Financial Statements of

UNITED WAY OF WINNIPEG

March 31, 2009

Deloitte.

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AUDITORS' REPORT

To the Members
United Way of Winnipeg

We have audited the balance sheet of United Way of Winnipeg as at March 31, 2009 and the statement of community and operating activities and changes in fund balances for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 1, 2009, except as to Note 13 which is as of May 29, 2009

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UNITED WAY OF WINNIPEG
Balance Sheet
March 31, 2009

	2009	2008
ASSETS		
CASH AND INVESTMENTS (Note 5)	**$ 18,607,260**	$ 20,855,061
PLEDGES RECEIVABLE (Note 6)	**9,339,544**	8,967,006
ADVANCES TO AGENCIES	**1,640,355**	1,716,888
CAPITAL ASSETS (Note 7)	**480,708**	526,092
DEFERRED FUND RAISING COSTS	**1,493,465**	1,425,678
	$ 31,561,332	$ 33,490,725
LIABILITIES		
FUNDING NOT YET PAID	**$ 1,191,914**	$ 1,657,680
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**1,115,509**	987,806
DEFERRED REVENUE	**1,493,465**	1,425,678
PROCEEDS OF CURRENT CAMPAIGN (including donor directed giving), less provision for uncollectible pledges	**18,556,066**	17,805,207
	22,356,954	21,876,371
FUND BALANCES (Note 2)		
COMMUNITY FUND	**231,445**	366,903
OPERATING FUND	**603,169**	309,736
CAPITAL ASSETS FUND	**480,708**	526,092
TOMORROW FUND	**8,329,704**	7,859,679
STABILIZATION FUND	**(440,648)**	2,551,944
	9,204,378	11,614,354
	$ 31,561,332	$ 33,490,725

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES

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Jackie Lowe, Chairperson

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Douglas E. Finkbeiner, Q.C., Treasurer

UNITED WAY OF WINNIPEG

Statement of Community and Operating Activities and Changes in Fund Balances

Year Ended March 31, 2009

	2009						2008
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	**Total**	Total
REVENUE							
Net campaign contributions from prior year:							
Donations	$ 15,700,851					$ 15,700,851	$ 14,387,539
Special events		709,657				709,657	710,555
Donor directed	1,476,378					1,476,378	1,642,575
Donor directed fees		47,143				47,143	55,126
Recoveries from the campaigns of prior years	99,003					99,003	90,924
Province of Manitoba (Note 8)		2,746,529				2,746,529	2,801,798
Sponsorships, grants and other income	7,853	164,809				172,662	149,307
Investment (loss) income (Note 4g)					(2,438,366)	(2,438,366)	295,494
Legacy giving				470,025		470,025	1,050,320
Funding partners and special initiatives	123,350					123,350	-
	17,407,435	3,668,138	-	470,025	(2,438,366)	19,107,232	21,183,638
COMMUNITY INVESTMENT							
Funding	14,466,226					14,466,226	13,423,215
Donor directed	1,476,378					1,476,378	1,642,575
Programs and activities	1,742,018					1,742,018	1,416,885
Management & administration		352,873				352,873	337,523
United Way of Canada		127,500				127,500	128,250
	17,684,622	480,373	-	-	-	18,164,995	16,948,448
OPERATIONS							
Resource development		3,094,230				3,094,230	3,086,295
Organizational development initiatives		88,083				88,083	87,691
Amortization of capital assets			169,900			169,900	132,311
	-	3,182,313	169,900	-	-	3,352,213	3,306,297
Net funds before transfers	(277,187)	5,452	(169,900)	470,025	(2,438,366)	(2,409,976)	928,893
Interfund transfers (Note 2)	141,729	287,981	124,516	-	(554,226)	-	-
Opening fund balance	366,903	309,736	526,092	7,859,679	2,551,944	11,614,354	10,685,461
Closing fund balance	$ 231,445	$ 603,169	$ 480,708	$ 8,329,704	$ (440,648)	$ 9,204,378	$ 11,614,354

1. PURPOSE OF THE ORGANIZATION

United Way of Winnipeg was incorporated in 1965 in response to the joint efforts of its founders, the Winnipeg Labour Council and the Winnipeg Chamber of Commerce.

United Way is a non-profit, non-partisan, volunteer driven organization that engages and unites Winnipeggers in a shared effort to mobilize resources to support a broad range of non-profit human care services. It exists to improve the quality of life and build a stronger, safer, more caring community for the benefit of everyone living in Winnipeg.

United Way operates according to the highest standards of conduct consistent with its commitment to voluntarism, integrity, accountability, accessibility, being apolitical and having respect for donors, service providers and the users of service.

2. NATURE OF FUND BALANCES

Community Fund

The source of the Community Fund is all resources dedicated or directed to supporting investments in the community including: donations to the annual campaign; program sponsorships; government and non-government grants; gifts-in-kind; and investment income allocated through the annual budgeting process. These resources may contain restrictions imposed by the donor or provider (i.e. allocation to a particular agency or investment in a particular program, initiative or area of service) or they may be unrestricted.

The purpose of the Community Fund is the investment of unrestricted resources in the community through funding in accordance with partnership agreements and expenditures for community services, programs and/or initiatives which support sustainable community solutions to pressing social issues. Restricted resources will be allocated or expended in accordance with the directions of the donor.

Operating Fund

The source of the Operating Fund is the accumulation of resources dedicated or directed to cover the operating and development costs of United Way including: Provincial funding; sponsorships; other government and non-government grants; special events; gifts-in-kind; and investment income allocated through the annual budgeting process.

The purpose of the Operating Fund is expenditures on: resource development; management and administration; marketing and communication, administration of community investments, research and development and purchase of capital assets for operating purposes.

Capital Assets Fund

The Capital Assets Fund was established to record the investment in unamortized capital assets. The purchase price of capital assets is funded through transfers from the Operating Fund. On an annual basis, amortization expense is charged to the Capital Assets Fund.

2. NATURE OF FUND BALANCES (continued)

Tomorrow Fund

The source of the Tomorrow Fund is permanent capital gifts made by donors to provide ongoing benefit to the community and a portion of the investment income earned on the fund. These gifts may contain restrictions imposed by the donor (i.e. governing the use of investment income) or they may be unrestricted. Separate capital records are maintained for each capital gift to ensure that the directions of the donor are implemented accurately.

In order to preserve the purchasing power of the Tomorrow Fund, the portion of the annual investment income equal to the Consumer Price Index is capitalized to the Fund on an annual basis.

Stabilization Fund

The purpose of the Stabilization Fund is to support community service levels and United Way operations in special circumstances and to manage the use of investment income in order to provide a stable flow of resources for community investment and operations. Accordingly, changes in the market value of investment funds are reflected as income or loss from investments in the Stabilization Fund. On an annual basis, the Board of Trustees approves an allocation of investment income from the Stabilization Fund to the Community and Operating Fund. The amount of the allocation is based on the rate of return on investments experienced over the past five years. As a result of the decline in market value of investments over the past fiscal year, the Stabilization Fund is currently in a deficit position. In accordance with a plan approved by the Board of Trustees, starting in the year ending March 31, 2011 a portion of investment income will be used to rebuild the Stabilization Fund to its minimum level (10% of the budget for core and on-going operations) by no later than March 31, 2016. In addition, in accordance with policy, in any year where returns on investments are higher than the Board of Trustees approved allocation, the excess will serve as an additional increase to the Stabilization Fund.

During the year, the Board of Trustees approved the following interfund transfers in accordance with the above fund policies.

Interfund Transfers	Community Fund	Operating Fund	Capital Assets Fund	Stabilization Fund	Tomorrow Fund
Transfer of Stabilization Funds:					
Investment income	$ 141,729	$ 412,497	$ -	$ (554,226)	$ -
Transfer of Operating Funds:					
Capital Assets Fund		(124,516)	124,516		
	$ 141,729	$ 287,981	$ 124,516	$ (554,226)	$ -

3. CHANGE IN ACCOUNTING POLICIES

On April 1, 2008, the Organization adopted CICA 1535, Capital disclosures. This standard requires the disclosure of information related to the objectives, policies and processes for managing capital. The required disclosures are in Notes 2 and 4.

4. SIGNIFICANT ACCOUNTING POLICIES

The Organization has elected to use the exemption provided by the Canadian Institute of Chartered Accountants (CICA) permitting not for profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Organization for the year ended March 31, 2009. The Organization applies the requirements of Section 3861 of the CICA Handbook.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

a) Contributed services

A large number of people have volunteered significant amounts of their time to United Way of Winnipeg and its agencies. No objective basis is available to measure the value of this significant contribution and no amount has been reflected in these financial statements for these services.

b) Revenue recognition

Campaign proceeds, net of an allowance for uncollectible pledges, are deferred to the subsequent year, being the year of allocation to community investment. Similarly, fund raising costs and related provincial funding and sponsorship revenues for the current year's campaign are deferred to the subsequent year.

Contributions pledged, net of an allowance for uncollectible pledges, are recorded as receivables.

All campaign contributions are considered available for unrestricted use with the exception of those contributions which are directed by the donor for specific agencies.

Investment income is recorded as revenue of the Stabilization Fund. On an annual basis, in conjunction with its annual budgeting process, the Board of Trustees approves an allocation of non-capitalized investment income from the Stabilization Fund to the Community Fund and Operating Fund (see Tomorrow Fund). In this way, the Board of Trustees approves the use of investment returns to provide a stable flow of resources for community investment and operations.

c) Funding

Funds committed to participating agencies are reported as liabilities and paid in accordance with approved payment schedules.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis using the following rates:

Furniture and fixtures	5 years
Equipment	10 years
Computer equipment	5 years
Computer software	3 to 4 years
Leasehold improvements	Remaining term of the lease

e) Statement of cash flows

A statement of cash flows has not been presented, as the required information is readily apparent from the other financial statements presented and the notes to the financial statements.

f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include the allowance for doubtful accounts and the useful life of capital assets. Actual results could differ from these estimates.

g) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value, using settlement date accounting, and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of such instruments.

<u>Classification</u>

Cash and investments	Held for trading
Pledges receivable	Loans and receivables
Funding not yet paid	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial instruments (continued)

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

h) Future accounting changes

In November 2008, the Canadian Institute of Chartered Accountants issued amendments to Section 1540, Cash flow statements, Section 1751, Interim financial statements, Section 4400, Financial statement presentation by not-for-profit organizations, Section 4430, Capital assets held by not-for-profit organizations, Section 4460, Disclosure of related party transactions by not-for-profit organizations and issued Section 4470, Disclosure of allocated expenses by not-for-profit organizations. These new standards are effective for fiscal years beginning on or after January 1, 2009, specifically April 1, 2009 for the Organization.

Sections 1540 and 1751 have been amended to include not-for-profit organizations within their scope.

Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The Organization does not expect that the adoption of these new standards will have a material impact on its financial statements.

5. CASH AND INVESTMENTS

	2009	2008
Cash and short-term investments	**$ 5,057,134**	$ 4,781,311
Pooled investment funds	**13,550,126**	16,073,750
	$ 18,607,260	$ 20,855,061

6. PLEDGES RECEIVABLE

	2009	2008
Current campaign pledges	**$ 9,138,230**	$ 8,281,568
Prior campaign pledges	**878,561**	1,108,549
Other pledges	**535,420**	670,858
Other miscellaneous receivables	**277,333**	286,031
	10,829,544	10,347,006
Less allowance for uncollectible pledges	**(1,490,000)**	(1,380,000)
	$ 9,339,544	$ 8,967,006

7. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture & fixtures	**$ 132,207**	**$ 44,585**	$ 122,770	$ 33,247
Equipment	**9,750**	**9,696**	43,403	41,996
Computer equipment	**284,542**	**119,901**	474,039	304,883
Computer software	**1,035,333**	**825,197**	997,225	746,440
Leasehold improvements	**101,584**	**83,329**	96,156	80,935
	1,563,416	**1,082,708**	1,733,593	1,207,501
Cost less accumulated amortization	**$480,708**		$526,092	

8. PROVINCIAL OPERATING GRANT

United Way of Winnipeg receives annual funding in support of fundraising and administration costs from the Province of Manitoba, Department of Culture Heritage and Tourism

The portion of the operating grant provided to United Way of Winnipeg is reported in accordance with the accounting policy to defer the fundraising costs incurred in the current year to the year that campaign revenue is allocated. A corresponding amount of operating grant has been deferred as shown below:

	2009	2008
Operating grant provided to United Way of Winnipeg	**$ 2,814,316**	$ 2,759,130
Deferred revenue		
Prior year	**1,425,678**	1,468,346
Current year	**(1,493,465)**	(1,425,678)
Operating grant, United Way of Winnipeg	**$ 2,746,529**	$ 2,801,798

9. INTEREST RATE, CREDIT, AND FOREIGN CURRENCY RISK

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes in the Organization's cash flows, financial position, and income. This risk arises from differences in the timing and amount of cash flows related to the Organization's assets. The value of the Organization's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit risk

Credit risk exists where a significant portion of the portfolio is invested in securities which have similar characteristics or which are expected to follow similar variations relating to economic or political conditions. The risk of excess concentration is mitigated by an investment policy established by the Board of Trustees, which sets out various investment thresholds. The portfolio, which is managed by an external investment manager, includes the following concentrations:

Pooled Investment Funds

Canadian Bond Funds	7.9%	$ 1,068,727
Canadian Equity Funds	27.0%	3,661,643
Canadian Real Estate Funds	14.7%	1,996,986
Money Market Funds	2.8%	377,985
Mortgage Funds	24.1%	3,269,973
U.S. Equity Funds	11.8%	1,596,547
International Equity Funds	11.7%	1,578,265
	100.0%	$ 13,550,126

9. INTEREST RATE, CREDIT, AND FOREIGN CURRENCY RISK (continued)

c) Foreign currency risk

Foreign currency exposure arises from the Organization's holdings of foreign securities. The amount of foreign securities held at March 31, 2009 is set out in Note 9b. The Organization does not engage in hedging transactions to reduce its exposure to foreign currency fluctuations.

10. COMMITMENT

United Way of Winnipeg has leased premises under an operating lease that expires December 31, 2011. Future lease payments aggregate $326,477 and include the following amounts payable over the next three years:

2010	$ 115,847
2011	120,360
2012	90,270

11. PENSION PLAN

The employees of United Way of Winnipeg are members of the United Way Agencies Pension Plan, a multi-employer, defined benefit pension plan, which is accounted for as a defined contribution plan. United Way's pension contribution and expense for the year was $141,478 (2008 - $100,432).

12. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's method of presentation.

13. SUBSEQUENT EVENT

On May 29, 2009 the organization announced its intentions to relocate to downtown Winnipeg by the summer of 2010. The organization plans to construct a new building located on the west side of Main Street between Pacific and Alexander. The preliminary cost estimates for the project are $10 million. Also on May 29, 2009, funding support for two-thirds of the project was announced with one-third contributed from each of the federal and provincial government. Additional sources of funding for the remaining one-third of the project are currently being evaluated (contributions towards the annual campaign will not be considered). Final approval for the project is subject to the satisfactory completion of the tendering process.