

Financial Statements of

**UNITED WAY WATERLOO  
REGION COMMUNITIES**

And Independent Auditor's Report thereon

Year ended March 31, 2024



To the Directors of United Way Waterloo Region Communities:

We have audited the financial statements of United Way Waterloo Region Communities (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of operations, its changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 these 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.

### ***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's 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada  
June 18, 2024

# UNITED WAY WATERLOO REGION COMMUNITIES

## Statement of Financial Position

March 31, 2024, with comparative information for 2023

	Operating Fund	Stabilization/ Emergency Fund	Special Initiatives Fund	Tomorrow Fund	Total 2024	Total 2023
<b>Assets</b>						
Current assets:						
Cash	\$ 338,325	\$ —	\$ —	\$ —	\$ 338,325	\$ 337,705
Investments (note 2)	1,157,410	2,527,957	—	843,969	4,529,336	4,716,778
Accounts receivable	74,391	—	—	—	74,391	90,885
Prepaid expenses	111,068	—	—	—	111,068	128,368
	1,681,194	2,527,957	—	843,969	5,053,120	5,273,736
Capital assets (note 3)	26,978	—	—	—	26,978	17,286
	\$ 1,708,172	\$ 2,527,957	\$ —	\$ 843,969	\$ 5,080,098	\$ 5,291,022
<b>Liabilities and Net Assets</b>						
Current liabilities:						
Accounts payable and accrued liabilities (note 4)	\$ 251,135	\$ —	\$ —	\$ —	\$ 251,135	\$ 239,133
Deferred contributions (note 5)	159,906	—	—	—	159,906	204,239
Interfund payable (receivable)	1,297,095	(1,297,095)	—	—	—	—
	1,708,136	(1,297,095)	—	—	411,041	443,372
Fund balances:						
Unrestricted reserves (deficit)	(26,942)	—	—	—	(26,942)	(17,084)
Internally restricted – capital assets	26,978	—	—	—	26,978	17,286
Internally restricted – reserve	—	3,825,052	—	843,969	4,669,021	4,847,448
	36	3,825,052	—	843,969	4,669,057	4,847,650
Commitments (note 7)						
	\$ 1,708,172	\$ 2,527,957	\$ —	\$ 843,969	\$ 5,080,098	\$ 5,291,022

See accompanying notes to financial statements.

On behalf of the Board:

Neena Gupta Director

Neena Gupta (Jun 19, 2024 14:42 EDT)



Donald Paddock (Jun 19, 2024 17:24 EDT) Director



# UNITED WAY WATERLOO REGION COMMUNITIES

## Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund	Stabilization/ Emergency Fund	Special Initiatives Fund	Tomorrow Fund	Total 2024	Total 2023
Revenue:						
Philanthropy	\$ 4,239,188	\$ —	\$ —	\$ —	\$ 4,239,188	\$ 4,776,281
Federal Government Community Service Recovery Fund (CSRF)	1,719,569	—	—	—	1,719,569	—
COVID-19 Community Response Fund Grants	23	—	—	—	23	127,212
Investment income	123,180	101,050	—	79,236	303,466	34,656
Grants	163,400	—	—	—	163,400	144,149
Government subsidies	—	—	—	—	—	4,187
Other	334,483	—	—	—	334,483	266,266
Transfers from other United Ways	73,847	—	—	—	73,847	46,720
Total revenue	6,653,690	101,050	—	79,236	6,833,976	5,399,471
Fundraising expenses (Schedule 1)	1,432,912	—	—	—	1,432,912	1,371,306
Net revenue available for community investment and programs	5,220,778	101,050	—	79,236	5,401,064	4,028,165
Federal Government Community Service Recovery Fund (CSRF) (Schedule 2)	1,719,569	—	—	—	1,719,569	—
Net revenue available for community investment	3,501,209	101,050	—	79,236	3,681,495	4,028,165
Community investment and program (Schedule 2)	3,860,088	—	—	—	3,860,088	3,932,102
Excess (deficiency) of revenue over expenses	\$ (358,879)	\$ 101,050	\$ —	\$ 79,236	\$ (178,593)	\$ 96,063

See accompanying notes to financial statements.

# UNITED WAY WATERLOO REGION COMMUNITIES

## Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund	Stabilization/ Emergency Fund	Special Initiatives Fund	Tomorrow Fund	Total 2024	Total 2023
Fund balances, beginning of year	\$ 202	\$ 4,061,102	\$ –	\$ 786,346	\$ 4,847,650	\$ 4,751,587
Excess (deficiency) of revenue over expenses	(358,879)	101,050	–	79,236	(178,593)	96,063
Interfund transfers	358,713	(337,100)	–	(21,613)	–	–
Fund balances, end of year	\$ 36	\$ 3,825,052	\$ –	\$ 843,969	\$ 4,669,057	\$ 4,847,650

See accompanying notes to financial statements.

# UNITED WAY WATERLOO REGION COMMUNITIES

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (178,593)	\$ 96,063
Items not involving cash:		
Amortization of capital assets	15,676	13,917
Change in fair value of investments	(146,360)	55,181
Write-off of capital assets	—	124
Changes in non-cash operating working capital:		
Accounts receivable	16,494	23,107
Prepaid expenses	17,300	(38,849)
Accounts payable and accrued liabilities	12,002	42,446
Deferred contributions	(44,333)	(101,983)
	(307,814)	90,006
Investing activities:		
Purchase of capital assets	(25,368)	(8,899)
Purchase of investments	(137,811)	(292,103)
Sale of investments	471,613	197,204
	308,434	(103,798)
Increase (decrease) in cash	620	(13,792)
Cash, beginning of year	337,705	351,497
Cash, end of year	\$ 338,325	\$ 337,705

See accompanying notes to financial statements.



# UNITED WAY WATERLOO REGION COMMUNITIES

## Notes to Financial Statements

Year ended March 31, 2024

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United Way Waterloo Region Communities ("Organization") is dedicated to helping people live better lives in every one of the seven communities we serve. We are fundraisers who engage and mobilize the community around grassroots causes. The funds we raise support a network of 76 agencies whose programs and services deliver community-wide benefits. The Organization is locally focused, informed, connected and deeply invested in helping people reach their full potential in the seven communities that comprise Waterloo Region: Cambridge, Kitchener, Waterloo, Wilmot, Woolwich, Wellesley and North Dumfries.

United Way Waterloo Region Communities is a charitable organization registered under the Income Tax Act of Canada and, as such, is exempt from income taxes.

### 1. Significant accounting policies:

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

These financial statements have been prepared in accordance with the Transparency, Accountability and Financial Reporting Policies for United Ways ("TAFR") set forth by the United Way of Canada. These policies provide for consistent reporting and presentation of revenues and expenses amongst all United Way organizations in Canada and provide a framework for the allocation of expenses. Expenses incurred by the Organization are classified as fundraising, community investment and program, and administrative expenses. Administrative expenses are allocated to fundraising and program expenses based on actual activity.

#### (a) Revenue recognition:

United Way Waterloo Region Communities holds several fundraising events annually including a fall workplace campaign and a variety of special events and other functions. The Organization follows the deferral method of accounting for contributions.

Unrestricted campaign pledge payments, proceeds from special events and one-time donations are recorded as revenue in the year in which they are received.

Restricted contributions and sponsorships are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions from sponsorships are recognized in the year in which they are received. Revenue from grants is recognized over the period to which the grant applies or in the year in which the related expenses are incurred.

Investment income earned is retained in the fund in which the investments are held.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis and at a rate corresponding with the amortization rate for the related capital assets.

# UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 1. Significant accounting policies (continued):

### (b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written off.

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	Basis	Rate
Computer equipment and software	Straight-line	5 years
Office equipment	Straight-line	5 years
Leasehold improvements	Straight-line	Term of the lease

### (c) Contributed services:

A substantial number of volunteers and supporters 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.

### (d) Gifts in kind:

The Organization benefits from a variety of gifts in kind. These financial statements do not reflect any revenue or expenses related to gifts in kind.

### (e) Fund accounting:

#### (i) Externally restricted funds:

The Organization has an externally restricted fund, known as the "Tomorrow Fund" where investments are held on account, with generated revenue funding specific programs.

#### (ii) Internally restricted funds:

The Board of Directors has created three internally restricted funds. These funds include an Operating Fund and two Reserve Funds. The Reserve Funds include the Stabilization/Emergency Fund ("SEF") and the Special Initiatives Fund ("SIF").

# UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (e) Fund accounting (continued):

#### (ii) Internally restricted funds (continued):

The Operating Fund is to manage United Way Waterloo Region Communities' community impact work through its fundraising and program expenses, and any surplus generated is transferred to the SEF. In the event that the SEF is fully reserved, the surplus exceeding the maximum reserve required is then transferred to SIF. In the event that a deficit is generated by the Operating Fund, funds will be taken first from the SEF to the amount needed to cover the deficit and/or the amount available to the fund. If the SEF is then below the required reserve balance, the SIF will replenish the SEF.

The purpose of the SEF is to provide a reserve from which funds may be transferred in the case of revenue shortfalls. The minimum balance carried in the SEF will be the approximate amount required in order to meet the short-term financial requirements of United Way Waterloo Region Communities (three months of fundraising and program expenses, based on the current year's budget) and to provide for a certain amount of community investment sustainability (three months of community payments based on approved funding). The maximum balance carried in the SEF will be the approximate amount required to meet the short-term financial requirements of United Way Waterloo Region Communities (six months of fundraising and program expenses, based on the current budget), and to provide for a certain amount of community funding sustainability (six months of community payments based on approved funding).

In the event that, after any transfer from/to the Operating Fund, the SEF is below the minimum or exceeds the maximum balance, funds will be transferred to the extent available/required to/from the SIF. If after all transfers have been completed, the balance in the SEF is below the minimum balance, the fund will be replenished as needed in the following fiscal year(s) as determined by the Board of Directors and Management.

The purpose of the SIF is to provide funding to meet capital purchases requirements, to provide special grants and/or payments, to fund new community initiatives and other non-recurring expenses that may arise from time to time. The SIF will be used to supplement the SEF in the event that the SEF balance is below the parameters of the fund. The Board of Directors approves any transfers from the SIF. The maximum balance carried in the SIF will be based, to the extent available, on the current and anticipated needs of the Organization, to be determined annually, following the annual audit.

# UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

### (g) Allocated expenses:

United Way Waterloo Region Communities incurs expenses related to operating, marketing and communication that are not directly attributable to one aspect of operations. Administrative expenses are allocated to fundraising and program expenses based on actual activity.

### (h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition.

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, the Organization 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 the Organization 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.

# UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 2. Investments:

	2024	2023
Cash	\$ 2,264,284	\$ 2,604,289
Shares	109,437	90,888
Fixed income securities	556,309	537,993
Canadian equity mutual funds	755,337	697,262
Managed funds held with Waterloo Region Community Foundation	843,969	786,346
	<b>\$ 4,529,336</b>	<b>\$ 4,716,778</b>

The fixed income securities produce a yield of 2.37% to 5.15% (2023 - 2.37% to 5.3%) and mature between November 22, 2024 and December 21, 2026 (December 21, 2023 and June 3, 2025).

## 3. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment and software	\$ 201,156	\$ 181,090	\$ 20,066	\$ 15,430
Office equipment	67,644	62,375	5,269	1,259
Leasehold	3,674	2,031	1,643	597
	<b>\$ 272,474</b>	<b>\$ 245,496</b>	<b>\$ 26,978</b>	<b>\$ 17,286</b>

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2023 - \$nil) which includes amounts payable for payroll related taxes.



# UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 5. Deferred contributions:

	2024	2023
Balance, beginning of year	\$ 204,239	\$ 306,222
Contributions received	1,775,238	374,090
Amounts recognized into income	(1,819,571)	(476,073)
Balance, end of year	\$ 159,906	\$ 204,239

The use of the funds is restricted to the activities agreed upon by the Organization and donors providing the funding. Grants and other deferred contributions have been provided and will be used during 2024-2025 for the following activities:

- Spirit Award celebration
- Golf for a Cause golf tournament
- Corporate Trivia Challenge
- In Community Initiatives

## 6. Endowment funds:

United Way Waterloo Region Communities entered into an agreement that establishes a permanent endowment fund with the Waterloo Region Community Foundation. Under the terms of the agreement, the capital cannot be withdrawn and only the related income can be paid to the Organization.

The estimated fair value of the endowment fund and the income received during the year from the endowment fund, are as follows:

	2024	2023
Fair value	\$ 3,412,285	\$ 3,219,729
Income received	163,400	144,149

# UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 7. Commitments:

The Organization has an operating lease for its premises that expires on June 30, 2025. The lease includes monthly operating costs at an estimated rate of \$33,553 per month.

Estimated minimum annual lease payments for the term of the lease, and other contractual commitments are as follows:

2025	\$ 404,987
2026	102,459
	<hr/>
	\$ 507,446

## 8. Special purpose funds:

The funds listed below represent resources which are either internally restricted by the Board of Directors or externally restricted relative to instructions concerning the investment of capital and/or use of investment income as detailed in relevant documents.

United Way Waterloo Region Communities ended the fiscal year with a surplus. The Board of Directors approved the surplus to be transferred to the Stabilization Emergency Fund and used to maintain support for the Region as required.

	2024	2023
Funds held for specific purposes:		
Internally restricted:		
Stabilization/Emergency Fund	\$ 3,825,052	\$ 4,061,102
	<hr/>	
The Tomorrow Fund:		
Externally restricted	\$ 843,969	\$ 786,346

## 9. Financial risks:

### (a) Credit risk:

Financial instruments which are potentially exposed to credit risk include cash and cash equivalents. Management considers its exposure to credit risk attributable to cash and cash equivalents to be trivial as the Organization holds cash deposits at one major Canadian chartered bank.

# UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 9. Financial risks (continued):

### (b) Interest rate risk:

The Organization is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Organization invests in a variety of different interest-bearing investments with different carrying characteristics.

### (c) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. The Organization has taken steps to ensure that it has sufficient working capital available to meet its obligations.

### (d) Market risk:

Market risk is the risk that changes in market prices, such as equity prices and interest rates will affect United Way Waterloo Region Communities' income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

United Way Waterloo Region Communities' Investment Policy details parameters and goals under which investment decisions are made. The primary objective of the Investment Policy is capital preservation.

## 10. Related party transactions:

Throughout the year, United Way Waterloo Region Communities distributes campaign revenue for the other United Way organizations throughout Canada. Total distributions of \$171,026 (2023 - \$157,534) were made during the year.

## 11. Comparative information:

Certain comparative information in the statement of cashflows has been reclassified from those previously presented to conform to the presentation of the March 31, 2024 financial statements.

# UNITED WAY WATERLOO REGION COMMUNITIES

## Schedule 1 - Fundraising Expenses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Fundraising expenses:		
Direct mail and communication	\$ 37,291	\$ 52,452
Leadership recognition	994	—
Other expenses	28,092	6,642
Salaries, wages and benefits	631,845	661,147
Special events	114,103	41,592
Workplace campaign	36,430	42,513
	848,755	804,346
Allocation of administrative expenses (Schedule 3)	584,157	566,960
Total fundraising expenses	\$ 1,432,912	\$ 1,371,306

# UNITED WAY WATERLOO REGION COMMUNITIES

## Schedule 2 - Community Investment and Program Expenses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Community Investment and Program:		
Community allocations	\$ 2,435,058	\$ 2,173,819
COVID-19 Community Response Fund Grants	—	150,918
Donor designations	259,405	199,389
Project grants	214,163	559,595
Community initiatives	1,430	355
Program expenses:		
Salaries, wages and benefits	304,457	225,334
Research	55	—
Other expenses	15,273	4,400
United Way of Canada Affiliation Fees	46,091	51,332
	3,275,932	3,365,142
Allocation of administrative expenses (Schedule 3)	584,156	566,960
Total community investment and program expenses	3,860,088	3,932,102
Federal Government Community Services Recovery Fund (CSRF)	1,719,569	—
Total	\$ 5,579,657	\$ 3,932,102



# UNITED WAY WATERLOO REGION COMMUNITIES

## Schedule 3 - Administrative Expenses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Administrative expenses:		
Administrative and office	\$ 40,137	\$ 37,114
Communication and technology	106,014	97,283
Facilities and equipment	379,767	348,725
Marketing and communications	912	638
Professional fees	23,117	20,811
Salaries, wages and benefits	600,185	618,868
Travel, automobile and community relations	18,181	10,481
Total administrative expenses	1,168,313	1,133,920
Allocation of fundraising expenses (Schedule 1)	(584,157)	(566,960)
Allocation to community investment and program expenses (Schedule 2)	(584,156)	(566,960)
	\$ —	\$ —