United Way of the Alberta Capital Region

Financial Statements
March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of United Way of the Alberta Capital Region

Opinion

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

- the statement of financial position as at March 31, 2024
- the statement of changes in net assets for the year then ended
- the statement of operations 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, 2024, 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 ***"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 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.

Emphasis of Matter - Comparative Information

We draw attention to Note 18 to the financial statements ("Adjustment to comparative period information"), which explains that certain comparative information presented for the year ended March 31, 2023 has been adjusted.

Note 18 explains the reason for the adjustment and also explains the adjustments that were applied to correct certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

The financial statements for the year ended March 31, 2023, excluding the adjustments that were applied to adjust certain comparative period information, were audited by another auditor who expressed an unmodified opinion on those financial statements on September 20, 2023.

As part of our audit of the financial statements for the year ended March 31, 2024, we also audited the adjustments that were applied to adjust certain comparative period information presented for the year ended March 31, 2023. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to adjust certain comparative period information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended March 31, 2023. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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.

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 general accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individual 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

September 10, 2024

United Way of the Alberta Capital Region

Statement of Financial Position

As at March 31, 2024

	2024 $	2023 $ Adjusted (note 18)
Assets		
Current assets		
Cash and cash equivalents	10,098,671	12,678,496
Short-term investments	3,104,000	3,000,000
Campaign pledges receivable (note 3)	3,967,275	3,716,645
Grant and other receivables (note 4)	697,372	3,082,791
Prepaid expenses and other	972,316	405,087
	18,839,634	22,883,019
Long-term investment (note 5)	10	10
Capital assets (note 6)	3,600,173	3,788,520
	22,439,817	26,671,549
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	1,526,116	1,512,809
Deferred contributions (note 8)	5,702,278	6,637,907
Current portion of mortgage payable (note 9)	181,813	390,163
	7,410,207	8,540,879
Deferred capital contributions (note 10)	113,662	125,082
	7,523,869	8,665,961
Net assets		
Unrestricted	6,487,664	9,685,259
Internally restricted investment in capital assets	3,304,697	3,273,274
Internally restricted operating funds (note 11)	5,123,587	5,047,055
	14,915,948	18,005,588
	22,439,817	26,671,549

Commitments (note 12)
Adjustment of comparative figures (note 18)

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors

_______________________ Director _______________________ Director

United Way of the Alberta Capital Region

Statement of Changes in Net Assets

For the year ended March 31, 2024

	Unrestricted $	Internally restricted investment in capital assets $	Internally restricted operating funds $ (note 11)	Total net assets $
Balance – April 1, 2022	8,751,343	3,331,995	7,978,536	20,061,874
Deficiency of revenue over expenses for the year	(1,733,288)	(322,998)	-	(2,056,286)
Transfer to reserves (note 11)	(2,719,750)	-	2,719,750	-
Utilization of reserves (note 11)	5,651,231	-	(5,651,231)	-
Purchase of capital assets	(63,529)	63,529	-	-
Mortgage repayment	(200,748)	200,748	-	-
Balance – March 31, 2023	9,685,259	3,273,274	5,047,055	18,005,588
Deficiency of revenue over expenses for the year	(2,761,160)	(328,480)	-	(3,089,640)
Transfer to reserves (note 11)	(2,859,953)	-	2,859,953	-
Utilization of reserves (note 11)	2,783,421	-	(2,783,421)	-
Purchase of capital assets	(151,553)	151,553	-	-
Mortgage repayment	(208,350)	208,350	-	-
Balance – March 31, 2024	6,487,664	3,304,697	5,123,587	14,915,948

The accompanying notes are an integral part of these financial statements.

United Way of the Alberta Capital Region

Statement of Operations

For the year ended March 31, 2024

	2024 $	2023 $
Revenue		
Contributions and pledges (note 13)	15,872,496	16,965,828
Provision for uncollectible pledges	(124,987)	(459,160)
	15,747,509	16,506,668
Grant revenue	12,519,955	6,837,842
Investment income	724,764	453,462
Other revenue	25,338	318,720
	29,017,566	24,116,692
Fundraising expenses (note 14)	5,991,683	5,754,502
	23,025,883	18,362,190
Community investment and program expenses		
Community allocations	9,383,852	9,042,425
United Way programs and initiatives	15,106,688	9,772,752
Partner and non-partner designations	1,624,983	1,603,299
	26,115,523	20,418,476
Deficiency of revenue over expenses for the year	(3,089,640)	(2,056,286)

The accompanying notes are an integral part of these financial statements.

United Way of the Alberta Capital Region

Statement of Cash Flows

For the year ended March 31, 2024

	2024 $	2023 $
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	(3,089,640)	(2,056,286)
Item not affecting cash		
Amortization expense	328,480	322,998
	(2,761,160)	(1,733,288)
Net change in non-cash working capital items (note 16)	645,238	322,722
	(2,115,922)	(1,410,566)
Investing activities		
Purchase of capital assets	(151,553)	(63,529)
Purchase of short-term investments	(104,000)	(3,000,000)
	(255,553)	(3,063,529)
Financing activities		
Loan scheduled repayments	(208,350)	(200,748)
Change in cash and cash equivalents during the year	(2,579,825)	(4,674,843)
Cash and cash equivalents – Beginning of year	12,678,496	17,353,339
Cash and cash equivalents – End of year	10,098,671	12,678,496
Cash and cash equivalents comprise		
Cash	7,869,062	10,566,935
Short-term investments	2,229,609	2,111,561
	10,098,671	12,678,496

The accompanying notes are an integral part of these financial statements.

1 Organization

The mission of United Way of the Alberta Capital Region (the United Way) is to build resilient, connected, and thriving communities where no one is left behind.

United Way is a registered charitable organization and a public charitable foundation incorporated under the Charities Act in the Province of Alberta and, as such, is exempt from tax under the Income Tax Act (Canada).

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounted of $445,996 during the period. Actual results could differ from those estimates. Significant estimates and judgments include the provision for uncollectible pledges and allocation of expenses. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Revenue recognition

These financial statements have been prepared using the deferral method of accounting for contributions, the key elements of which are:

- Contributions and pledges

  Contributions and pledges relate to campaigns and events conducted by corporations, employee groups, employee funds, individuals and foundations during the year to raise support for projects, services provided by funded partner agencies, funded non-partner agencies, partnerships addressing new and emerging needs and other registered Canadian charities.

  These contributions and pledges are recognized as revenue in the year in which they are gifted or pledged, with the exception of donor restricted funds. All contributions and pledges that are restricted by donors are initially recorded as deferred contributions and then recognized as revenue in the year in which the related expenses are incurred.

  Contributions and pledges also include bequests. Unrestricted bequests are recognized as revenue in the year in which they are gifted. Restricted bequests are initially deferred and recognized as revenue in the year in which the related expenses are incurred.

- Grant revenue

  Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured. Externally restricted grants are recorded as deferred contributions and are recognized as revenue in the year the related expenses are incurred.

- Investment income

  Investment income is comprised of interest income, is unrestricted and recognized as revenue in the year it is earned.

Capital contributions

- Restricted contributions for the purchase of capital assets subject to amortization will be deferred and recognized as revenue on the same basis as the amortization expense related to the acquired asset.

- Restricted contributions for the purchase of capital assets not subject to amortization will be recognized as a direct increase in net assets invested in capital assets.

Donated goods and services

Substantial goods and services are donated in-kind by the community to the United Way. No amounts have been reflected in the financial statements for donated goods and services.

Allocation of expenses

The Organization allocates operational expenses between fundraising expenses and community investments and programs expenses based on headcount-driven allocation between the fundraising team and the community investment and program team.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with maturity periods of less than three months or redeemable on demand.

Short-term investments

Short-term investments consist of short-term investments with maturity periods of greater than three months.

Campaign pledges receivable

Pledges are recorded as revenue and are receivable when signed pledge documents are received or other documents are available to provide reasonable evidence of a valid pledge. An allowance for doubtful pledges is provided for based on management’s best estimate of doubtful amounts. The provision is based on historical pledge collection rates while applying judgment over outstanding balances, taking into consideration individual circumstances to pledges receivable.

Included in campaign pledges receivable is an amount related to United Way's service as a host for certain centrally coordinated campaign initiatives, whereby pledges and associated pledged funds are accumulated on behalf of other organizations. Payments to be made to other organizations in this capacity are included in accounts payable and accrued liabilities.

Due to the non-binding nature of pledges receivable, it is reasonably possible that changes in future conditions in the near term could require a material change in the recognized amount.

Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to United Way's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-downs of capital assets are recognized as expenses in the statement of operations. Write-downs are not subsequently reversed. Amortization commences when a capital asset is put into use. Amortization of capital assets is provided on a straight-line basis over the following terms:

Building	25 years
Furniture and fixtures	10 years
Computer equipment and software	3-5 years

Land is not subject to amortization.

Internally restricted operating funds

United Way maintains four reserves that may be used to fund operating or capital costs as follows:

- Community investment reserve

  The purpose of this reserve is to fund allocations and community building and investment costs in the upcoming year.

- Operating reserve

  The purpose of this reserve is to fund United Way's operations in the event of a revenue shortfall, or to fund communities and agencies with grants or loans for critical, unanticipated, non-recurring services and capital contingencies that result from conditions beyond their control.

- Innovation reserve

  The purpose of this reserve is to provide for the funding of innovative organizational and community opportunities.

- Building reserve

  The purpose of this reserve is to provide funding for non-routine or unforeseen costs related to the United Way building. The reserve may be used to fund equipment purchases, general repairs, renovations, upgrades or other initiatives.

Financial instruments

United Way's financial assets include cash and cash equivalents, short-term investments, campaign pledges receivable and grant and other receivables. Cash and cash equivalents, short-term investments, campaign pledges receivable and grant and other receivables are initially recorded at fair value and are subsequently measured at amortized cost using the effective interest rate method.

United Way's financial liabilities include accounts payable and accrued liabilities and mortgage payable. These financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

3 Campaign pledges receivable

	2024 $	2023 $
Campaign pledges receivable	4,890,094	4,708,122
Pledge loss provision	(922,819)	(991,477)
	3,967,275	3,716,645

4 Grant and other receivables

Grant and other receivables includes GST receivable of $101,698 ($101,725 for 2023).

5 Long-term investment

As of December 16, 2016, the United Way of the Alberta Capital Region has a 1/3 minority investment in the Edmonton Community Development Company. The Edmonton Community Development Company was established to partner with communities to address poverty by attracting jobs, investment and otherwise increase wealth in lower income neighbourhoods. This non-controlling interest of 10 Class A Voting shares has no economic interest in the operations or net assets of the Edmonton Community Development Company.

6 Capital assets

			2024
	Cost $	Accumulated amortization $	Net $
Building	6,385,532	3,789,976	2,595,556
Land	872,615	-	872,615
Computer equipment and software	2,519,066	2,406,538	112,528
Furniture and fixtures	791,302	771,828	19,474
	10,568,515	6,968,342	3,600,173

			2023
	Cost $	Accumulated amortization $	Net $
Building	6,360,898	3,534,698	2,826,200
Land	872,615	-	872,615
Computer equipment and software	2,405,766	2,326,914	78,852
Furniture and fixtures	777,684	766,831	10,853
	10,416,963	6,628,443	3,788,520

7 Accounts payable and accrued liabilities

	2024 $	2023 $
Trade accounts payable	515,407	452,623
Vacation payable	450,035	428,534
Centrally coordinated campaigns payable	282,879	458,327
Accrued liabilities and other	277,795	173,325
	1,526,116	1,512,809

8 Deferred contributions

	2024 $	2023 $ Adjusted (note 18)
Deferred contributions – Beginning of year	6,637,907	4,634,960
Contributions received	15,003,314	15,543,227
Contributions recognized as revenue	(15,938,943)	(13,540,280)
Deferred contributions – End of year	5,702,278	6,637,907

9 Mortgage payable

	2024 $	2023 $
Mortgage payable	181,183	390,163
Less: Current portion	(181,183)	(390,163)
	-	-

The loan bears interest at a rate of 4.22% (2023 – 4.22%), is payable in monthly instalments of interest and principal of $18,487 (2023 – $18,487) and matures on January 1, 2025. As the lender has the legal right to demand payment in advance of the maturity date, the entire mortgage payable has been recorded as current. Total interest expense related to the property mortgage for the year ended March 31, 2024, was $12,863 (2023 – $21,095). The mortgage payable is subject to certain covenants, all of which United Way was in compliance with as at March 31, 2024.

Collateral for the loan is as follows:

- a first charge mortgage on land and building with a net book value of $3,468,171;

- a first general assignment of rents and leases from the property; and

- a site-specific general security agreement.

Remaining principal repayments under the terms of the current mortgage agreement are $181,183 in 2025.

10 Deferred capital contributions

	2024 $	2023 $
Deferred capital contributions – Beginning of year	125,082	136,502
Contributions recognized as revenue	(11,420)	(11,420)
Deferred capital contributions – End of year	113,662	125,082

11 Internally restricted operating funds

	Community investment reserve $	Operating reserve $	Innovation reserve $	Building reserve $	Total $
Balance – April 1, 2022	5,651,232	1,042,655	584,649	700,000	7,978,536
Transfer to reserves	2,719,750	-	-	-	2,719,750
Utilization of reserves	(5,651,231)	-	-	-	(5,651,231)
Balance – March 31, 2023	2,719,751	1,042,655	584,649	700,000	5,047,055
Transfer to reserves	2,859,953	-	-	-	2,859,953
Utilization of reserves	(2,719,751)	-	-	(63,670)	(2,783,421)
Balance – March 31, 2024	2,859,953	1,042,655	584,649	636,330	5,123,587

12 Commitments

United Way leases office equipment and warehouse premises and maintains its facilities within long term agreements. The warehouse is used for its In-Kind Exchange and Community Impact programs. Lease payments and agreement commitments required over the remaining life are as follows:

	$
2025	212,784
2026	218,467
2027	216,905
2028	21,856
2029	4,196
2030	699
	674,907

13 Contributions and pledges

	2024	2023
	$	$
Annual campaign revenue	15,050,939	16,640,264
Funds transferred from other United Ways	1,203,329	864,459
Funds transferred to other United Ways	(381,772)	(538,895)
	15,872,496	16,695,828

14 Fundraising expenses

As required under the Alberta Charitable Fundraising Regulation (108/2000), Section 7(2) the amounts paid as remuneration to employees whose principle duties involved fundraising was $2,722,667 (2023 - $2,454,626).

15 Allocation of costs by function:

General management and administration costs were allocated as follows:

	2024	2023
	$	$
Salaries and benefits	2,511,631	2,419,091
Professional and consulting fees and external services	937,395	951,754
Office supplies and administration costs	578,084	599,620
Amortization expense	328,480	322,998
Occupancy	317,286	257,358
Advertising and promotion	137,601	211,403
Education, training and recognition	62,773	98,883
Meetings and mileage	6,385	8,824
Program supplies and materials	5,553	10,992
	4,885,188	4,880,923
Allocated to		
Fundraising expenses	2,499,212	2,524,423
United Way program and initiatives	2,385,976	2,356,500
	4,885,188	4,880,923

16 Net change in non-cash working capital items

	2024 $	2023 $ Adjusted (note 18)
Campaign pledges receivable	(250,630)	1,173,841
Grant and other receivables	2,385,419	(2,870,023)
Prepaid expenses and other	(567,229)	72,414
Accounts payable and accrued liabilities	13,307	(56,457)
Deferred contributions	(935,629)	2,002,947
	645,238	322,722

17 Financial risk management

Credit risk

United Way is subject to credit risk with respect to campaign pledges receivable. United Way is not exposed to any significant concentration of credit risk due to its large donor base. Management monitors these accounts regularly and is reasonably assured the United Way is not exposed to significant credit risk in excess of the provision for doubtful pledges as at the statement of financial position date. Campaign pledges receivable are net of a pledge loss provision as figures reported. Credit risk remains consistent with the prior year.

Interest rate risk

United Way is potentially subject to concentrations of interest rate risk principally with its short-term investments. Management monitors accounts regularly and is reasonably assured United Way is not exposed to significant interest rate risk.

Liquidity risk

United Way's objective in managing capital is to ensure a sufficient liquidity position to finance its expenses, working capital and overall capital expenditures. Since inception, the United Way has primarily financed its liquidity through campaign revenue, grants and income from its investments and expects to continue to meet future requirements through these sources. Liquidity risk remains consistent with the prior year.

18 Adjustment to comparative period information

During 2024, management identified certain funding that was not accrued for in the prior year. As a result, deferred revenue and accounts receivable were understated. The error has been corrected by adjusting the comparative period. The following summarizes the impact of the change on the statement of financial position for the year ended March 31, 2023 and a reclassification recorded between accounts to conform to the current year presentation.

	As previously reported $	Reclassification $	Adjustment $	As adjusted $
Statement of financial position:				
Campaign pledges receivable	4,558,758	(842,113)	-	3,716,645
Grant and other receivables	1,183,749	842,113	1,056,929	3,082,791
Deferred contributions	5,580,978	-	1,056,929	6,637,907

19 Reclassification of comparative figures

Information included within comparative figures have been reclassified to conform to the current year presentation.