(6,074)	(49,416)
Reinvestment of short-term investments	(69,417)	(143,818)
Decrease in cash and cash equivalents - restricted	(219,051)	(75,917)
	(294,542)	(269,151)
Increase (decrease) in cash and cash equivalents	312,301	(491,571)
Cash and cash equivalents, beginning of year	2,119,908	2,611,479
Cash and cash equivalents, end of year	\$ 2,432,209	\$ 2,119,908

See accompanying notes to financial statements.



# UNITED WAY ELGIN MIDDLESEX

## Notes to Financial Statements

Year ended March 31, 2023

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United Way Elgin Middlesex (the "United Way") is incorporated under the laws of Ontario as a corporation without share capital and is a registered charity under the Income Tax Act.

Our vision: A community where everyone matters.

Our mission: We mobilize the power of our community to create lasting change.

### 1. Significant accounting policies:

The financial statements of United Way have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and reflect the following significant accounting policies:

(a) Fund accounting :

The financial statements separately disclose the activities of the following funds:

*Operating Fund*

The Operating Fund represents the excess of revenue over expenditures related to ongoing programs and activities. All agency allocations, strategic investments funded from the annual campaign and United Way agency itself are financed from this fund. In order to sustain operations, the United Way has a policy in place to maintain a three-month minimum of the following years' operating expenses in this fund.

*Property/Equipment Fund*

The Property/Equipment Fund represents grants received and funds allocated by United Way for the premises and equipment used in its operations. The balance in this fund represents the net investment in property and equipment.

*Strategic, Contingency & Stabilization Fund*

The Strategic, Contingency & Stabilization Fund represents funds set aside to cover contingencies, such as shortfalls, which may occur in future campaigns, as well as funding new programs to deal with emerging community issues. During the year, United Way transferred \$11,607 (2022 - \$290,012 transfer into) from the Strategic, Contingency & Stabilization Fund in accordance with United Way's Strategic, Contingency & Stabilization Fund policy.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 1. Significant accounting policies (continued):

### (c) Financial instruments:

Financial assets and financial liabilities are initially recognized at fair value when United Way becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for; investments in listed shares, which are measured at fair value at the statement of financial position date. The fair value of listed shares is based on the latest closing price.

Interest earned on short-term investments and guaranteed investment certificates are included in investment income in the statement of fund revenue and expenses.

With respect to financial assets measured at cost or amortized cost, United Way recognizes in excess (deficiency) of revenue over expenses as an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to excess (deficiency) of revenue over expenses in the period the reversal occurs.

### (d) Property and equipment:

Purchased assets are recorded at cost and are capitalized in the Property/Equipment fund and are amortized on a straight-line basis at the following annual rates:

Asset	Rate
Building	2.5%
Furniture and equipment	10% - 33.3%

Amortization is not charged to operations but is recorded annually as a reduction of the fund balance in the Property/Equipment fund.

### (e) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the allowance for uncollectible pledges and the useful lives of property and equipment. Actual results could differ from these estimates.

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

(f) Revenue recognition:

*Contributions*

The restricted fund method is used to account for contributions. Restricted contributions for which a corresponding restricted fund is present are recognized as revenue of that fund in the year in which they are received. Restricted contributions for which no corresponding restricted fund is present are recognized in the Operating Fund in accordance with the deferral method. Under the deferral method, the contribution for which the related restrictions remain unfulfilled are accumulated as deferred contributions or as project funds. Unrestricted contributions are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

*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 is recognized on an accrual basis.

*Contributed materials and services*

Because of the difficulty in determining their fair value, donated materials and contributed services are not recognized in the financial statements.

*Designated donations*

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

*Restricted donations*

Donations restricted for a specific purpose that have not been spent at the end of the year are recorded as deferred revenue on the Statement of Financial Position. They are recognized as revenue when distributed.

(g) Fundraising and other expenses:

Fundraising and other expenses are recorded as expenses when incurred.

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 1. Significant accounting policies (continued):

(h) Allocation to agencies:

Allocations to agencies are recognized as an expense in the year in which the allocations are approved by the Board of Directors, which coincides with the recognition of the revenue from which the allocations are made.

(i) Calculation of cost revenue ratios:

In accordance with United Way Canada's Transparency, Accountability and Financial Reporting policies, United Way calculates the cost revenue ratio's ("CRR") at 21.6% (2022 - 20.9%) as the percentage of fundraising and administrative expenses of \$1,635,129 (2022 - \$1,614,052) to total revenue, before pledge loss, of \$7,577,873 (2022 - \$7,731,508).

(j) Allocation of expenses:

General management and administrative expenses are allocated between fundraising expenses and community services based on effort at 65% and 35% respectively (2022 - 65% and 35%).

(k) Flow through of Receivables and Payables:

United Way receives flow-through funding from other United Ways in Canada to be allocated to various community funds. These are reported gross in Pledges receivables and Accounts payable and accruals on the Statement of Financial Position, but do not impact the Statement of Fund Revenue and Expenses.

## 2. Pledges receivable:

	2023	2022
Prior year		
Pledges receivable	\$ 11,812	\$ 97,342
Allowance for doubtful pledges	(2,872)	(24,336)
	8,940	73,006
Current year		
Pledges receivable	3,187,474	3,512,968
Allowance for doubtful pledges	(255,002)	(280,217)
	\$ 2,941,412	\$ 3,305,757

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 3. Property and equipment:

			2023		2022	
	Cost	Accumulated amortization	Net book value		Net book value	
Land	\$ 70,000	\$ -	\$ 70,000	\$	70,000	
Building	599,848	396,076	203,772		214,692	
Furniture and equipment	563,897	515,682	48,215		70,465	
	\$ 1,233,745	\$ 911,758	\$ 321,987	\$	355,157	

The land and certain buildings were gifted to United Way in 1976. Property and equipment are amortized over their respective estimated lives. Amortization expense of \$39,243 (2022 - \$36,062) is allocated within the United Way community services expense and fundraising and administrative expense in the Statement of Fund Revenue and Expenses.

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 4. Donations, grants and special events:

United Way participates in a number of community projects in addition to providing funding for its funded agencies. While funding for these agencies comes mainly from the annual campaign, other sources of funding are solicited for other projects in which we participate. Revenue is recognized in the year where related agency funding is paid or community projects costs have been incurred.

### *Annual campaign*

The revenue reported for the year ended March 31, 2023 reflects the campaign which was held in the fall of 2022. Those dollars raised provide the funding for the allocations that will be paid to funded agencies during the year ended March 31, 2024. The announced campaign achievement includes commitments from individuals and corporations. For a number of reasons, not all pledged donations are ultimately received and a pledge loss results.

### *Local Love Giving Campaign, Government 1-Time Funding, and Donor Directed Funds*

United Way initiated an in-year campaign to specifically support emerging community issues as a result of the world-wide declared pandemic. This campaign was branded Local Love Giving Campaign. Funds raised through this campaign were used in-year to support 1-time projects across the community. In Fiscal 2022, United Way partnered with a local Foundation to provide one-time funding for specific programs that were identified during the work done by our staff in the previous year, as a result of the Local Love in a Global Crisis Campaign. A total of \$1,000,000 was received during 2022, of which \$39,627 (2022 - \$900,000) has been recognized as revenues in 2023 and \$60,372 (2022 - \$100,000) remains as deferred revenue at the end of the year.

### *Other campaigns*

United Way operates a major gift program to solicit and allocate individual gifts (over \$5,000) which are directly allocated to specific programs. United Way also operates a Planned Giving program to encourage bequests to the United Way.

### *Other programs – funded projects*

United Way also acts as administrator for other programs which are generally funded by various levels of government or community funding organizations. These programs generally have a life span of between six months and three years and focus on specific issues in the community. United Way provides the infrastructure for these programs and can provide management and expertise when required.

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 4. Donations, grants and special events (continued):

### *Special events*

Several special events, such as the Harvest Lunch, and Day of Caring, are held with the intent to raise the profile and to support the objectives of the United Way without the intent to raise funds. Total revenue from these events was \$128,628 (2022 - \$137,517) offset by expense of \$98,015 (2022 - \$91,726). These expenses are allocated within the community fund expense and the fundraising and administration expense in the Statement of Fund Revenue and Expenses.

	2023 Donations and grants	2022 Donations and grants
Annual campaign:		
Donations	\$ 7,262,953	\$ 7,508,006
Special events revenue	128,628	137,517
Actual achievement	7,391,581	7,645,523
Subsequent donations	123,638	19,327
Less: Pledge loss	(205,965)	(240,267)
	7,309,254	7,424,583
Other campaign:		
Planned Giving	5,000	(10,000)
Funded projects		
Other	57,654	76,658
	\$ 7,371,908	\$ 7,491,241

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 4. Donations, grants and special events (continued):

	2023 Donations and grants	2022 Donations and grants
Donations received through donations and grants	\$ 6,840,781	\$ 6,633,566
Donations from Centrally Coordinated Campaigns:		
United Way Calgary	7,437	3,240
United Way Regina	-	6,430
United Way Edmonton	-	6,533
United Way of Greater Montreal	21,539	23,682
United Way Halton & Hamilton	-	4,638
United Way of Winnipeg	301,661	417,229
United Way Ottawa	110,909	142,855
United Way Toronto	89,581	253,068
	\$ 7,371,908	\$ 7,491,241

### *Donations received from Centrally Coordinated Campaigns*

Funds from other United Way's Centrally Coordinated Campaigns ("CCC") are donations from local workplaces where the head office is located elsewhere, usually in a major city. The United Way in that major area processes the donations and flows them to the local United Way. The above table separates donations processed locally and those processed under the "CCC" agreements.



# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 5. London Community Foundation:

### *Forever Fund*

The 1997 United Way contributed its endowment fund to the London Community Foundation by way of a “specified gift” as defined by Canada Revenue Agency. The contribution created the “Forever Fund” which received a matching contribution from the Lawson Foundation Challenge Grant program. As a result of this transaction, United Way conveyed legal title over the Fund to the London Community Foundation but has access to the Fund by way of loans to an extent of 25% of the Fund’s capital value. In addition, United Way is entitled to the net investment income earned by the Fund, which is used towards community programs.

Net realized loss in the Fund for the 12-months ending March 31, 2023 was \$4,026 (2022 - gain of \$17,131). Unrealized loss in the Fund was \$58,930 (2022 - gain of \$30,060) for the period ending March 31, 2023. The fair value of the Fund at March 31, 2023, approximates \$1,221,484 (2022 - \$1,261,715).

Investment income earned on the Fund during the 12 month period from April 1, 2022 to March 31, 2023 is \$71,706 (2022 - \$30,808) which was interest income owing to United Way for the 12-months ended March 31, 2023 from the Forever Fund held by the London Community Foundation.

### *Stability Fund*

In 2006, the Board approved the creation of “United Way of London & Middlesex Stability Fund”, to be managed by the London Community Foundation. The initial contribution of \$50,000 to the Fund was by way of a “specified gift” as defined by Canada Revenue Agency. As a result of this transaction, United Way conveyed legal title over the Fund to the London Community Foundation but has access to the full value of the Fund in the event of a “hardship” as defined in the agreement. The fair value of the Fund at March 31, 2023, approximates \$171,401 (2022 - \$172,026).

Investment income earned on the Fund to March 31, 2023 is \$1,340 (2022 - \$10,599) which was interest income owing to United Way for the 12-months ended March 31, 2023 from the Stability Fund held by the London Community Foundation.

## 6. Short-term investments:

Short-term investments consist of the Highstreet balanced pooled fund with a market value of \$1,950,866 (2022 - \$1,991,058) and a book value of \$1,698,478 (2022 - \$1,627,513). The Highstreet investment is available for redemption on demand.

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 7. Community investments:

### *Community investments*

United Way Elgin Middlesex has several distinct streams through which it supports needed human care services and addresses the community's most urgent social issues. Funding decisions are guided by:

- United Way's Mission, Values and Principles;
- United Way's Ends Policy;
- Community Impact Agenda;
- Ongoing relevant research about community needs, problems and issues;
- Commitment to serve the citizens of both the City of London and the County of Elgin and Middlesex;
- Availability of resources.

### *Community Fund*

This fund is built up with donations from thousands of donors during the annual campaign. The process for determining funding allocations is through the Planning and Allocations volunteer structure in accordance with the following board established priorities, criteria and financial parameters:

- Provides funding to services that meet ongoing needs through funded agencies.
- Provides funding for ongoing operating expenses and recognizes that there are administrative costs to providing quality, well-managed services.
- Must meet United Way funding criteria.
- Is a contractual relationship through the terms of the United Way/Funded Agency Agreement.

### *Donor Directed Funds*

A donation to United Way is generally allocated to the Community Fund which provides funding for programs and services which are needed in our community. However, when making a donation to the United Way, a donor may direct or designate their donation, or a portion thereof, to any registered Canadian charity.

### *Local Love Giving Campaign, Government 1-Time Funding*

As indicated in Note 4, 1-time funds were raised and provided to United Way to support emerging needs within the community. A total of \$1,600 (2022 - \$850,000) was invested into the community as a result of these 1-time funds, as directed by the donors and federal government restrictions for allocation.

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 7. Community investments (continued):

### *Strategic investments*

In addition to funded agency allocations, the Board of Directors may direct a portion of the annual campaign dollars to new strategic initiatives. These funds may be used to fund new programs, operated by United Way or through an agency, to deal with emerging community issues.

### *United Way community services*

United Way not only provides services through its funded agencies, but also provides support to the community through various activities. This includes research, advocacy and convening community partners to address social issues.

## 8. Related party transactions:

Throughout the year, United Way distributes campaign revenue for other United Way organizations throughout Canada. Total distributions in fiscal 2023 were \$134,767 (2022 - \$27,792).

The United Way is also charged an administration fee by United Way - Canada-Centraide Canada. Total fees charged in 2023 were \$77,762 (2022 - \$75,228).

## 9. Accounts payable and accruals:

The Board of Directors has approved the allocation of \$4,656,000 (2022 - \$4,753,996) to funded agencies in fiscal 2023. The allocation is reported in accounts payable. The agreement provides for changes to the allocated amounts under certain circumstances.

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 10. Project Funds:

Project Funds represent unspent resources restricted for projects that will be expended in a future period. These funds include project costs incurred and donations recognized of \$39,627 (2022 - \$900,000) for in-year 1-time projects as indicated in Note 4 and Note 7. Changes in the project funds balance are as follows

	2023	2022
Balance, beginning of year	\$ 290,375	\$ 214,458
Project costs incurred	(114,137)	(981,843)
Donations received	333,188	1,057,760
<b>Balance, end of year</b>	<b>\$ 509,426</b>	<b>\$ 290,375</b>

## 11. Deferred revenue:

Deferred revenue represents pledges restricted for charities (donor choice) that will be expended in a future period. Changes in the deferred revenue balance are as follows:

	2023	2022
Balance, beginning of year	\$ 271,448	\$ 259,372
Recognized as revenue	(292,878)	(273,023)
Donations designated	263,568	292,878
Pledge loss	345	(7,779)
<b>Balance, end of year</b>	<b>\$ 242,483</b>	<b>\$ 271,448</b>

## 12. Line of credit

The United Way has an authorized line of credit of \$200,000 bearing interest at bank prime plus 1% per year and an authorized line of credit of \$500,000 bearing interest at bank prime plus 1% that is only available from July 1st to December 31st inclusive in each year. The amount outstanding at March 31, 2023 is \$nil (2022 - \$nil). The line of credit is secured by a general security agreement against the assets of the United Way.

A standby letter of credit, authorized for a maximum amount of \$100,000, is secured by a guarantee from RBC. The beneficiary of the standby letter of credit is the Alcohol and Gaming Commission of Ontario. The standby letter of credit expires on November 8, 2022 and bears an interest rate of 1.55% (2022 - 1.55%).

# UNITED WAY ELGIN MIDDLESEX

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 13. Administrative expenses:

Included in fundraising and administrative expenses are \$19,995 (2022 - \$14,026) in costs related to administrating the Government of Canada Workplace Charitable Campaign ("GCWCC") campaign in fiscal 2023.

## 14. Financial instruments:

### (a) *Fair value*

The fair value of cash and cash equivalents, pledges receivable, other assets, accounts payable, accruals, project funds and designations payable approximates carrying value due to their short-term maturity. Investments are carried at fair value and are based on quoted market prices.

### (b) *Credit risk:*

The United Way collects pledges from donors in the normal course of its operations and maintains provisions for pledge losses. Due to the nature of pledges, the United Way is not able to reduce its credit risk.

### (c) *Interest rate risk:*

The United Way is exposed to interest rate risk, which is the risk that the fair values or future cash flows associated with its investments will fluctuate due to changes in market interest rates. Management addresses this risk through use of an investment manager to monitor and manage investments.