

Financial Statements of

**UNITED WAY OF YORK REGION**

Year ended March 31, 2011



**KPMG LLP**  
**Chartered Accountants**  
Yonge Corporate Centre  
4100 Yonge Street Suite 200  
Toronto ON M2P 2H3  
Canada

Telephone (416) 228-7000  
Fax (416) 228-7123  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Members of United Way of York Region

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of York Region, which comprise the statement of financial position as at March 31, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *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.

#### *Auditors' 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 our 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, we consider 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 qualified audit opinion.



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*Basis for Qualified Opinion*

In common with many charitable organizations, United Way of York Region derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of United Way of York Region and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over distributions and expenses reported in the statement of operations, and current assets and net assets reported in the statement of financial position.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of United Way of York Region as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Report on Other Legal and Regulatory Requirements**

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied by in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

May 16, 2011  
Toronto, Canada

# UNITED WAY OF YORK REGION

## Statement of Financial Position

March 31, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Cash	\$ 1,829,758	\$ 1,782,129
Investments (note 2)	2,717,732	1,994,181
Donations and other receivables	5,507,473	5,339,021
Prepaid expenses	32,723	39,574
Capital assets (note 3)	33,955	3,354
	<u>\$ 10,121,641</u>	<u>\$ 9,158,259</u>

## Liabilities and Net Assets

### Liabilities:

Balance of distributions to UWYR agencies (note 10)	\$ 4,713,295	\$ 4,946,539
Designations for other United Ways and agencies	2,650,523	2,446,374
Accounts payable and accrued liabilities	100,765	119,084
Deferred revenue	24,269	18,026
Deferred capital contributions	10,608	—
	<u>7,499,460</u>	<u>7,530,023</u>

### Net assets:

Operating Fund	204,130	30,178
Invested in capital assets	23,347	3,354
Internally restricted (note 1(a)(ii))	2,394,704	1,594,704
	<u>2,622,181</u>	<u>1,628,236</u>

### Commitments (note 5)

	<u>\$ 10,121,641</u>	<u>\$ 9,158,259</u>
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See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# UNITED WAY OF YORK REGION

## Statement of Operations

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Campaign	\$ 7,434,813	\$ 6,543,879
Funds from other United Ways including Areawide	2,846,767	2,701,623
Funds for other United Ways	(773,222)	(624,618)
	9,508,358	8,620,884
Pledge shrinkage	(255,361)	(261,180)
Net campaign revenue	9,252,997	8,359,704
Prior years pledge shrinkage adjustment	281,820	—
Other	61,139	71,844
Investment	31,955	25,951
Total revenue	9,627,911	8,457,499
Distributions and expenses:		
Distributions and community programs:		
Allocations to United Way of York Region		
member agencies (note 10)	4,713,295	4,946,539
Strength investment program	150,000	—
Program funding	612,225	579,599
Donor designations to:		
United Way of York Region member agencies	247,972	198,400
Other United Ways	683,398	494,374
Other registered charities	607,903	498,936
Total distributions	7,014,793	6,717,848
Operating expenses:		
Fundraising	1,480,249	1,381,497
Areawide campaign costs	138,924	155,770
	1,619,173	1,537,267
Total distributions and expenses	8,633,966	8,255,115
Excess of revenue over distributions and expenses	\$ 993,945	\$ 202,384

See accompanying notes to financial statements.

# UNITED WAY OF YORK REGION

## Statement of Changes in Net Assets

Year ended March 31, 2011, with comparative figures for 2010

							2011	2010
	Operating Fund	Invested in capital assets	Internally restricted funds				Total	Total
			Agency Emergency Fund	Stabilization Fund	Strength Investment Fund	Restricted Community Fund		
Net assets, beginning of year	\$ 30,178	\$ 3,354	\$ 100,000	\$ 1,344,704	\$ 150,000	\$ -	\$ 1,628,236	\$ 1,425,852
Invested in capital assets	(28,725)	28,725	-	-	-	-	-	-
Interfund transfer (note 9)	(800,000)	-	-	300,000	-	500,000	-	-
Excess of revenue over distributions and expenses	1,002,677	(8,732)	-	-	-	-	993,945	202,384
<b>Net assets, end of year</b>	<b>\$ 204,130</b>	<b>\$ 23,347</b>	<b>\$ 100,000</b>	<b>\$ 1,644,704</b>	<b>\$ 150,000</b>	<b>\$ 500,000</b>	<b>\$ 2,622,181</b>	<b>\$ 1,628,236</b>

See accompanying notes to financial statements.

# UNITED WAY OF YORK REGION

## Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash flows from operating activities:		
Excess of revenue over distributions and expenses	\$ 993,945	\$ 202,384
Item not involving cash:		
Amortization of capital assets	12,805	3,043
Amortization of deferred capital contributions	(4,073)	—
Unrealized loss (gain) on investments	(10,007)	1,072
Change in non-cash operating items	(202,772)	(129,071)
Cash flows from operating activities	789,898	77,428
Cash flows from investing activities:		
Purchase of capital assets	(28,725)	—
Decrease (increase) in investments, net	(713,544)	275,581
Cash flows from (used in) investing activities	(742,269)	275,581
Increase in cash	47,629	353,009
Cash, beginning of year	1,782,129	1,429,120
Cash, end of year	\$ 1,829,758	\$ 1,782,129

See accompanying notes to financial statements.

# UNITED WAY OF YORK REGION

Notes to Financial Statements

Year ended March 31, 2011

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The purpose of United Way of York Region ("UWYR") is to unite donors, volunteers, human service providers and their clients to improve the quality of life in the communities of York Region. UWYR is incorporated under the laws of the Province of Ontario as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act (Canada).

## 1. Significant accounting policies:

In 2009, UWYR adopted the Transparency, Accountability and Financial Reporting ("TAFR") policies for United Ways - Centraides in Canada. These policies enhance transparency of financial information, simplicity in the presentation of financial information and provide more clarity and consistency in financial management and reporting amongst all United Ways - Centraides. These policies do not differ from Canadian generally accepted accounting principles ("GAAP").

These financial statements have been prepared in accordance with GAAP applied within the framework of the significant accounting policies summarized below:

### (a) Fund accounting:

UWYR follows the deferral method of accounting for contributions.

#### (i) Operating Fund:

Revenue and expenses related to campaign activities, program activities and allocations to agencies in the community are reported in the Operating Fund.

#### (ii) Internally restricted funds:

The Board of Directors have internally restricted the following funds:

##### (a) Agency Emergency Fund:

The Agency Emergency Fund was established to provide emergency funding to agencies in circumstances which suddenly affect their ability to operate, and which are one-time events.

# UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2011

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## 1. Significant accounting policies (continued):

### (b) Stabilization Fund:

UWYR's goal is to accumulate an amount equal to three months' operating and allocations expenditures as a contingency fund to create stability of agency funding and to fund special initiatives as approved by the Board of Directors. In accordance with current policy of UWYR, a portion of the excess of revenue over expenses for the year has been added to the stabilization fund as an allocation from the operating fund.

### (c) Strength Investment Fund:

Established as a pilot in 2010, the goal of the fund is to proactively advance quality of life in neighbourhoods across York Region, supporting initiatives and projects that, aligned with UWYR's mission and community priorities, demonstrate: active engagement of residents, community groups, associations, local business and providers in community planning, decision making and action; innovative and collaborative responses to complex social issues; broad and strong partnerships among diverse stakeholders.

### (d) Restricted Community Fund:

This fund has been established to record surplus revenue set aside for recipient agencies yet to be determined. The recipient agencies will be determined after a process of application and evaluation. When the agencies to be funded have been determined, the money will be transferred to the community fund and allocated over the fiscal year.

### (b) Revenue recognition:

UWYR recognizes pledges when amounts are pledged. All other donations revenue is recognized when received. A provision is recorded to reduce pledges receivable and revenue for estimated uncollectible pledges.

# UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2011

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## 1. Significant accounting policies (continued):

UWYR is requested by certain employers and employee groups, to act as the co-ordinator of their national campaigns, to receive and disburse funds on behalf of other United Ways within their local communities. These campaigns are called Centrally Coordinated Campaigns ("CCC").

(i) Funds received from other United Ways including Areawide:

These funds from other United Ways under the CCC and Areawide arrangement are reported separately in revenue when pledged or received in these financial statements.

(ii) Funds received for other United Ways:

Funds received by UWYR under the CCC arrangement are included in the campaign revenue amount on the statement of operations when pledged. The funds to be distributed are recorded as a reduction to campaign revenue.

Designated donations and funds pledged for other charities that have not been distributed at year end are recorded as designations for other United Ways and agencies on the statement of financial position.

Contributed capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

(c) Contributed services:

Volunteers contribute their time to assist UWYR in carrying out its mission. Because of the difficulty of determining the fair value of contributed services, they are not recognized in the financial statements.

(d) Financial instruments:

Cash and investments are classified as held-for-trading and stated at fair value. Donations and other receivables are classified as loans and receivables, which are measured at amortized cost. Balance of distributions to UWYR agencies, collections designated to other United Ways and agencies and accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

# UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2011

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## 1. Significant accounting policies (continued):

In determining fair values for investments, adjustments have not been made for transaction costs as they are not considered significant. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in other income in the statement of operations.

Fair values of investments are determined as follows:

- (i) Fixed income securities are valued at year-end quoted market prices, where available. Where quoted market prices are not available, estimated fair values are calculated using comparable securities.
- (ii) Guaranteed income certificates ("GICs") maturing within a year are stated at cost, which together with accrued interest income, approximate fair value given the short-term nature of these investments.

### (e) Capital assets:

Purchased and donated capital assets in excess of \$1,000 are recorded at cost, or fair market value at the time of donation. Amortization is provided on a straight-line basis over the following estimated useful lives of the assets:

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Office equipment	3 years
Computer software	3 years
Furniture and fixtures	10 years
Leasehold improvements	Term of lease plus one renewal

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### (f) Allocation of expenses:

Expenses include salaries and benefits, occupancy and office expenses, staff and volunteer training, direct campaign costs and professional services.

General management and administrative expenses are allocated between fundraising expenses and program funding based on effort.

# UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2011

## 1. Significant accounting policies (continued):

General management and administrative expenses are allocated as follows:

	2011		2010	
Fundraising	\$ 362,250	70%	\$ 322,469	67%
Program funding	157,363	30%	158,828	33%
	<u>\$ 519,613</u>		<u>\$ 481,297</u>	

### (g) Use of estimates:

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

## 2. Investments:

Investments are GICs and a mutual fund.

These investments bear an average effective interest rate of 1.62% (2010 - 0.20%) with maturity dates from November 21, 2011 to March 12, 2012 (2010 - September 30, 2010 to March 5, 2011).

## 3. Capital assets:

	2011		2010	
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 249,392	\$ 227,272	\$ 22,120	\$ 2,280
Computer software	89,088	78,075	11,013	—
Furniture and fixtures	4,438	3,616	822	1,074
Leasehold improvements	5,755	5,755	—	—
	<u>\$ 348,673</u>	<u>\$ 314,718</u>	<u>\$ 33,955</u>	<u>\$ 3,354</u>

Amortization expense for the year is \$12,805 (2010 - \$3,043).

# UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2011

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## 4. Employee future benefits:

Employees of UWYR are eligible to be members of the Retirement Benefit Plan for the Employees of The United Way/Centraide of Canada and Participating Member Agencies, which is a multi-employer defined benefit plan. Employer contributions made to the plan during the year amounted to \$34,117 (2010 - \$39,417).

## 5. Commitments:

Minimum lease obligations for office premises are approximately as follows:

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2012	\$ 179,800
2013	176,200
2014	176,200
2015	44,000
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	\$ 576,200

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## 6. Financial instruments:

### (a) Investment risk management:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk.

UWYR mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

### (b) Credit risk:

Campaign pledges receivable and other receivables are subject to credit risk. Cash is held in credit-worthy financial institutions.

# UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2011

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## 6. Financial instruments (continued):

### (c) Market and interest rate risks:

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities. The value of securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

## 7. Credit facility:

UWYR has an arrangement with its banker providing for an operating credit facility in the amount of \$180,000, bearing interest at the bank's prime lending rate. Borrowings under the credit facility are unsecured. At March 31, 2010 and 2011, no amounts were outstanding or drawn up under this facility during the year.

## 8. Management of capital:

UWYR defines its capital as the amounts included in its net assets. UWYR's objective when managing its capital is to safeguard UWYR's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to the public.

A portion of UWYR's capital is internally restricted as described in note 1(a)(ii). UWYR has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

## 9. Interfund transfers:

The Board of Directors approved transfers of \$300,000 during the year. A balance of \$300,000 was transferred to the Stabilization Fund, consistent with the policy described in note 1(a)(ii)(b).

During the year, \$150,000 was spent from the Strength Investment Fund and the Board of Directors approved an additional transfer of \$150,000 to this fund. An additional \$500,000 was transferred to the Restricted Community Fund during the year.

# UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2011

## 10. Allocation to agencies:

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2010 campaign:	
Alzheimer Society of York Region	\$ 33,669
Big Brothers Big Sisters of York	85,816
Blue Door Shelters	372,593
Canadian Mental Health Association, York Region Branch	192,956
Canadian Red Cross Society - Region of York Branch	64,637
Carefirst Seniors & Community Services Association	115,852
Catholic Community Services of York Region	104,450
Centre for Information and Community Services of Ontario	146,960
Chinese Family Services of Ontario	50,000
CNIB-Ontario Central Region	33,223
Community Home Assistance to Seniors (CHATS)	238,605
Community Living Georgina	7,657
Community Living Newmarket/Aurora District	89,519
Community Living York South	217,853
COSTI Immigrant Services	90,325
Family Services York Region	754,429
Girls Incorporated of York Region	92,191
Hospice Georgina	37,722
Jericho Youth Services	76,074
Jewish Family and Child Service	85,377
Job Skills	84,044
Labour Community Services of Metropolitan Toronto	99,068
Learning Centre for Georgina	102,673
Learning Disabilities Association of York Region	76,366
Literacy Council York-Simcoe	27,367
Pathways for Children, Youth and Families of York Region Inc.	104,137
Rose of Sharon Services for Young Mothers	77,019
Sandgate, Women's Shelter of York Region	149,969
Social Services Network	66,667
The AIDS Committee of York Region	40,000
The Canadian Hearing Society - Simcoe York Region	175,849
The Cross-Cultural Community Services Association	33,162
The Vitanova Foundation	50,460
The York Centre for Children, Youth and Families	138,811
Victim Services of York Region Inc.	121,122
Vita Community Living Services	75,397
Women's Centre of York Region	29,018
Yellow Brick House	138,098
York Region Abuse Program	184,160
York Region Food Network	50,000
	4,713,295
Restricted Community Fund	500,000
Restricted Strength Investment Fund	150,000
<b>Total</b>	<b>\$ 5,363,295</b>

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# UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2011

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## 11. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.