Financial Statements of

UNITED WAY OF WINNIPEG

March 31, 2012

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Members,
United Way of Winnipeg

We have audited the accompanying financial statements of United Way of Winnipeg, which comprise the balance sheet as at March 31, 2012, and the statements of community and operating activities and changes in fund balances and cash flows for the year then ended, and the notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Winnipeg as at March 31, 2012, 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
June 4, 2012

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UNITED WAY OF WINNIPEG
Balance Sheet
March 31, 2012

	2012	2011
ASSETS		
CASH AND INVESTMENTS (Note 4)	**$ 25,121,211**	$ 24,352,571
PLEDGES RECEIVABLE (Note 5)	**11,237,647**	11,625,346
CAPITAL ASSETS (Note 6)	**9,661,873**	10,069,893
	$ 46,020,731	$ 46,047,810
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 816,034**	$ 866,505
MORTGAGE PAYABLE (Note 7)	**3,213,292**	4,154,071
DEFERRED CONTRIBUTIONS (Note 8)	**1,177,532**	1,175,509
OTHER LIABILITIES (Note 9)	**1,297,215**	1,236,787
	6,504,073	7,432,872
FUND BALANCES (Note 2)		
COMMUNITY FUND	**19,003,743**	17,758,268
OPERATING FUND	**1,026,287**	1,072,886
CAPITAL ASSETS FUND	**6,968,857**	7,477,747
TOMORROW FUND	**10,371,308**	9,597,242
STABILIZATION FUND	**2,146,463**	2,708,795
	39,516,658	38,614,938
	$ 46,020,731	$ 46,047,810

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES

Liz Marr, Chairperson

Tanis Petreny, Treasurer

UNITED WAY OF WINNIPEG

Statement of Community and Operating Activities and Changes in Fund Balances

Year Ended March 31, 2012

	2012						2011
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	**Total**	Total
REVENUE							
Net campaign contributions:							
Donations	$ 18,154,922	$ -	$ -	$ -	$ -	$ 18,154,922	$ 17,527,884
Special events		838,009				838,009	757,587
Donor directed	923,777					923,777	882,102
Donor directed fees		30,797				30,797	35,895
Recoveries from the campaigns of prior years	274,610					274,610	337,572
Province of Manitoba		2,986,574				2,986,574	2,928,014
Legacy giving				491,466		491,466	401,146
New building capital contributions (adjustments)			(101,567)			(101,567)	3,697,793
Sponsorships, grants and other income	249,044	549,915				798,959	397,755
Funding partners and special initiatives	123,798					123,798	129,949
Investment income					683,246	683,246	2,005,808
	19,726,151	4,405,295	(101,567)	491,466	683,246	25,204,591	29,101,505
COMMUNITY INVESTMENT							
Funding to agencies	15,423,030					15,423,030	15,043,565
Donor directed	923,777					923,777	882,102
Programs and activities	2,610,901					2,610,901	2,257,398
Management and administration		496,711				496,711	457,089
United Way of Canada		149,770				149,770	141,643
	18,957,708	646,481	-	-	-	19,604,189	18,781,797
OPERATIONS							
Resource development		4,136,193				4,136,193	3,878,820
Organizational development initiatives		90,230				90,230	64,316
Relocation Costs						-	112,430
Amortization of capital assets			472,259			472,259	373,301
	-	4,226,423	472,259	-	-	4,698,682	4,428,867
Net funds before transfers	768,443	(467,609)	(573,826)	491,466	683,246	901,720	5,890,841
Interfund transfers (Note 2)	477,032	421,010	64,936	282,600	(1,245,578)	-	-
Opening fund balance	17,758,268	1,072,886	7,477,747	9,597,242	2,708,795	38,614,938	32,724,097
Closing fund balance	$ 19,003,743	$ 1,026,287	$ 6,968,857	$ 10,371,308	$ 2,146,463	$ 39,516,658	$ 38,614,938

UNITED WAY OF WINNIPEG

Statement of Cash Flows

March 31, 2012

	2012	2011
Cash flows from operating activities		
Net funds before transfers	**$ 901,720**	$ 5,890,841
Items not involving cash		
Amortization	**472,259**	373,301
Unrealized gain on investments	**(662,050)**	(1,979,209)
Amortization of financing fee	**24,000**	-
Non-operating Capital & Tomorrow Fund contributions	**(389,899)**	(4,098,939)
Change in deferred contributions	**2,023**	147,914
Changes in non-cash working capital	**(416,924)**	(1,417,824)
Cash flows from (used in) operating activities	**(68,871)**	(1,083,916)
Cash flows from financing activities		
Tomorrow Fund contributions received	**512,933**	730,508
New Building Capital contributions received	**691,548**	3,682,079
Net issuance (repayment) of mortgage	**(929,979)**	1,689,434
Cash flows from (used in) financing activities	**274,502**	6,102,021
Cash flows from investing activities		
Capital expenditures, net	**(99,041)**	(4,868,897)
Cash flows used in investing activities	**(99,041)**	(4,868,897)
Change in cash and cash equivalents	**106,590**	149,208
Cash and cash equivalents, beginning of year	**5,403,952**	5,254,744
Cash and cash equivalents, end of year	**$ 5,510,542**	$ 5,403,952

Represented by:

	2012	2011
Cash	**$ 5,071,509**	$ 4,968,705
Short-term investments	**439,033**	435,247
	$ 5,510,542	$ 5,403,952
Interest paid	**$ 150,078**	$ 136,046

1. PURPOSE OF THE ORGANIZATION

United Way of Winnipeg (the "Organization") 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 of Winnipeg 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 of Winnipeg 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.

The revenues presented in the 2012 Statement of Community and Operating Activities and Changes in Fund Balances include the proceeds of the 2011 Annual Campaign. In April of each year, the Organization's Board of Trustees approves the expenditure of these proceeds to support vital community services in Winnipeg. As a result, the associated community investment expense will be recorded in the year that will end on March 31, 2013.

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 of Winnipeg 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.

2. NATURE OF FUND BALANCES (continued)

Capital Assets Fund
The Capital Assets Fund was established to record the investment in unamortized capital assets. The purchase price of operating capital assets is funded through transfers from the Operating Fund. The purchase price of the new building was funded by the Federal and Provincial Government, private capital contributions and the balance being mortgage financed. On an annual basis, amortization expense is charged to the Capital Assets Fund.

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 of Winnipeg 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 Funds. The amount of the allocation is based on the rate of return on investments experienced over the past five years. 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	Tomorrow Fund	Stabilization Fund
Transfer of Stabilization Funds:					
Investment income	$ 256,988	$ 705,990	$ -	$ 282,600	$(1,245,578)
Transfer of Operating Funds:					
Capital Assets Fund		(64,936)	64,936		
Transfer of Operating Funds:					
Community Fund	220,044	(220,044)			
	$ 477,032	$ 421,010	$ 64,936	$ 282,600	$(1,245,578)

3. 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. 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*
The organization follows the restricted fund method in which externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed.

Unrestricted campaign contributions, net of an allowance for uncollectible pledges, are recognized as revenue in the period in which the campaign is held. Campaign contributions that are restricted by donors are deferred, and then recognized in the year in which the related restriction is met.

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. (A portion of the annual investment income equal to the Consumer Price Index is capitalized to the Tomorrow Fund on an annual basis - see Tomorrow Fund Note 2). 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.

Other revenues are recognized in the fund corresponding to the purpose for which they were contributed when persuasive evidence of an arrangement exists, the amount is fixed or determinable, and collection is reasonably assured. Where these amounts relate to pledges, the amount recorded is net of an allowance for uncollectible pledges.

United Way of Winnipeg is requested by certain employers and employee groups to act on behalf of their provincial and national campaigns by receiving funds and disbursing them on their behalf to other United Ways. Funds received and disbursed under these centrally coordinated campaigns are not included in the statement of community and operating activities and changes in fund balances. Total funds received and processed on behalf of other United Ways were $688,363 (2011 - $648,601).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *Revenue recognition (continued)*
Funds received by United Way of Winnipeg for campaigns centrally coordinated by other United Ways are included in the campaign revenue amount on the statement of community and operating activities and changes in fund balances.

c) *Fundraising Costs*
Fundraising costs are recognized as an expense in the period in which they are incurred.

Payments to agencies are recognized as expenses following both program and financial approval by the Board of Trustees.

d) *Pledges receivable*
Contributions pledged, net of an allowance for uncollectible pledges, are recorded as receivables.

e) *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	10 years
Equipment	5 years
Computer equipment	4 to 5 years
Computer software	3 to 4 years
Telecommunications	10 years
Leasehold improvements	Term of the lease

Costs reflected under the Building category are amortized based on the following components and rates on a straight-line basis:

Building	50 years
Roof	25 years
HVAC System	15 years

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Classification

Cash and investments	Held for trading
Pledges receivable	Loans and receivables
Mortgage payable	Other liabilities
Other liabilities	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

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) *Allocation of expenses*

General management and operations expenses along with general marketing and communication expenses are allocated between Resource development expenses and Community Investment management and administration expenses based on an analysis of time and effort to support these specific areas of the Organization.

i) *New accounting framework*

In December 2010, the CICA issued a new accounting framework applicable to not-for-profit organizations in the private sector. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations in the private sector will have to choose between International Financial Reporting Standards and Accounting Standards for Not-for-Profit Organizations, whichever suits them best. The Organization currently plans to adopt Accounting Standards for Not-for-Profit Organizations for its fiscal year beginning on April 1, 2012, however, the impact of this transition has not yet been determined.

4. CASH AND INVESTMENTS

	2012	2011
Cash	$ 5,071,509	$ 4,968,705
Short-term investments	439,033	435,247
Pooled investment funds	19,610,669	18,948,619
	$ 25,121,211	$ 24,352,571

5. PLEDGES RECEIVABLE

	2012	2011
Current campaign pledges	$ 9,836,594	$ 9,514,508
Prior campaign pledges	1,101,209	1,053,459
Other pledges	640,128	462,905
Other miscellaneous receivables	1,109,716	2,044,474
	12,687,647	13,075,346
Less allowance for uncollectible pledges	(1,450,000)	(1,450,000)
	$ 11,237,647	$ 11,625,346

6. CAPITAL ASSETS

	2012		2011	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	$ 663,265	$ 179,732	$ 659,144	$ 121,630
Equipment	15,297	11,414	15,297	10,304
Computer equipment	657,883	391,427	606,484	273,936
Computer software	1,264,109	1,122,273	1,238,349	1,031,424
Telecommunications	94,856	14,228	94,856	4,743
Leasehold Improvements	10,063	6,709	10,063	3,354
Land	523,283	-	523,283	-
Building	8,446,960	288,060	8,464,000	96,192
	$11,675,716	$ 2,013,843	$11,611,476	$ 1,541,583
Cost less accumulated amortization	$9,661,873		$10,069,893	

7. MORTGAGE PAYABLE

United Way of Winnipeg has a commercial mortgage loan with Cambrian Credit Union for a 12 month term, maturing December 31, 2012, and a 25 year amortization. The loan bears interest on a floating rate of prime + 1.00%, which as of March 31, 2012 was 4.00% (March 31, 2011 – 4.00%).

Amounts outstanding under the loan are repayable on demand. However, unless and otherwise demanded, blended monthly principal and interest payments of $17,335 are required on the 1st of every month.

The loan is secured by a first fixed charge over the commercial property located at 580 Main Street and a general security agreement providing a first floating charge over United Way of Winnipeg's assets related specifically to this project. As at March 31, 2012:

- The balance outstanding on the commercial loan is $3,213,292 (2011 - $4,154,071).
- The amount received to March 31, 2012 from Canada Manitoba Infrastructure towards United Way of Winnipeg's building was $5,389,958 (2011 - $5,491,525) on total costs of $9,916,667 (2011 - $9,916,667). During the year, the financing arrangement with Canada Manitoba Infrastructure was finalized and United Way of Winnipeg received an additional $94,903. In addition, an adjustment to prior year qualifying expenditures of $196,470 was required, resulting in a net reduction of total cumulative proceeds of $101,567. To date, a total of $1,810,000 has been pledged by donors.
- As at March 31, 2012, there is approximately $532,143 (2011 - $651,428) in outstanding capital campaign monies to be applied against the mortgage, all related to pledge receivables.

8. DEFERRED CONTRIBUTIONS

Deferred contributions reflect externally restricted contributions that include donor directed donations to specific registered charities and grants for specific purposes from private donors.

9. OTHER LIABILITIES

Other liabilities include funds held on behalf of the Winnipeg Poverty Reduction Council $402,954 (2011 - $443,746) and funds payable to other United Ways $709,907 (2011 - $697,871).

10. FINANCIAL INSTRUMENTS

a) *Interest rate risk*

Interest rate risk refers to the adverse consequences of interest rate changes on 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.

10. FINANCIAL INSTRUMENTS (continued)

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	8.9%	$ 1,745,069
Canadian Equity Funds	28.8%	5,655,283
Canadian Real Estate Funds	15.2%	2,976,341
Mortgage Funds	23.8%	4,660,164
U.S. Equity Funds	13.3%	2,613,249
International Equity Funds	10.0%	1,960,563
	100.0%	$ 19,610,669

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, 2012 is set out in Note 10b. The Organization does not engage in hedging transactions to reduce its exposure to foreign currency fluctuations.

d) *Fair value*

The fair value of pledges receivable, other liabilities, and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

The fair value of mortgage payable approximates its carrying value as it bears interest at variable rate and has financing conditions similar to those currently available to the Organization.

11. PENSION PLAN

The employees of United Way of Winnipeg are members of the Community Agencies Benefits Plan, a multi-employer, defined benefit pension plan, which is accounted for as a defined contribution plan. United Way of Winnipeg's pension contribution and expense for the year was $250,134 (2011 - $196,103).