



Financial Statements

United Way of Thunder Bay

December 31, 2022

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# Independent Auditor's Report

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To the Directors of  
United Way of Thunder Bay

## **Qualified opinion**

We have audited the financial statements of United Way of Thunder Bay ("the Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Thunder Bay as at December 31, 2022, 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 Qualified Opinion**

In common with many not-for-profit organizations, the Organization derives revenues from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cashflows from operations for the years ended December 31, 2022 and December 31, 2021, current assets as at December 31, 2022 and December 31, 2021, and net assets as at January 1 and December 31, for both 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 report. We are independent of the Organization 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 qualified 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 these 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 Organization'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 Organization'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 Organization 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.

We 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.

*Grant Thornton LLP*

Thunder Bay, Canada  
June 21, 2023

Chartered Professional Accountants  
Licensed Public Accountants

# United Way of Thunder Bay

## Statement of Financial Position

As at December 31

2022

2021

\$

\$

### ASSETS

#### Current

|                                 |         |         |
|---------------------------------|---------|---------|
| Cash and cash equivalents       | 728,839 | 946,522 |
| Accounts receivable             | 16,154  | -       |
| Harmonized Sales Tax receivable | 18,993  | 13,968  |
| Investments [note 3]            | 419,626 | 543,268 |
| Prepaid expenses                | 10,516  | 15,211  |

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| <b>Total current assets</b> | <b>1,194,128</b> | <b>1,518,969</b> |
|-----------------------------|------------------|------------------|

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| <b>Capital assets, net [note 4]</b> | <b>63,696</b> | <b>26,281</b> |
|-------------------------------------|---------------|---------------|

|  |                  |                  |
|--|------------------|------------------|
|  | <b>1,257,824</b> | <b>1,545,250</b> |
|--|------------------|------------------|

### LIABILITIES AND NET ASSETS

#### Current

|   |        |         |
|---|--------|---------|
| Allocations payable   | 98,561 | 36,998  |
| Designations received, undistributed [note 5]               | 94,674 | 234,521 |
| Accounts payable and accrued liabilities                    | 43,448 | 5,398   |
| Deferred grant and other revenue [note 6]                   | 69,952 | 110,916 |
| Obligation under capital lease due within one year [note 8] | 1,251  | 1,192   |

|                                  |                |                |
|----------------------------------|----------------|----------------|
| <b>Total current liabilities</b> | <b>307,886</b> | <b>389,025</b> |
|----------------------------------|----------------|----------------|

|  |               |               |
|--|---------------|---------------|
| <b>Deferred capital contributions [note 7]</b> | <b>60,678</b> | <b>20,775</b> |
|--|---------------|---------------|

|  |              |              |
|--|--------------|--------------|
| <b>Obligation under capital lease [note 8]</b> | <b>1,629</b> | <b>2,721</b> |
|--|--------------|--------------|

|                                |               |               |
|--------------------------------|---------------|---------------|
| <b>Long term debt [note 9]</b> | <b>40,000</b> | <b>40,000</b> |
|--------------------------------|---------------|---------------|

|                          |                |                |
|--------------------------|----------------|----------------|
| <b>Total liabilities</b> | <b>410,193</b> | <b>452,521</b> |
|--------------------------|----------------|----------------|

#### Net assets

|   |         |         |
|---|---------|---------|
| Invested in capital assets [note 10[a]] | 3,018   | 26,281  |
| Restricted [note 11]                    |         |         |
| Community Fund                          | 58,851  | 215,774 |
| Operational Reserve                     | 448,648 | 443,804 |
| The Tomorrow Fund                       | 284,539 | 276,785 |
| Unrestricted                            | 52,575  | 130,085 |

|                         |                |                  |
|-------------------------|----------------|------------------|
| <b>Total net assets</b> | <b>847,631</b> | <b>1,092,729</b> |
|-------------------------|----------------|------------------|

|  |                  |                  |
|--|------------------|------------------|
|  | <b>1,257,824</b> | <b>1,545,250</b> |
|--|------------------|------------------|

See accompanying notes to the financial statements.

On behalf of the Board:

*Ann LeBlanc*

*Kelly Gallagher*

# United Way of Thunder Bay

## Statement of Changes in Net Assets

Year ended December 31

|  | Restricted                                       |                                      |   |  |                    | 2022           | 2021             |
|--|--|--------------------------------------|---|--|--------------------|----------------|------------------|
|  | Invested in<br>capital assets<br>\$<br>[note 10] | Community<br>Fund<br>\$<br>[note 11] | Operational<br>Reserve<br>\$<br>[note 11] | The<br>Tomorrow<br>Fund<br>\$<br>[note 11] | Unrestricted<br>\$ | Total<br>\$    | Total<br>\$      |
| <b>Balance, beginning of year</b>                        | 26,281   | 215,774                              | 443,804                                   | 276,785                                    | 130,085            | 1,092,729      | 1,018,970        |
| Excess (deficiency) of revenue over<br>expenses for year | (2,488)  | (156,923)                            | -   | -  | (90,355)           | (249,766)      | 63,279           |
| Contributions  | -  | -                                    | -   | 4,668                                      | -                  | 4,668          | 10,250           |
| Allocations  |  |                                      |   |  |                    |                |                  |
| Interest   | -  | -                                    | 4,378                                     | -  | (4,378)            | -              | -                |
| Interfund transfers                                      | (20,775)   | -                                    | 466                                       | 3,086                                      | 17,223             | -              | 230              |
| <b>Balance, end of year</b>                              | <b>3,018</b>                                     | <b>58,851</b>                        | <b>448,648</b>                            | <b>284,539</b>                             | <b>52,575</b>      | <b>847,631</b> | <b>1,092,729</b> |

See accompanying notes to the financial statements.

# United Way of Thunder Bay

## Statement of Operations

| Year ended December 31  | 2022             | 2021             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>REVENUE</b>  |                  |                  |
| Donations and fundraising [note 16]                               | 1,767,530        | 1,842,376        |
|   | <b>1,767,530</b> | <b>1,842,376</b> |
| <b>Community Program Grants</b>                                   |                  |                  |
| Emergency community support funding and other COVID-19 assistance | -                | 102,584          |
|   | -                | <b>102,584</b>   |
| <b>Other</b>  |                  |                  |
| Amortization of deferred capital contributions                    | 9,846            | 2,842            |
| Investment income   | (77,528)         | 74,976           |
| Northern Ontario Heritage Fund Corporation - Employment Grant     | 32,981           | 28,986           |
| Other   | 50,822           | 28,959           |
| Other government assistance                                       | -                | 29,920           |
|   | <b>16,121</b>    | <b>165,683</b>   |
| <b>Total revenue</b>  | <b>1,783,651</b> | <b>2,110,643</b> |
| <b>EXPENSES</b>   |                  |                  |
| Fundraising expenses [schedule 1]                                 | 541,665          | 535,354          |
| <b>Net revenue available for programs</b>                         | <b>1,241,986</b> | <b>1,575,289</b> |
| <b>Program expenses</b>   |                  |                  |
| Community Fund allocations  | 809,083          | 895,961          |
| Donor Designations  | 274,865          | 134,885          |
| United Way community impact activities [schedule 1]               | 407,804          | 395,044          |
| Emergency community support allocations                           | -                | 86,120           |
| <b>Total program expenses</b>                                     | <b>1,491,752</b> | <b>1,512,010</b> |
| <b>Excess (deficiency) of revenue over expenses for year</b>      | <b>(249,766)</b> | <b>63,279</b>    |

See accompanying notes to the financial statements.

# United Way of Thunder Bay

## Statement of Cash Flows

| Year ended December 31   | 2022             | 2021      |
|--|------------------|-----------|
|  | \$               | \$        |
| <b>OPERATING ACTIVITIES</b>  |                  |           |
| Excess (deficiency) of revenue over expenses for year                                      | (249,766)        | 63,279    |
| Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash |                  |           |
| Amortization   | 12,334           | 5,408     |
| Amortization of deferred capital contributions   | (9,846)          | (2,842)   |
| Change in unrealized gain on investments   | 100,773          | (54,034)  |
|  | <b>(146,505)</b> | 11,811    |
| Net change in non-cash working capital balances related to operations <i>[note 13]</i>     | (97,682)         | 143,844   |
| <b>Cash provided by (used in) operating activities</b>                                     | <b>(244,187)</b> | 155,655   |
| <b>INVESTMENT ACTIVITIES</b>   |                  |           |
| Purchase of capital assets <i>[note 4[b]]</i>  | (49,749)         | (23,617)  |
| Decrease (increase) in investments <i>[note 3]</i>   | 22,869           | (100,454) |
| <b>Cash used in investment activities</b>  | <b>(26,880)</b>  | (124,071) |
| <b>FINANCING ACTIVITIES</b>  |                  |           |
| Capital contributions received <i>[note 10[b]]</i>   | 49,749           | 23,617    |
| Endowment contributions received <i>[note 11]</i>  | 4,668            | 10,250    |
| Repayments of obligation under capital lease   | (1,033)          | (1,034)   |
| <b>Cash provided by financing activities</b>   | <b>53,384</b>    | 32,833    |
| <b>Increase (decrease) in cash position during year</b>                                    | <b>(217,683)</b> | 64,417    |
| Cash position, beginning of year   | 946,522          | 882,105   |
| <b>Cash and cash equivalents, end of year</b>  | <b>728,839</b>   | 946,522   |

See accompanying notes to the financial statements.



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# United Way of Thunder Bay

## Notes to the Financial Statements

December 31, 2022

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### GENERAL

United Way of Thunder Bay is a community impact organization that invests its resources in short and long-term solutions that address poverty, help children to be all that they can be, and support a healthy community. By funding community programs and services, and by actively participating in community collaborations, community facilitation and project management, United Way of Thunder Bay is able to leverage the opportunities and assets necessary to create lasting social change.

The United Way of Thunder Bay is incorporated under the laws of Ontario, is a local not-for-profit organization and is a public foundation under the Income Tax Act (Canada).

### 1. ADOPTION OF NEW GUIDANCE

#### Section 3400 Revenue

The Canadian Accounting Standards Board issued amendments to Section 3400 Revenue, which provide additional guidance on the application of requirements related to identifying the units of account, multiple-element arrangements, the percentage of completion method, reporting revenue gross or net, and bill and hold arrangements. The Organization adopted the amendments as at January 1, 2022 and applied the new accounting policy retrospectively. As a result of applying the amendments, there were no impacts to the Organization's financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and are within the framework of the significant accounting policies summarized below.

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions, which includes campaign revenue. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Campaign and donation revenue is recognized in the period received. Donor designations are recognized as revenue in the period the designated agency is funded.

Revenue from fundraising activities is recognized as revenue when the event has taken place, amounts can be estimated and collectability is reasonably assured.

Grant revenues are recognized as revenue when the related program expense is incurred.

Government assistance is recognized as revenue in the statement of operations.

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# **United Way of Thunder Bay**

## **Notes to the Financial Statements**

December 31, 2022

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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"). These funds are reported separately in revenue when received or receivable.

Endowment contributions are recognized as increases in net assets in the year in which they are received.

When required by external restrictions, restricted investment income is accumulated with deferred contributions and recognized as revenue in the period in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

### **Capital contributions**

Capital contributions received for the purpose of acquiring capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital asset.

### **Donations-in-kind**

#### **Materials and services**

Donations of materials and services are not recorded unless the following two conditions are met: the fair market value of the donated goods and services can be reasonably estimated and the Organization would normally purchase the goods and services if not donated.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks and other institutions with maturities of three months or less.

### **Investments**

Investments are recorded at fair value.

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# United Way of Thunder Bay

## Notes to the Financial Statements

December 31, 2022

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### Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value as at the date of contribution. Normal maintenance and repair items are expensed in the year incurred.

Amortization is provided on the straight-line basis at the rates set out below. It is expected that these procedures will charge operations with the cost of the capital assets over their estimated useful lives. Gain or loss on the disposal of individual assets is recognized in the statement of operations in the year of disposal.

|                        |           |
|------------------------|-----------|
| Computer hardware      | 20%       |
| Computer software      | 14% - 20% |
| Furniture and fixtures | 20%       |
| Leasehold improvements | 20%       |
| Photocopier            | 20%       |
| Telephone system       | 20%       |

As required, these assets are tested for impairment.

### Assets under capital lease

Assets under capital lease are accounted for at cost. The cost corresponds to the present value of the minimum lease payments. Amortization of assets under capital lease is calculated by the same method and rates as set out above.

### Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash and cash equivalents
- accounts receivable
- investments
- allocations payable
- designations received, undistributed
- accounts payable and accrued liabilities

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

### Measurement

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

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# United Way of Thunder Bay

## Notes to the Financial Statements

December 31, 2022

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### **Derecognition**

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

### **Subsequent measurement**

At each reporting date, the United Way measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, investments (GIC's), accounts receivable, allocations payable, designations received, undistributed and accounts payable and accrued liabilities. Common shares and mutual funds traded in a public market are subsequently measured at fair value with changes in fair value charged to the statement of operations.

### **Financial instruments in related party transactions**

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The United Way does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the United Way initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the United Way has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

### **Impairment**

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

### **Measurement estimates**

Management reviews the carrying amount of items in the financial statements at each statement of financial position date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

# United Way of Thunder Bay

## Notes to the Financial Statements

December 31, 2022

These estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

Significant items subject to management estimates include:

| <u>Financial statement element</u> | <u>Management estimate</u> |
|------------------------------------|----------------------------|
| Capital assets                     | Asset useful lives         |

### 3. INVESTMENTS

Investments consist of the following:

|                    | 2022           | 2021           |
|--------------------|----------------|----------------|
|                    | \$             | \$             |
| Common shares      | 64,400         | 103,500        |
| Mutual funds       | 355,226        | 439,768        |
| <b>Investments</b> | <b>419,626</b> | <b>543,268</b> |

The common shares represent a donation of 2,300,000 KWG Resources Inc. common shares dating back to 2011 (note 5) .

The mutual funds are comprised of BMO Monthly High Income Fund II Class, BMO US Equity Class, Dynamic Power American Growth Fund, Fidelity CDN Disciplined Equity Class and Franklin Bissett CDN Equity Fund.

### 4. CAPITAL ASSETS

[a] Details of year-end capital asset balances are as follows:

|                                   | Cost           | Accumulated<br>amortization | 2022<br>Net book<br>value | 2021<br>Net book<br>value |
|-----------------------------------|----------------|-----------------------------|---------------------------|---------------------------|
|                                   | \$             | \$                          | \$                        | \$                        |
| Computer hardware                 | 75,803         | 54,082                      | 21,721                    | 20,420                    |
| Computer software                 | 101,357        | 61,851                      | 39,506                    | 1,965                     |
| Furniture and fixtures            | 24,139         | 24,139                      | -                         | -                         |
| Leasehold improvements            | 8,915          | 8,915                       | -                         | -                         |
| Telephone system                  | 5,229          | 5,122                       | 107                       | 353                       |
|                                   | <b>215,443</b> | <b>154,109</b>              | <b>61,334</b>             | <b>22,738</b>             |
| <b>Assets under capital lease</b> |                |                             |                           |                           |
| Photocopier                       | 6,496          | 4,134                       | 2,362                     | 3,543                     |
|                                   | <b>221,939</b> | <b>158,243</b>              | <b>63,696</b>             | <b>26,281</b>             |

Amortization for the year is \$12,334 [2021 - \$5,408].

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# United Way of Thunder Bay

## Notes to the Financial Statements

December 31, 2022

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[b] Capital asset additions during the year were as follows:

|                        | 2022          | 2021          |
|------------------------|---------------|---------------|
|                        | \$            | \$            |
| Computer hardware      | 6,581         | 23,117        |
| Telephone equipment    | -             | 500           |
| Computer software      | 43,168        | -             |
| <b>Total additions</b> | <b>49,749</b> | <b>23,617</b> |

### 5. DESIGNATIONS RECEIVED, UNDISTRIBUTED

Included in designations received, undistributed are 2,300,000 common shares of KWG Resources Inc., which were donated to United Way of Thunder Bay in 2011, subject to a written memorandum of understanding with KWG Resources Inc.

The memorandum of understanding requires United Way of Thunder Bay to sell the shares and remit the net proceeds, after an administrative fee, from the sale of the shares to be used for the acquisition, furnishing, and maintenance of residences for students attending the Dennis Franklin Cromarty High School. KWG Resources Inc. retains the right to determine the timing of the share sale and payment. See note 3.

### 6. DEFERRED GRANT AND OTHER REVENUE

Deferred grant revenue is comprised of:

|   | 2022          | 2021           |
|---|---------------|----------------|
|   | \$            | \$             |
| Thunder Bay Community Foundation Initiative Project | 16,952        | 14,652         |
| Ontario Trillium Foundation                         | 33,000        | 76,264         |
| J. Armand Bombardier Foundation                     | 20,000        | 20,000         |
|   | <b>69,952</b> | <b>110,916</b> |

# United Way of Thunder Bay

## Notes to the Financial Statements

December 31, 2022

### 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to capital assets represent restricted contributions which were used to finance capital asset purchases and expenditures. The changes in the deferred capital contributions balance for the year are as follows:

|   | 2022           | 2021    |
|---|----------------|---------|
|   | \$             | \$      |
| <b>Balance, beginning of year</b>       | <b>20,775</b>  | -       |
| Contributions received                  | <b>49,749</b>  | 23,617  |
| Amount amortized to revenue in the year | <b>(9,846)</b> | (2,842) |
| <b>Balance, end of year</b>             | <b>60,678</b>  | 20,775  |

### 8. OBLIGATION UNDER CAPITAL LEASE

The Organization has entered into a lease agreement for a photocopier. The interest rate implicit in the lease is 4.485% and expires in April, 2024. The future minimum annual lease payments, together with the balance of the obligation, are as follows:

|                                    | \$    |
|------------------------------------|-------|
| 2023                               | 1,342 |
| 2024                               | 1,342 |
| Total minimum lease payments       | 2,684 |
| Less amounts representing interest | (196) |
|                                    | 2,880 |
| Less current portion               | 1,251 |
|                                    | 1,629 |

### 9. LONG-TERM DEBT

|  | 2022          | 2021   |
|--|---------------|--------|
|  | \$            | \$     |
| Canada Emergency Business Account ("CEBA") loan payable, interest free with no scheduled payment required until December 31, 2023. | <b>40,000</b> | 40,000 |

# United Way of Thunder Bay

## Notes to the Financial Statements

December 31, 2022

Principal repayments required over the next year are as follows:

|      |        |
|------|--------|
|      | \$     |
| 2023 | 40,000 |

In 2020, the Organization received the CEBA loan, which has a face value of \$60,000, of which \$20,000 is forgivable if \$40,000 is repaid by December 31, 2023. If the full amount has not been repaid by this date, the loan is converted to a 3-year term loan with interest at 5%. The Organization recognized the \$20,000 forgivable portion as government assistance in the previous year.

### 10. INVESTED IN CAPITAL ASSETS

[a] The net assets invested in capital assets consists of the following:

|  | 2022         | 2021          |
|--|--------------|---------------|
|  | \$           | \$            |
| Capital assets, net                                | 63,696       | 26,281        |
| Amounts financed by deferred capital contributions | (60,678)     | -             |
| <b>Balance, end of year</b>                        | <b>3,018</b> | <b>26,281</b> |

[b] Change in net assets invested in capital assets is calculated as follows:

|  | 2022     | 2021    |
|--|----------|---------|
|  | \$       | \$      |
| Amortization of deferred capital contributions                 | 9,846    | 2,842   |
| Amortization of capital assets funded by capital contributions | (9,846)  | (2,842) |
| Amortization of other capital assets                           | (2,488)  | (2,566) |
|  | (2,488)  | (2,566) |
| Purchase of capital assets                                     | 49,749   | 23,617  |
| Capital contributions received during the year                 | (49,749) | -       |
|  | (2,488)  | 21,051  |



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# United Way of Thunder Bay

## Notes to the Financial Statements

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### 11. RESTRICTIONS ON NET ASSETS

The Board of Directors has placed several internal restrictions on the net assets of the Organization, as follows:

#### Community Fund

In keeping with the United Way of Thunder Bay's Community Impact Plan, the Board approved a new allocations process in 2019, designed to advance the United Way Focus area of a community free from poverty. In lieu of annual grants to funded agencies, investments will be made in community programs that support solutions related to the alleviation of poverty. Unrestricted funds received in each campaign year will be earmarked to the Community Fund and allocated to organizations for vital community projects, services or initiatives that align with the United Way's community impact priorities.

#### Operational Reserve

The Operational Reserve is to be used to finance general operating costs between campaigns and to cover one-time expenditures as approved by the Board of Directors.

While the Organization functions on a not-for-profit basis, it is deemed prudent to retain an accumulated reserve to provide for the contingencies noted above. The cap for this reserve has been established at 20% of the previous year's actual campaign achievement. An amount equivalent up to 1% of the prior year's net campaign revenue can be allocated to this reserve annually at the discretion of the Board. In 2022, the Board approved a transfer of \$nil from the reserve fund [2021 - \$nil]. Interest earned on the operational reserve investments is also allocated to the operational reserve and amounted to \$4,378 for 2022 [2021 - \$466].

#### The Tomorrow Fund

The Tomorrow Fund was established in 2009 as a permanent endowment fund to ensure that the Organization's tradition of caring continues into the future.

The Tomorrow Fund represents internally and externally designated amounts. Externally designated amounts refer to those gifts which have been specifically directed to The Tomorrow Fund by the donor. Internally designated amounts are bequests, memorial donations and other planned gifts that were donated to the Organization and have been transferred to The Tomorrow Fund by the Board. The Board of Directors may make the internally designated portion of The Tomorrow Fund available, should the circumstance warrant.

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# United Way of Thunder Bay

## Notes to the Financial Statements

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Bequests, endowments, memorial donations and other planned gifts are encouraged, and will be directed to The Tomorrow Fund, unless the donor has indicated otherwise.

Any investment income earned on the funds endowed are allocated to the operations of the Organization for the Community Fund.

The Tomorrow Fund consists of the following designations:

|                       | 2022           | 2021    |
|-----------------------|----------------|---------|
|                       | \$             | \$      |
| Externally restricted | <b>159,658</b> | 154,990 |
| Internally restricted | <b>124,881</b> | 121,795 |
|                       | <b>284,539</b> | 276,785 |

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Endowment contributions of \$4,668 [2021 - \$10,250] have been added to The Tomorrow Fund on the statement of changes in net assets as described in note 2. These amounts are not included in revenue on the statement of operations.

### 12. COMMITMENTS

The Organization leases an office space under an operating lease which expires July 31, 2023. In addition to basic rent, the lease requires the Organization to pay for common costs to the premises.

The minimum rental payments before harmonized sales tax required under the terms of the lease for the next two years are as follows:

|      | \$     |
|------|--------|
| 2023 | 66,628 |
|      | 66,628 |

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# United Way of Thunder Bay

## Notes to the Financial Statements

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### 13. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

|  | 2022            | 2021           |
|--|-----------------|----------------|
|  | \$              | \$             |
| <b>Gross proceeds</b>                    |                 |                |
| Accounts receivable                      | (16,154)        | 15,868         |
| Harmonized Sales Tax receivable          | (5,025)         | (1,572)        |
| Prepaid expenses                         | 4,695           | 24,291         |
|  | <u>(16,484)</u> | <u>38,587</u>  |
| <b>Less</b>                              |                 |                |
| Allocations payable                      | 61,563          | 19,577         |
| Designations received, undistributed     | (139,847)       | 111,375        |
| Accounts payable and accrued liabilities | 38,050          | 784            |
| Deferred grant and other revenue         | (40,964)        | (26,479)       |
|  | <u>(81,198)</u> | <u>105,257</u> |
|  | <u>(97,682)</u> | <u>143,844</u> |

### 14. DONATIONS-IN-KIND

#### [a] Sponsored employee representatives

During the year, the Organization received the benefit of services of "sponsored employee representatives" to assist with the 2022 campaign. A representative was provided by the Ministry of the Solicitor General. As the services of this individual would not otherwise have been purchased, the contribution was not reflected in these financial statements.

#### [b] Volunteers

Volunteers contribute their time to assist the United Way of Thunder Bay in carrying out its fundraising activities. Because of the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

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# United Way of Thunder Bay

## Notes to the Financial Statements

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### 15. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

[a] Credit risk

Credit risk arises from cash and cash equivalents and credit exposures on outstanding balances receivable. Cash and cash equivalents are held at major financial institutions minimizing any potential exposure to credit risk. Management annually assesses the balances in accounts receivable, and has provided an allowance for potential uncollectible amounts.

[b] Market risk

The Organization is subject to market risk on the investments carried at fair value. These investments are subject to market risk such that the fair value of these investments may change as a result of factors specific to a particular investment or as a result of factors affecting all instruments trading in the market. The Organization manages this risk by using an experienced portfolio manager.

[c] Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities. Liquidity risk is not considered to be significant.

# United Way of Thunder Bay

## Notes to the Financial Statements

December 31, 2022

### 16. TRANSPARENCY, ACCOUNTABILITY AND FINANCIAL REPORTING

The United Way of Thunder Bay follows the reporting guidelines as outlined in its membership agreement with United Way-Centraide Canada.

[a] General management and administrative expenditures are incurred to support functional areas and are allocated to fundraising and community impact activities expenses based on the estimated time spent in each area.

|   | 2022<br>% | 2021<br>% |
|---|-----------|-----------|
| To fundraising expenses                 | 56.4      | 57.3      |
| To community impact activities expenses | 43.6      | 42.7      |

[b] Fundraising cost ratio

|   | 2022<br>\$       | 2021<br>\$       |
|---|------------------|------------------|
| Total donations and fundraising   | 1,767,530        | 1,842,376        |
| <b>Total revenue for fundraising</b>                                    | <b>1,767,530</b> | <b>1,842,376</b> |
| Direct fundraising expenses <i>[schedule 1]</i>                         | 371,481          | 368,509          |
| Allocation of general management and administration <i>[schedule 1]</i> | 170,184          | 166,845          |
| <b>Total fundraising expenses</b>                                       | <b>541,665</b>   | <b>535,354</b>   |
|   | <b>30.6%</b>     | <b>29.0%</b>     |

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# United Way of Thunder Bay

## Notes to the Financial Statements

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### 17. CATCH THE ACE FUNDRAISER

Catch the Ace is a progressive 50/50 raffle, multiple-draw lottery, licenced by the Alcohol & Gaming Commission of Ontario. The program was undertaken in partnership with the Port Arthur Rotary Club. Net proceeds are jointly awarded by UWTB and Port Arthur Rotary to community organizations in support of programs and initiatives that meet the immediate needs of local people and families to ensure that they have access to much-needed food, housing, clothing, crisis counselling and other vital services.

|  | <b>2022</b>    | 2021   |
|--|----------------|--------|
|  | \$             | \$     |
| Ticket sales                           | <b>177,030</b> | 80,950 |
| Sponsorships                           | <b>3,750</b>   | 18,222 |
| Total proceeds                         | <b>180,780</b> | 99,172 |
| <b>Less</b>                            |                |        |
| Prize payouts                          | <b>93,407</b>  | 35,628 |
| Event expenses                         | <b>20,390</b>  | 21,683 |
| Grants awarded                         | <b>66,333</b>  | 30,654 |
|  | <b>180,130</b> | 87,965 |
| Net proceeds to be distributed in 2023 | <b>650</b>     | 11,207 |

# United Way of Thunder Bay Expenses

## Schedule 1

| Year ended December 31  | 2022             | 2021      |
|---|------------------|-----------|
|   | \$               | \$        |
| <b>GENERAL MANAGEMENT AND ADMINISTRATIVE</b>  |                  |           |
| Amortization  | 12,334           | 5,408     |
| Computers and equipment maintenance   | 12,504           | 13,939    |
| Employee benefits   | 20,154           | 15,690    |
| Mileage and parking   | 420              | 411       |
| Occupancy   | 78,063           | 93,618    |
| Office  | 34,601           | 33,311    |
| Property taxes  | 26,313           | 13,186    |
| Salaries  | 105,073          | 101,644   |
| Telephone and communications  | 5,303            | 6,946     |
| Utilities   | 7,009            | 7,161     |
|   | <b>301,774</b>   | 291,314   |
|   | <b>301,774</b>   | 291,314   |
| Allocation to fundraising expenses <i>[note 16]</i>   | <b>(170,184)</b> | (166,845) |
| Allocation to community impact activities <i>[note 16]</i>  | <b>(131,590)</b> | (124,469) |
|   | -                | -         |
| <b>FUNDRAISING</b>  |                  |           |
| Advertising and public relations  | 25,232           | 42,475    |
| Campaign supplies and contracted labour   | 153,712          | 107,093   |
| Employee benefits   | 30,551           | 26,919    |
| Salaries  | 158,864          | 191,133   |
| Travel and training   | 3,122            | 889       |
|   | <b>371,481</b>   | 368,509   |
| Allocation of general management and administrative expenditures to functional areas <i>[note 16]</i> | <b>170,184</b>   | 166,845   |
|   | <b>541,665</b>   | 535,354   |
| <b>UNITED WAY COMMUNITY IMPACT ACTIVITIES</b>   |                  |           |
| Community impact initiatives  | 146,778          | 181,810   |
| United Way of Canada membership   | 17,099           | 16,536    |
| Special projects  | 112,337          | 72,229    |
|   | <b>276,214</b>   | 270,575   |
| Allocation of general management and administrative expenditures to functional areas <i>[note 16]</i> | <b>131,590</b>   | 124,469   |
|   | <b>407,804</b>   | 395,044   |