Financial Statements of

UNITED WAY OF WINNIPEG

March 31, 2010

Deloitte.

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AUDITORS' REPORT

To the Members
United Way of Winnipeg

We have audited the balance sheet of United Way of Winnipeg as at March 31, 2010 and the statements of community and operating activities, changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization 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.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 7, 2010

TABLE OF CONTENTS

UNITED WAY OF WINNIPEG
Balance Sheet
March 31, 2010

	2010	2009 (Restated Note 3)
ASSETS		
CASH AND INVESTMENTS (Note 5)	**$ 22,224,154**	$ 18,607,260
PLEDGES RECEIVABLE (Note 6)	**10,431,597**	9,171,567
CAPITAL ASSETS (Note 7)	**5,574,296**	480,708
	$ 38,230,047	$ 28,259,535
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 1,038,128**	$ 642,116
MORTGAGE PAYABLE (Note 8)	**2,464,637**	-
DEFERRED CONTRIBUTIONS (Note 9)	**1,027,595**	1,187,741
OTHER LIABILITIES (Note 10)	**975,590**	525,436
	5,505,950	2,355,293
FUND BALANCES (Note 2)		
COMMUNITY FUND	**16,671,650**	16,238,211
OPERATING FUND	**1,301,011**	1,296,267
CAPITAL ASSETS FUND	**4,023,052**	480,708
TOMORROW FUND	**9,113,297**	8,329,704
STABILIZATION FUND	**1,615,087**	(440,648)
	32,724,097	25,904,242
	$ 38,230,047	$ 28,259,535

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES

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Allan Fineblit, Chairperson

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Réal Cloutier, Treasurer

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities and Changes in Fund Balances
Year Ended March 31, 2010

	2010						2009 (Restated Note 3)
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	**Total**	Total
REVENUE							
Net campaign contributions:							
Donations	$ 16,857,150					$ 16,857,150	$ 16,500,290
Special events		694,661				694,661	693,098
Donor directed	986,596					986,596	1,118,146
Donor directed fees		49,893				49,893	47,143
Recoveries from the campaigns of prior years	288,543					288,543	228,585
Province of Manitoba		2,870,602				2,870,602	2,814,316
Legacy giving				716,645		716,645	470,025
New building capital contributions			3,603,732			3,603,732	-
Sponsorships, grants and other income	75,786	288,701				364,487	257,338
Funding partners and special initiatives	122,106					122,106	123,350
Investment income (loss) (Note 4f)					2,429,735	2,429,735	(2,438,366)
	18,330,181	3,903,857	3,603,732	716,645	2,429,735	28,984,150	19,813,925
COMMUNITY INVESTMENT							
Funding to agencies	15,029,441					15,029,441	14,976,059
Donor directed	986,596					986,596	1,118,146
Programs and activities	1,963,692					1,963,692	1,742,018
Management and administration		394,758				394,758	352,873
United Way of Canada		134,250				134,250	127,500
	17,979,729	529,008	-	-	-	18,508,737	18,316,596
OPERATIONS							
Resource development		3,427,858				3,427,858	3,246,693
Organizational development initiatives		51,418				51,418	88,083
Amortization of capital assets			176,282			176,282	169,900
	-	3,479,276	176,282	-	-	3,655,558	3,504,676
Net funds before transfers	350,452	(104,427)	3,427,450	716,645	2,429,735	6,819,855	(2,007,347)
Interfund transfers (Note 2)	82,987	109,171	114,894	66,948	(374,000)	-	-
Opening fund balance (Restated Note 3)	16,238,211	1,296,267	480,708	8,329,704	(440,648)	25,904,242	27,911,589
Closing fund balance	$ 16,671,650	$ 1,301,011	$ 4,023,052	$ 9,113,297	$ 1,615,087	$ 32,724,097	$ 25,904,242

UNITED WAY OF WINNIPEG

Statement of Cash Flows

March 31, 2010

	2010	2009
Cash flows from operating activities		
Net funds before transfers	**$ 6,819,855**	$ (2,007,347)
Items not involving cash		
Amortization	**176,282**	169,900
Unrealized (gain) loss on investments	**(2,419,284)**	2,523,623
Non-operating Capital & Tomorrow Fund contributions	**(4,320,377)**	(470,025)
Change in deferred contributions	**(160,146)**	(181,930)
Changes in non-cash working capital	**(59,581)**	(358,496)
Cash flows from (used in) operating activities	**36,749**	(324,275)
Cash flows from financing activities		
Tomorrow Fund contributions received	**698,076**	724,613
New Building Capital contributions received	**3,268,018**	-
Net issuance of mortgage payable	**2,464,637**	-
Cash flows from financing activities	**6,430,731**	724,613
Cash flows from investing activities		
Capital expenditures, net	**(5,269,870)**	(124,516)
(Purchase) sale of investments	**(1,000,000)**	-
Cash flows used in investing activities	**(6,269,870)**	(124,516)
Change in cash and cash equivalents	**197,610**	275,822
Cash and cash equivalents, beginning of year	**5,057,134**	4,781,312
Cash and cash equivalents, end of year	**$ 5,254,744**	$ 5,057,134

Represented by:

Cash	**$ 3,824,067**	$ 584,643
Short-term investments	**1,430,677**	4,472,491
	$ 5,254,744	$ 5,057,134
Interest paid	**$ 26,766**	$ -

1. PURPOSE OF THE ORGANIZATION

United Way of Winnipeg 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 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 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 2010 Statement of Community and Operating Activities and Changes in Fund Balances include the proceeds of the 2009 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, 2011.

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 including: Provincial funding; sponsorships; other government and non-government grants; special events; gifts-in-kind; and investment income allocated through the annual budgeting process.

The purpose of the Operating Fund is expenditures on: resource development; management and administration; marketing and communication, administration of community investments, research and development and purchase of capital assets for operating purposes.

2. NATURE OF FUND BALANCES (continued)

Capital Assets Fund
The Capital Assets Fund was established to record the investment in unamortized capital assets. The purchase price of operating capital assets is funded through transfers from the Operating Fund. The purchase price of the new building is being 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.

During the year, the Board of Trustees approved the following interfund transfers in accordance with the above fund policies.

Interfund Transfers	Community Fund	Operating Fund	Capital Assets Fund	Stabilization Fund	Tomorrow Fund
Transfer of Stabilization Funds:					
Investment income	$91,883	$ 224,065	$ -	$ (374,000)	$ 58,052
Transfer of Operating Funds:					
Capital Assets Fund		(114,894)	114,894		
Transfer of Community Funds:					
Tomorrow Fund	(8,896)				8,896
	$82,987	$109,171	$114,894	$ (374,000)	$ 66,948

3. CHANGES IN ACCOUNTING POLICIES

Financial statement presentation by not-for-profit organizations

Effective April 1, 2009, the Organization retrospectively adopted the following changes to accounting recommendations for not-for-profit organizations as set out in the Canadian Institute of Chartered Accountants ("CICA") Handbook:

A. CICA Section 1540, Cash Flow Statements. This section was amended to include not-for-profit organizations within its scope. The impact of adopting this section has been to separately disclose a cash flow statement.

B. CICA Section 4400, Financial Statement Presentation by Not-for-profit Organizations. This section eliminates the requirement to separately disclose the amount of net assets invested in property and equipment. The Organization has chosen to continue its current disclosure of investment in capital assets.

C. CICA Section 4400, Disclosure of Gross Amounts of Revenue and Expenses. This standard requires revenue and expenses to be disclosed at their gross amounts if the Organization is acting as a principal in the affected transactions. The adoption of this standard required certain event revenues to be recorded as gross revenues in the Organization's financial statements.

D. CICA Section 4460, Disclosure of Related Party Transactions by Not-for-profit Organizations. This section was amended to make the language in Section 4460 consistent with Section 3840, Related Party Transactions. There was no impact in adopting this section as the Organization's previous disclosure was in compliance with this standard.

E. CICA Section 4470, Disclosure of Allocated Expenses by Not-for-profit Organizations. This new section establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The adoption of this standard required the additional disclosure included in Note 4g.

F. CICA Section 1000, Financial Statement Concepts: Assets. The adoption of this revised standard resulted in fundraising costs, which were previously deferred to the period when campaign revenue was recognized, being recognized as an expense in the period in which they are incurred. In addition, certain payments to agencies, previously deferred as advances, are recognized as expenses following both program and financial approval by the Board of Trustees.

G. CICA Section 1000, Financial Statement Concepts: Liabilities. The adoption of this revised standard resulted in campaign revenue, previously deferred to the year in which funds would be expended, to be recognized as revenue in the year of the campaign. In addition, amounts previously recorded as accounts payable to agencies, are recorded as expenses following both program and financial approval by the Board of Trustees.

3. CHANGE IN ACCOUNTING POLICIES (continued)

Due to the aforementioned adoption of standards, certain of the prior year's figures have been retrospectively restated. These changes are as follows:

Balance Sheet	Balance as at March 31/09 as Originally Reported	Adjustment due to accounting policy changes	Balance as of March 31/09 as Restated
Pledges Receivable	$9,339,544	$(167,977)	$9,171,567
Advances to Agencies	1,640,355	(1,640,355)	-
Deferred Fund Raising Costs	1,493,465	(1,493,465)	-
Funding Not Yet Paid	1,191,914	(1,191,914)	-
Accounts Payable & Accrued Liabilities	1,115,509	(473,393)	642,116
Deferred Revenue	1,493,465	(1,493,465)	-
Deferred Contributions	-	1,187,741	1,187,741
Proceeds of Current Campaign	18,556,066	(18,556,066)	-
Other Liabilities	-	525,436	525,436
Community Fund	231,445	16,006,766	16,238,211
Operating Fund	603,169	693,098	1,296,267

Statement of Community & Operating Activities	Year Ended March 31/09 as Originally Reported	Adjustment due to accounting policy changes	Year Ended March 31/09 as Restated
Net Campaign Donations	$15,700,851	$799,439	$16,500,290
Net Campaign Special Events	709,657	(16,559)	693,098
Donor Directed Revenues	1,476,378	(358,232)	1,118,146
Recoveries of prior campaigns	99,003	129,582	228,585
Province of Manitoba	2,746,529	67,787	2,814,316
Sponsorships, Grants & Other income	172,662	84,676	257,338
Community Investment Funding	14,466,226	509,833	14,976,059
Donor Directed	1,476,378	(358,232)	1,118,146
Resource Development	3,094,230	152,463	3,246,693
Opening Fund Balance at April 1/08	11,614,354	16,297,235	27,911,589

4. SIGNIFICANT ACCOUNTING POLICIES

The Organization has elected to use the exemption provided by the Canadian Institute of Chartered Accountants (CICA) permitting not for profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook. The Organization applies the requirements of Section 3861 of the CICA Handbook.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

a) Contributed services

A large number of people have volunteered significant amounts of their time to United Way of Winnipeg and its agencies. No objective basis is available to measure the value of this significant contribution and no amount has been reflected in these financial statements for these services.

b) Revenue recognition

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

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

Investment income is recorded as revenue of the Stabilization Fund. On an annual basis, in conjunction with its annual budgeting process, the Board of Trustees approves an allocation of non-capitalized investment income from the Stabilization Fund to the Community Fund and Operating Fund (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.

c) Pledges receivable

Contributions pledged, net of an allowance for uncollectible pledges, are recorded as receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include the allowance for doubtful accounts and the useful life of capital assets. Actual results could differ from these estimates.

f) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value, using settlement date accounting, and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of such instruments.

<u>Classification</u>

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

<u>Held for trading</u>

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

g) 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

	2010	2009
Cash	**$ 3,824,067**	$ 584,643
Short-term investments	**1,430,677**	4,472,491
Pooled investment funds	**16,969,410**	13,550,126
	$ 22,224,154	$ 18,607,260

6. PLEDGES RECEIVABLE

	2010	2009 (Restated Note 3)
Current campaign pledges	**$ 9,084,098**	$ 9,138,230
Prior campaign pledges	**639,914**	710,584
Other pledges	**870,553**	535,420
Other miscellaneous receivables	**1,377,032**	277,333
	11,971,597	10,661,567
Less allowance for uncollectible pledges	**(1,540,000)**	(1,490,000)
	$ 10,431,597	$ 9,171,567

7. CAPITAL ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	**$ 140,979**	**$ 56,374**	$ 132,207	$ 44,585
Equipment	**9,750**	**9,726**	9,750	9,696
Computer equipment	**313,073**	**166,387**	284,542	119,901
Computer software	**1,102,861**	**940,587**	1,035,333	825,197
Leasehold improvements	**100,770**	**85,916**	90,707	83,329
Construction in progress	**5,165,853**	**-**	10,877	-
	6,833,286	**1,258,990**	1,563,416	1,082,708
Cost less accumulated amortization	**$5,574,296**		$480,708	

8. MORTGAGE PAYABLE

United Way of Winnipeg plans to relocate to a new facility at 580 Main Street in the summer of 2010. The total cost of the relocation, including land, building construction, furniture, equipment, and moving costs is estimated to be $10.0 million. Funding in the amount of 67% of eligible costs is being provided through the Canada Manitoba Infrastructure Program. In addition, to date, a total of $820,000 has been pledged by donors. To finance the land acquisition and construction, United Way entered into a commercial mortgage loan facility on September 14, 2009 with Cambrian Credit Union for up to $10.0 million. During the construction phase of the project the credit facility bears interest on a floating rate of prime + 1.00% (3.25% as at March 31, 2010). Upon completion of the project, United Way has various options to convert the loan to a fixed rate. The credit facility 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 the borrower's assets related specifically to this project. As at March 31, 2010:

- The balance outstanding on the commercial loan is $2,464,637.
- The commitment remaining on the construction contract with Nova-Con projects is $3,109,332.
- The amount received from Canada Manitoba Infrastructure is $1,712,289.

9. 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.

10. OTHER LIABILITIES

Other liabilities include funds held on behalf of the Winnipeg Poverty Reduction Council $555,474 (2009-$161,773) and funds payable to other United Ways $322,720 (2009-$257,447).

11. FINANCIAL INSTRUMENTS

a) Interest rate risk
Interest rate risk refers to the adverse consequences of interest rate changes in 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	8.5%	$ 1,445,285
Canadian Equity Funds	30.1%	5,101,916
Canadian Real Estate Funds	11.9%	2,024,431
Mortgage Funds	24.6%	4,169,823
U.S. Equity Funds	11.6%	1,978,969
International Equity Funds	13.3%	2,248,986
	100.0%	$ 16,969,410

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, 2010 is set out in Note 10b. The Organization does not engage in hedging transactions to reduce its exposure to foreign currency fluctuations.

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

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

12. PENSION PLAN

The employees of United Way of Winnipeg are members of the United Way Agencies Pension Plan, a multi-employer, defined benefit pension plan, which is accounted for as a defined contribution plan. United Way's pension contribution and expense for the year was $172,604 (2009 - $141,478).

13. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's method of presentation.