

Financial Statements of

UNITED WAY OF YORK REGION

Year ended March 31, 2010



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AUDITORS' REPORT

To the Members of United Way of York Region

We have audited the statement of financial position of United Way of York Region ("UWYR") as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of UWYR's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many not-for-profit organizations, UWYR derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of UWYR and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary, had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of UWYR as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Corporations Act (Ontario), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

April 23, 2010

UNITED WAY OF YORK REGION

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Cash	\$ 1,782,129	\$ 1,429,120
Investments (note 3)	1,994,181	2,270,834
Donations and other receivables	5,339,021	5,034,714
Prepaid expenses	39,574	49,560
Capital assets (note 4)	3,354	6,397
	<u>\$ 9,158,259</u>	<u>\$ 8,790,625</u>

Liabilities and Net Assets

Liabilities:		
Balance of distributions to UWYR agencies (note 11)	\$ 4,946,539	\$ 4,960,509
Collections designated to other United Ways and agencies	2,446,374	2,259,468
Accounts payable and accrued liabilities	119,084	128,646
Deferred revenue	18,026	16,150
	<u>7,530,023</u>	<u>7,364,773</u>
Net assets:		
Operating Fund	30,178	75,943
Invested in capital assets	3,354	6,397
Internally restricted (note 1(a)(ii))	1,594,704	1,343,512
	<u>1,628,236</u>	<u>1,425,852</u>
Commitments (note 6)		
	<u>\$ 9,158,259</u>	<u>\$ 8,790,625</u>

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, 2010, with comparative figures for 2009

	2010	2009
Campaign revenue	\$ 8,660,382	\$ 8,732,913
Net pledge loss	261,180	473,409
Net campaign revenue	8,399,202	8,259,504
Funds received from other United Ways	644,043	582,537
Other income	38,872	220,958
	682,915	803,495
Total revenue	9,082,117	9,062,999
Donor designations:		
Funds paid to other United Ways	1,043,476	915,469
Funds paid to other agencies	772,852	1,222,834
	1,816,328	2,138,303
Available for expenses, program funding and allocations to agencies	7,265,789	6,924,696
Fundraising expenses	1,537,267	1,676,883
Available for program funding and allocations to agencies	5,728,522	5,247,813
Program funding	579,599	422,953
Allocations to agencies (note 11)	4,946,539	5,449,871
	5,526,138	5,872,824
Excess (deficiency) of revenue over expenses	\$ 202,384	\$ (625,011)

See accompanying notes to financial statements.

UNITED WAY OF YORK REGION

Statement of Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	2010					2009				
	Operating Fund	Invested in capital assets	Agency Emergency Fund	Stabilization Fund	Strength Investment Fund	Operating Fund	Invested in capital assets	Agency Emergency Fund	Stabilization Fund	Strength Investment Fund
Net assets, beginning of year	\$ 75,943	\$ 6,397	\$ 100,000	\$ 1,243,512	\$ -	\$ 75,943	\$ 6,397	\$ 100,000	\$ 1,243,512	\$ -
Excess (deficiency) of revenue over expenses	205,427	(3,043)	-	-	-	205,427	(3,043)	-	-	-
Interfund transfers (note 10)	(251,192)	-	-	101,192	150,000	(251,192)	-	-	101,192	150,000
Net assets, end of year	\$ 30,178	\$ 3,354	\$ 100,000	\$ 1,344,704	\$ 150,000	\$ 30,178	\$ 3,354	\$ 100,000	\$ 1,628,236	\$ 1,425,852

See accompanying notes to financial statements.

UNITED WAY OF YORK REGION

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 202,384	\$ (625,011)
Item not involving cash:		
Amortization of capital assets	3,043	1,647
Unrealized loss on investments	1,072	81,843
Change in non-cash operating items	(130,947)	355,279
Change in other deferred revenue	1,876	4,252
Cash flows from (used in) operating activities	77,428	(181,990)
Cash flows from investing activities:		
Purchase of capital assets	—	(3,610)
Decrease in investments, net	275,581	1,510,384
Cash flows from investing activities	275,581	1,506,774
Increase in cash	353,009	1,324,784
Cash, beginning of year	1,429,120	104,336
Cash, end of year	\$ 1,782,129	\$ 1,429,120

See accompanying notes to financial statements.

UNITED WAY OF YORK REGION

Notes to Financial Statements

Year ended March 31, 2010

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, 2010

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, 50% 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.

(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.

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. Funds received under these centrally co-ordinated campaigns are included in liabilities on the statement of financial position.

Designated donations and funds received under flowthrough arrangements for other charities that have not been distributed at year end are recorded as collections designated to other United Ways and agencies.

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

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Notes to Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(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.

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.

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Notes to Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(e) Capital assets:

Purchased and donated capital assets in excess of \$1,000 are recorded in the Capital Fund 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:

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

(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.

General management and administrative expenses are allocated as follows:

	2010		2009	
Fundraising	\$ 322,469	67%	\$ 357,874	72%
Program funding	158,828	33%	139,172	28%

(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.

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Notes to Financial Statements (continued)

Year ended March 31, 2010

2. Changes in accounting policies:

- (a) Amendments to Section 4400, Accounting Standards That Apply to Not-For-Profit Organizations ("Section 4400"):

Effective April 1, 2009, the United Way adopted the CICA amendments to Section 4400. These amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flows. Adoption of these recommendations had no significant impact on the financial statements for the year ended March 31, 2010.

- (b) Amendments to Section 1000, Financial Statement Concepts ("Section 1000"):

Effective April 1, 2009, the United Way adopted the CICA amendments to Section 1000. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching of revenue and expense items. Adoption of these recommendations had no significant impact on the financial statements for the year ended March 31, 2010.

- (c) Amendments to Section 4470, Disclosure of Allocation Expenses by Not-for-Profit Organizations ("Section 4470"):

Effective April 1, 2009, the United Way adopted the amendments to Section 4470, which establish disclosure standards for organizations that choose to classify their expenses by function and allocate expenses from one function to another. The applicable disclosure is included in note 1(f).

3. Investments:

Investments include GICs and fixed income bankers' acceptances.

These investments bear average effective interest rates of 0.20% (2009 - 0.45% to 2.00%) with maturity dates from September 30, 2010 to March 5, 2011 (2009 - April 1, 2009 to April 1, 2010).

UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2010

4. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 221,628	\$ 219,348	\$ 2,280	\$ 3,484
Computer software	73,443	73,443	—	—
Furniture and fixtures	4,439	3,365	1,074	1,318
Leasehold improvements	5,755	5,755	—	1,595
	<u>\$ 305,265</u>	<u>\$ 301,911</u>	<u>\$ 3,354</u>	<u>\$ 6,397</u>

Amortization expense for the year is \$3,043 (2009 - \$1,647).

5. 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 \$39,417 (2009 - \$42,865).

6. Commitments:

Minimum lease obligations for office premises are approximately as follows:

2011	\$ 179,800
2012	179,800
2013	176,200
2014	176,200
2015	44,000
	<u>\$ 756,000</u>

UNITED WAY OF YORK REGION

Notes to Financial Statements (continued)

Year ended March 31, 2010

7. 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.

(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.

8. 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 secured by a general security agreement covering all UWYR's assets. At March 31, 2010, nil (2009 - nil) was outstanding under this facility and nil (2009 - nil) was drawn upon during the year.

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Notes to Financial Statements (continued)

Year ended March 31, 2010

9. 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 in that UWYR is required to meet certain requirements in order to utilize its internally restricted funds, as described in note 10. 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.

10. Interfund transfers:

The Board of Directors approved a transfer of \$150,000 to the Strength Investment Fund during the year. A balance of \$101,192 was transferred to the Stabilization Fund consistent with the policy described in note 1(a)(ii)(b).