

Financial Statements of

UNITED WAY OF WINNIPEG

March 31, 2013 and March 31, 2012

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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 sheets as at March 31, 2013, March 31, 2012, and April 1, 2011, and the statements of community and operating activities and changes in fund balances and statements of cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits 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 audits 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, 2013, March 31, 2012, and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants
May 27, 2013
Winnipeg, Manitoba

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UNITED WAY OF WINNIPEG
Balance Sheets
March 31, 2013, March 31, 2012 and April 1, 2011

	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>	<u>April 1,</u> <u>2011</u> (Note 3)
ASSETS			
CASH AND INVESTMENTS (Note 5)	\$ 26,646,415	\$ 25,121,211	\$ 24,352,571
PLEDGES RECEIVABLE (Note 6)	10,955,506	11,237,647	11,625,346
CAPITAL ASSETS (Note 7)	9,444,282	9,661,873	10,069,893
	<u>\$ 47,046,203</u>	<u>\$ 46,020,731</u>	<u>\$ 46,047,810</u>
LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 666,903	\$ 816,034	\$ 866,505
MORTGAGE PAYABLE (Note 9)	2,997,792	3,213,292	4,154,071
DEFERRED CONTRIBUTIONS (Note 10)	1,065,502	1,177,532	1,175,509
OTHER LIABILITIES (Note 11)	1,138,302	1,297,215	1,236,787
	<u>5,868,499</u>	<u>6,504,073</u>	<u>7,432,872</u>
FUND BALANCES (Note 2)			
COMMUNITY FUND	19,701,436	19,003,743	17,758,268
OPERATING FUND	916,922	1,026,287	1,072,886
CAPITAL ASSETS FUND	6,751,266	6,968,857	7,477,747
TOMORROW FUND	10,876,193	10,371,308	9,597,242
STABILIZATION FUND	2,926,887	2,146,463	2,708,795
BUILDING FUND	5,000	-	-
	<u>41,177,704</u>	<u>39,516,658</u>	<u>38,614,938</u>
	<u>\$ 47,046,203</u>	<u>\$ 46,020,731</u>	<u>\$ 46,047,810</u>

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES


 Ayn Wilcox, Chairperson


 Tanis Petreny, Treasurer

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities and Changes in Fund Balances
Year Ended March 31, 2013

2013

	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building Fund	Total
REVENUE							
Net campaign contributions:							
Donations	\$ 18,289,213						\$ 18,289,213
Special events		740,309					740,309
Donor directed	1,248,859						1,248,859
Donor directed fees		29,884					29,884
Recoveries from the campaigns of prior years	256,760						256,760
Province of Manitoba		2,986,574		342,739			2,986,574
Legacy giving							342,739
Sponsorships, grants and other income	388,751	438,991					827,742
Funding partners and special initiatives	76,070						76,070
Investment income (Note 4g)					1,906,910		1,906,910
	20,259,653	4,195,758	-	342,739	1,906,910	-	26,705,060
COMMUNITY INVESTMENT							
Funding to agencies	15,878,021						15,878,021
Donor directed	1,248,859						1,248,859
Programs and activities	2,794,812						2,794,812
Management and administration		487,518					487,518
United Way of Canada		209,425					209,425
	19,921,692	696,943	-	-	-	-	20,618,635
OPERATIONS							
Resource development		3,973,973					3,973,973
Organizational development initiatives		16,427					16,427
Amortization of capital assets			434,979				434,979
		3,990,400	434,979				4,425,379
Net funds before transfers	337,961	(491,585)	(434,979)	342,739	1,906,910		1,661,046
Interfund transfers (Note 2)	359,732	382,220	217,388	162,146	(1,126,486)	5,000	-
Opening fund balance	19,003,743	1,026,287	6,968,857	10,371,308	2,146,463		39,516,658
Closing fund balance	\$ 19,701,436	\$ 916,922	\$ 6,751,266	\$ 10,876,193	\$ 2,926,887	\$ 5,000	\$ 41,177,704

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities and Changes in Fund Balances
Year Ended March 31, 2012

	2012					
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Total
REVENUE						
Net campaign contributions:						
Donations	\$ 18,154,922	\$ -	\$ -	\$ -	\$ -	\$ 18,154,922
Special events		838,009				838,009
Donor directed	923,777					923,777
Donor directed fees		30,797				30,797
Recoveries from the campaigns						
of prior years						
Province of Manitoba	274,610	2,986,574		491,466		274,610
Legacy giving			(101,567)			2,986,574
New building capital contributions (adjustments)						491,466
Sponsorships, grants and other income	249,044	549,915				491,466
Funding partners and special initiatives	123,798					(101,567)
Investment income					683,246	798,959
						123,798
						683,246
	19,726,151	4,405,295	(101,567)	491,466	683,246	25,204,591
COMMUNITY INVESTMENT						
Funding to agencies	15,423,030					15,423,030
Donor directed	923,777					923,777
Programs and activities	2,610,901					2,610,901
Management and administration		496,711				496,711
United Way of Canada		149,770				149,770
		646,481				646,481
	18,957,708					18,957,708
OPERATIONS						
Resource development		4,136,193				4,136,193
Organizational development initiatives		90,230				90,230
Amortization of capital assets			472,259			472,259
		4,226,423	472,259			4,698,682
Net funds before transfers	768,443	(467,609)	(573,826)	491,466	683,246	901,720
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
Closing fund balance	\$ 19,003,743	\$ 1,026,287	\$ 6,968,857	\$ 10,371,308	\$ 2,146,463	\$ 39,516,658

UNITED WAY OF WINNIPEG

Statements of Cash Flows

March 31, 2013 and March 31, 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Net funds before transfers	\$ 1,661,046	\$ 901,720
Items not involving cash		
Amortization	434,979	472,259
Unrealized gain on investments	(1,884,078)	(662,050)
Amortization of financing fee	-	24,000
Non-operating Capital & Tomorrow Fund contributions	(342,739)	(389,899)
Change in deferred contributions	(112,030)	2,023
Changes in non-cash working capital	(242,542)	(416,924)
Cash flows from (used in) operating activities	<u>(485,364)</u>	<u>(68,871)</u>
Cash flows from financing activities		
Tomorrow Fund contributions received	345,096	512,933
New Building Capital contributions received	214,282	691,548
Repayment of mortgage payable	(215,500)	(929,979)
Cash flows from financing activities	<u>343,878</u>	<u>274,502</u>
Cash flows from investing activities		
Capital expenditures, net	(217,388)	(99,041)
Cash flows used in investing activities	<u>(217,388)</u>	<u>(99,041)</u>
Change in cash and cash equivalents	(358,874)	106,590
Cash and cash equivalents, beginning of year	5,510,542	5,403,952
Cash and cash equivalents, end of year	<u>\$ 5,151,668</u>	<u>\$ 5,510,542</u>
Represented by:		
Cash	\$ 4,708,572	\$ 5,071,509
Short-term investments	443,096	439,033
	<u>\$ 5,151,668</u>	<u>\$ 5,510,542</u>
Interest paid	<u>\$ 125,441</u>	<u>\$ 150,078</u>

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2013 and March 31, 2012

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 2013 Statement of Community and Operating Activities and Changes in Fund Balances include the proceeds of the 2012 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, 2014.

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, 2013 and March 31, 2012

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 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, 2013 and March 31, 2012

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	\$ 273,268	\$ 532,534	\$ -	\$ 162,146	\$(967,948)	\$ -
CRM Project	36,464	122,074			(158,538)	
Transfer of Operating Funds:						
Capital Assets Fund		(217,388)	217,388			
Transfer of Operating Funds:						
Community Fund	50,000	(50,000)				
Building Fund		(5,000)				5,000
	\$ 359,732	\$ 382,220	\$ 217,388	\$ 162,146	\$(1,126,486)	\$ 5,000

3. ADOPTION OF A NEW ACCOUNTING FRAMEWORK

During the year ended March 31, 2013, the Organization adopted the new accounting standards for not-for-profit organizations (the "new standards") issued by the Canadian Institute of Chartered Accountants ("CICA"). In accordance with Section 1501 of the CICA Handbook, First-time Adoption for Not-for-Profit Organizations, ("Section 1501"), the date of transition to the new standards is April 1, 2011 and the Organization has prepared and presented an opening balance sheet as at the date of transition to the new standards. This opening balance sheet is the starting point for the entity's accounting under the new standards.

In its opening balance sheet, under the recommendations of Section 1501, the Organization:

- (a) recognized all assets and liabilities whose recognition is required by the new standards;
- (b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;
- (c) reclassified items that it recognized previously as one type of asset, liability or component of equity, but are recognized as a different type of asset, liability or component of equity under the new standards; and
- (d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 4 have been consistently applied to all years presented.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2013 and March 31, 2012

3. ADOPTION OF A NEW ACCOUNTING FRAMEWORK (continued)

There was no impact of the adoption of the new standards on the balance sheet as at April 1, 2011 or the statements of community and operating activities and changes in fund balances or cash flows for the year ended March 31, 2012.

4. 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. 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
Notes to the Financial Statements
March 31, 2013 and March 31, 2012

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition (continued)

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 \$611,792 (2012 - \$688,363).

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

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2013 and March 31, 2012

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

5. CASH AND INVESTMENTS

	March 31, <u>2013</u>	March 31, <u>2012</u>	April 1, <u>2011</u>
Cash	\$ 4,708,572	\$ 5,071,509	\$ 4,968,705
Short-term investments	443,096	439,033	435,247
Pooled investment funds	21,494,747	19,610,669	18,948,619
	\$ 26,646,415	\$ 25,121,211	\$ 24,352,571

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2013 and March 31, 2012

6. PLEDGES RECEIVABLE

	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>	<u>April 1,</u> <u>2011</u>
Current campaign pledges	\$ 9,874,598	\$ 9,836,594	\$ 9,514,508
Prior campaign pledges	1,062,778	1,101,209	1,053,459
Other pledges	461,166	640,128	462,905
Other miscellaneous receivables	1,056,964	1,109,716	2,044,474
	<u>12,455,506</u>	<u>12,687,647</u>	<u>13,075,346</u>
Less allowance for uncollectible pledges	(1,500,000)	(1,450,000)	(1,450,000)
	<u>\$ 10,955,506</u>	<u>\$ 11,237,647</u>	<u>\$ 11,625,346</u>

7. CAPITAL ASSETS

	<u>March 31, 2013</u>		<u>March 31, 2012</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 672,632	\$ 238,508	\$663,265	\$ 179,732
Equipment	15,297	12,524	15,297	11,414
Computer equipment	701,225	490,258	657,883	391,427
Computer software	1,428,788	1,193,651	1,264,109	1,122,273
Telecommunications	94,856	23,714	94,856	14,228
Leasehold Improvements	10,063	10,063	10,063	6,709
Land	523,283	-	523,283	-
Building	8,446,960	480,104	8,446,960	288,060
	<u>11,893,104</u>	<u>2,448,822</u>	<u>11,675,716</u>	<u>2,013,843</u>
Cost less accumulated amortization	<u>\$9,444,282</u>		<u>\$9,661,873</u>	

	<u>April 1, 2011</u>	
	Cost	Accumulated Amortization
Furniture and fixtures	\$ 659,144	\$ 121,630
Equipment	15,297	10,304
Computer equipment	606,484	273,936
Computer software	1,238,349	1,031,424
Telecommunications	94,856	4,743
Leasehold Improvements	10,063	3,354
Land	523,283	-
Building	8,464,000	96,192
	<u>\$11,611,476</u>	<u>\$1,541,583</u>
Cost less accumulated amortization	<u>\$10,069,893</u>	

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2013 and March 31, 2012

8. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities at March 31, 2013 is \$28,950 of property taxes owing (March 31, 2012 - \$25,000, April 1, 2011 - \$38,663).

9. MORTGAGE PAYABLE

United Way of Winnipeg has a commercial mortgage loan with Cambrian Credit Union for a 12 month term (maturing December 31, 2013) and a 25 year amortization. The loan bears interest on a floating rate of prime + 1.00%, which as of March 31, 2013 was 4.00% (March 31, 2012 – 4.00%, April 1, 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.

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

- A commercial loan, which as at March 31, 2013 is \$2,997,792;
- Government contributions of \$5,389,958 from Canada Manitoba Infrastructure; and
- \$1,810,000 of capital campaign donation pledges.

As at March 31, 2013, there is approximately \$317,861 (March 31, 2012 - \$532,143, April 1, 2011 - \$651,428) in outstanding capital campaign monies to be applied against the mortgage, all related to pledge receivables.

10. 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.

11. OTHER LIABILITIES

Other liabilities include funds held on behalf of the Winnipeg Poverty Reduction Council \$207,093 (March 31, 2012 - \$402,954, April 1, 2011 - \$443,746) and funds payable to other United Ways \$750,786 (March 31, 2012 - \$709,907, April 1, 2011 - \$697,871).

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2013 and March 31, 2012

12. 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.

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	8.8%	\$ 1,882,073
Canadian Equity Funds	29.3%	6,308,800
Canadian Real Estate Funds	14.7%	3,155,331
Mortgage Funds	23.4%	5,026,181
U.S. Equity Funds	13.8%	2,980,315
International Equity Funds	10.0%	2,142,047
	<u>100.0%</u>	<u>\$ 21,494,747</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, 2013 is set out in Note 12 (b). 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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2013 and March 31, 2012

13. 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 \$250,704 (2012 - \$250,134).