

Financial Statements of
UNITED WAY OF WINNIPEG
March 31, 2015

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, 2015 and the statement of community and operating activities and changes in fund balances and statements of 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 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.

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 in our audit 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants
May 25, 2015
Winnipeg, Manitoba

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Balance Sheet | 1 |
| Statement of Community and Operating Activities and Changes in Fund Balances for the year ended March 31, 2015 | 2 |
| Statement of Community and Operating Activities and Changes in Fund Balances for the year ended March 31, 2014 | 3 |
| Statement of Cash Flows | 4 |
| Notes to the Financial Statements | 5 - 12 |

UNITED WAY OF WINNIPEG
Balance Sheet
March 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| CASH AND INVESTMENTS (Note 4) | \$ 31,984,104 | \$ 31,319,064 |
| PLEDGES RECEIVABLE (Note 5) | 10,885,424 | 10,639,783 |
| CAPITAL ASSETS (Note 6) | 9,137,109 | 9,243,693 |
| | \$ 52,006,637 | \$ 51,202,540 |
| LIABILITIES | | |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | \$ 1,394,025 | \$ 1,292,034 |
| MORTGAGE PAYABLE (Note 8) | 1,714,347 | 2,789,365 |
| DEFERRED CONTRIBUTIONS (Note 9) | 1,006,945 | 1,519,847 |
| OTHER LIABILITIES (Note 10) | 1,561,661 | 1,377,120 |
| | 5,676,978 | 6,978,366 |
| FUND BALANCES (Note 2) | | |
| COMMUNITY FUND | 20,637,545 | 20,104,536 |
| OPERATING FUND | 364,268 | 722,176 |
| CAPITAL ASSETS FUND | 7,284,093 | 6,550,676 |
| TOMORROW FUND | 12,268,005 | 11,720,606 |
| STABILIZATION FUND | 5,635,748 | 5,111,180 |
| BUILDING FUND | 140,000 | 15,000 |
| | 46,329,659 | 44,224,174 |
| | \$ 52,006,637 | \$ 51,202,540 |

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES



.....
 Herb Peters, Chairperson



.....
 Stefan Kristjanson, Treasurer

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities and Changes in Fund Balances
Year Ended March 31, 2015

| | 2015 | | | | | | Total |
|--|-------------------|------------------|---------------------|----------------|--------------------|---------------|-------------------|
| | Community Fund | Operating Fund | Capital Assets Fund | Tomorrow Fund | Stabilization Fund | Building Fund | |
| REVENUE | | | | | | | |
| Net campaign contributions: | | | | | | | |
| Donations | \$ 19,480,225 | - | | | | | \$ 19,480,225 |
| Special events | | - | | | | | - |
| Donor directed | 934,701 | | | | | | 934,701 |
| Donor directed fees | | 34,188 | | | | | 34,188 |
| Recoveries from the campaigns of prior years | 171,841 | | | | | | 171,841 |
| Province of Manitoba | | 4,189,888 | | | | | 4,189,888 |
| Legacy giving | | | | 359,398 | | | 359,398 |
| Sponsorships, grants and other income | 319,668 | 477,652 | | | | | 797,320 |
| Funding partners and special initiatives | 83,437 | | | | | | 83,437 |
| Boldness Project revenue | 712,925 | | | | | | 712,925 |
| Investment income (Note 3b) | | | | | 2,652,808 | | 2,652,808 |
| | 21,702,797 | 4,701,728 | - | 359,398 | 2,652,808 | - | 29,416,731 |
| COMMUNITY INVESTMENT | | | | | | | |
| Funding to agencies | 16,702,488 | | | | | | 16,702,488 |
| Donor directed | 934,701 | | | | | | 934,701 |
| Programs and activities | 3,359,414 | | | | | | 3,359,414 |
| Boldness Project expenses | 712,925 | | | | | | 712,925 |
| Management and administration | | 520,905 | | | | | 520,905 |
| United Way of Canada | | 215,720 | | | | | 215,720 |
| | 21,709,528 | 736,625 | - | - | - | - | 22,446,153 |
| OPERATIONS | | | | | | | |
| Resource development | | 4,174,421 | | | | | 4,174,421 |
| Business development | | 65,071 | | | | | 65,071 |
| Organizational development initiatives | | 35,311 | | | | | 35,311 |
| Amortization of capital assets | | | 424,939 | | | | 424,939 |
| | - | 4,274,803 | 424,939 | - | - | - | 4,699,742 |
| One-Time Special Initiatives | - | 165,351 | - | - | - | - | 165,351 |
| Net funds before transfers | (6,731) | (475,051) | (424,939) | 359,398 | 2,652,808 | - | 2,105,485 |
| Interfund transfers (Note 2) | 539,740 | 117,143 | 1,158,356 | 188,001 | (2,128,240) | 125,000 | - |
| Opening fund balance | 20,104,536 | 722,176 | 6,550,676 | 11,720,606 | 5,111,180 | 15,000 | 44,224,174 |
| Closing fund balance | \$ 20,637,545 | \$ 364,268 | \$ 7,284,093 | \$ 12,268,005 | \$ 5,635,748 | \$ 140,000 | \$ 46,329,659 |

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities and Changes in Fund Balances
Year Ended March 31, 2014

| | 2014 | | | | | | Total |
|---|-------------------|-------------------|------------------------|------------------|-----------------------|------------------|-------------------|
| | Community Fund | Operating Fund | Capital Assets Fund | Tomorrow Fund | Stabilization Fund | Building Fund | |
| REVENUE | | | | | | | |
| Net campaign contributions: | | | | | | | |
| Donations | \$ 18,690,864 | | | | | | \$ 18,690,864 |
| Special events | | 772,964 | | | | | 772,964 |
| Donor directed | 1,129,274 | | | | | | 1,129,274 |
| Donor directed fees | | 14,895 | | | | | 14,895 |
| Recoveries from the campaigns of prior years | 308,417 | | | | | | 308,417 |
| Province of Manitoba | | 2,986,574 | | | | | 2,986,574 |
| Legacy giving | | | | 586,937 | | | 586,937 |
| Sponsorships, grants and other income | 395,395 | 460,909 | | | | | 856,304 |
| Funding partners and special initiatives | 87,670 | | | | | | 87,670 |
| Boldness Project revenue | 135,032 | | | | | | 135,032 |
| Investment income (Note 3b) | | | | | 3,463,951 | | 3,463,951 |
| | 20,746,652 | 4,235,342 | - | 586,937 | 3,463,951 | - | 29,032,882 |
| COMMUNITY INVESTMENT | | | | | | | |
| Funding to agencies | 16,504,882 | | | | | | 16,504,882 |
| Donor directed | 1,129,274 | | | | | | 1,129,274 |
| Programs and activities | 2,811,006 | | | | | | 2,811,006 |
| Boldness Project expenses | 135,032 | | | | | | 135,032 |
| Management and administration | | 505,639 | | | | | 505,639 |
| United Way of Canada | | 206,044 | | | | | 206,044 |
| | 20,580,194 | 711,683 | - | - | - | - | 21,291,877 |
| OPERATIONS | | | | | | | |
| Resource development | | 4,108,251 | | | | | 4,108,251 |
| Business development | | 101,856 | | | | | 101,856 |
| Organizational development initiatives | | 45,935 | | | | | 45,935 |
| Amortization of capital assets | | | 438,493 | | | | 438,493 |
| | - | 4,256,042 | 438,493 | - | - | - | 4,694,535 |
| Net funds before transfers | 166,458 | (732,383) | (438,493) | 586,937 | 3,463,951 | - | 3,046,470 |
| Interfund transfers (Note 2) | 236,642 | 537,637 | 237,903 | 257,476 | (1,279,658) | 10,000 | - |
| Opening fund balance | 19,701,436 | 916,922 | 6,751,266 | 10,876,193 | 2,926,887 | 5,000 | 41,177,704 |
| Closing fund balance | \$ 20,104,536 | \$ 722,176 | \$ 6,550,676 | \$ 11,720,606 | \$ 5,111,180 | \$ 15,000 | \$ 44,224,174 |

UNITED WAY OF WINNIPEG

Statement of Cash Flows

Year ended March 31, 2015

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Net funds before transfers | \$ 2,105,485 | \$ 3,046,470 |
| Items not involving cash | | |
| Amortization | 424,939 | 438,493 |
| Unrealized gain on investments | (640,853) | -3,449,369 |
| Non-operating Tomorrow Fund contributions | (359,398) | -586,937 |
| Change in deferred contributions | (462,902) | 454,345 |
| Changes in non-cash working capital | (58,919) | 1,030,311 |
| | <u>1,008,352</u> | <u>933,313</u> |
| Cash flows from financing activities | | |
| Tomorrow Fund contributions received | 354,923 | 587,007 |
| New Building Capital contributions received | 54,286 | 149,290 |
| Repayment of mortgage payable | (1,075,018) | -208,427 |
| | <u>-665,809</u> | <u>527,870</u> |
| Cash flows from investing activities | | |
| Capital expenditures, net | (318,356) | -237,903 |
| | <u>-318,356</u> | <u>-237,903</u> |
| Change in cash and cash equivalents | 24,187 | 1,223,280 |
| Cash and cash equivalents, beginning of year | 6,374,948 | 5,151,668 |
| Cash and cash equivalents, end of year | <u>\$ 6,399,135</u> | <u>\$ 6,374,948</u> |

Represented by:

| | | |
|------------------------|---------------------|---------------------|
| Cash | \$ 5,948,295 | \$ 5,927,935 |
| Short-term investments | 450,840 | 447,013 |
| | <u>\$ 6,399,135</u> | <u>\$ 6,374,948</u> |

UNITED WAY OF WINNIPEG

Notes to the Financial Statements

March 31, 2015

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 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 2015 Statement of Community and Operating Activities and Changes in Fund Balances include the proceeds of the 2014 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, 2016.

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2015

2. NATURE OF FUND BALANCES (continued)

Capital Assets Fund

The Capital Assets Fund was established to record the investment in 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 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.

Building Fund

The Building Fund was established to allow for funds to be set aside for future, significant repairs, maintenance and replacement costs related to United Way of Winnipeg's building at 580 Main Street.

The source of the Building Fund is annual transfers from the Operating Fund allocated through the annual budgeting process; to cover costs including, but not limited to, roof repairs/replacement, window replacement, HVAC systems etc.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2015

2. NATURE OF FUND BALANCES (continued)

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 Asset Fund | Tomorrow Fund | Stabilization Fund | Building Fund |
|---|----------------|----------------|--------------------|---------------|--------------------|---------------|
| Transfer of Stabilization Funds: | | | | | | |
| Investment Income | \$ 539,740 | \$ 432,180 | \$ - | \$ 188,001 | \$(1,159,921) | \$ - |
| CRM Project | | 237,897 | | | (237,897) | |
| Business Development | | 65,071 | | | (65,071) | |
| 50 th Anniversary | | 75,343 | | | (75,343) | |
| President & CEO Recruitment/ Transition Activities | | 90,008 | | | (90,008) | |
| Mortgage | | (340,000) | 840,000 | | (500,000) | |
| Transfer of Operating Funds: | | | | | | |
| Capital Assets Fund | | (318,356) | 318,356 | | | |
| Transfer of Operating Funds: | | | | | | |
| Building Fund | | (125,000) | | | | 125,000 |
| | \$ 539,740 | \$ 117,143 | \$ 1,158,356 | \$ 188,001 | \$(2,128,240) | \$125,000 |

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations 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. 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

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition (continued)

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 \$672,859 (2014 - \$392,439).

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 |
| Donation software | 10 years |
| Telecommunications | 10 years |
| Leasehold improvements | Term of the lease |

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Capital assets (continued)

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 accounting standards for not-for-profit organizations 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

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of community and operating activities and changes in fund balances.

Financial assets measured at amortized cost include cash and pledges receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, mortgage payable, and other liabilities.

The Organization's financial assets measured at fair value include short-term investments and pooled investment funds.

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2015

4. CASH AND INVESTMENTS

| | <u>2015</u> | <u>2014</u> |
|-------------------------|----------------------|---------------|
| Cash | \$ 5,948,295 | \$ 5,927,935 |
| Short-term investments | 450,840 | 447,013 |
| Pooled investment funds | 25,584,969 | 24,944,116 |
| | \$ 31,984,104 | \$ 31,319,064 |

5. PLEDGES RECEIVABLE

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|---------------|
| Current campaign pledges | \$ 9,678,683 | \$ 9,614,229 |
| Prior campaign pledges | 1,179,811 | 1,014,790 |
| Other pledges | 247,786 | 337,597 |
| Other miscellaneous receivables | 1,279,144 | 1,173,167 |
| | 12,385,424 | 12,139,783 |
| Less allowance for uncollectible pledges | (1,500,000) | (1,500,000) |
| | \$ 10,885,424 | \$ 10,639,783 |

6. CAPITAL ASSETS

| | <u>2015</u> | | <u>2014</u> | |
|---------------------------------------|---------------------|-----------------------------|--------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Furniture and fixtures | \$ 679,995 | \$ 357,932 | \$ 678,271 | \$ 298,036 |
| Equipment | 15,297 | 14,742 | 15,297 | 13,633 |
| Computer equipment | 839,140 | 691,636 | 760,647 | 592,353 |
| Computer software | 1,273,872 | 1,270,957 | 1,273,628 | 1,251,481 |
| Donation software | 565,899 | 59,522 | 328,002 | 16,400 |
| Telecommunications | 94,856 | 42,685 | 94,856 | 33,200 |
| Leasehold Improvements | 10,063 | 10,063 | 10,063 | 10,063 |
| Land | 523,283 | - | 523,283 | - |
| Building | 8,446,960 | 864,719 | 8,446,960 | 672,148 |
| | 12,449,365 | 3,312,256 | 12,131,007 | 2,887,314 |
| Cost less accumulated amortization | \$ 9,137,109 | | \$ 9,243,693 | |

7. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities at March 31, 2015 is \$37,552 of property taxes owing and payroll remittances (2014 - \$33,321).

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2015

8. MORTGAGE PAYABLE

United Way of Winnipeg has a commercial mortgage loan with Cambrian Credit Union for a 12 month term (maturing December 31, 2015) and a 25 year amortization. The loan bears interest on a floating rate of prime + 1.00%, which as of March 31, 2015 was 3.85% (2014 – 4.00%).

Amounts outstanding under the loan are repayable on demand. However, unless and otherwise demanded, blended monthly principal and interest payments of \$18,765 are required on the 1st of every month. No donor dollars are used towards the financing costs of the mortgage.

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.

The construction of the commercial property located at 580 Main Street was financed by way of:

- A commercial loan, which as at March 31, 2015 is \$1,714,347;
- Government contributions of \$5,389,958 from Canada Manitoba Infrastructure; and
- \$1,810,000 of capital campaign donation pledges.

As at March 31, 2015, there is approximately \$114,286 (2014 - \$168,571) in outstanding capital campaign monies to be applied against the mortgage, all related to pledge receivables.

9. DEFERRED CONTRIBUTIONS

Deferred contributions reflect externally restricted contributions that include donor directed donations to specific registered charities, grants for specific purposes from private donors, and unspent funding received for the Winnipeg Boldness Project of \$352,266 (2014 - \$665,189).

10. OTHER LIABILITIES

Other liabilities include funds payable to other United Ways of \$982,636 (2014 - \$991,691) and previously, funds held on behalf of the Winnipeg Poverty Reduction Council of \$nil (2014 - \$163,073).

11. 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 and mortgage payable. The value of the Organization's assets is affected by short-term changes in nominal interest rates and equity markets.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2015

11. 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

| | | |
|---------------------------------|---------------|----------------------|
| Corporate/Government Bond Funds | 11.0% | \$ 2,805,603 |
| Canadian Equity Funds | 25.1% | 6,413,464 |
| Canadian Real Estate Funds | 16.9% | 4,323,752 |
| Mortgage Funds | 21.9% | 5,592,063 |
| U.S. Equity Funds | 13.1% | 3,364,091 |
| International Equity Funds | 10.0% | 2,563,522 |
| Emerging Markets Fund | 2.0% | 522,474 |
| | <u>100.0%</u> | <u>\$ 25,584,969</u> |

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, 2015 is set out in Note 11 (b). The Organization does not engage in hedging transactions to reduce its exposure to foreign currency fluctuations.

12. PENSION PLAN

The employees of United Way of Winnipeg are members of the Community Agencies Benefit 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 \$307,737 (2014 - \$271,751).