

Financial Statements of

**UNITED WAY OF
LEEDS AND GRENVILLE**

Year ended December 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of United Way of Leeds and Grenville

We have audited the accompanying financial statements of United Way of Leeds and Grenville, which comprise the statement of financial position as at December 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, United Way of Leeds and Grenville derives campaign contributions revenue from donations and fundraising, the completeness of which is not susceptible of

satisfactory audit verification. Accordingly, our verification of campaign contributions was limited to the amounts recorded in the records of United Way of Leeds and Grenville and we were not able to determine whether any adjustments might be necessary to campaign contributions revenue, excess of revenue over expenses, current assets, deferred campaign contributions and unrestricted net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of United Way of Leeds and Grenville as at December 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.

Bennett Lewis McMahon Stellar

Chartered Accountants, Licensed Public Accountants

Brockville, Canada

March 8, 2011

UNITED WAY OF LEEDS AND GRENVILLE


Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 280,357	\$ 340,076
Short-term investments (note 2)	370,000	250,000
Campaign pledges receivable	428,153	294,100
Other receivables	33,308	25,995
Accrued interest receivable	3,929	2,694
Prepaid expenses	3,488	-
	<u>1,119,235</u>	<u>912,865</u>
Long-term investments (note 2)	181,672	300,000
Capital assets (note 3)	209,271	214,286
	<u>\$ 1,510,178</u>	<u>\$ 1,427,151</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 30,139	\$ 13,750
Allocations payable to agency members	58,439	59,166
	<u>88,578</u>	<u>72,916</u>
Deferred contributions:		
Externally restricted donations (note 4)	16,743	33,300
Collaborative immigration project (note 5)	59,100	-
Campaign contributions (note 6)	871,851	883,464
Capital assets (note 7)	56,918	60,769
	<u>1,004,612</u>	<u>977,533</u>
Net assets:		
Internally restricted investment in capital assets (note 8)	152,353	153,517
Internally restricted (note 9)	227,095	205,315
Unrestricted	37,540	17,870
	<u>416,988</u>	<u>376,702</u>
	<u>\$ 1,510,178</u>	<u>\$ 1,427,151</u>

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

UNITED WAY OF LEEDS AND GRENVILLE

Statement of Operations

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

	2010	2009
Revenue:		
Campaign contributions	\$ 991,277	\$ 956,757
Recovery of (allowance for) uncollected pledges	2,914	(9,123)
Net campaign contributions	994,191	947,634
Nevada ticket sales, net of cash prizes	69,940	53,494
Collaborative immigration project (note 5)	60,717	-
Grants for salaries and benefits	19,858	23,393
Interest	12,313	15,258
Gifts in Kind Centre (note 10)	15,454	15,300
Rent	11,750	11,790
Donations for youth programs (note 4)	3,818	9,113
Amortization of deferred contributions related to capital assets (note 7)	4,109	4,029
Other	300	-
	1,192,450	1,080,011
Expenses:		
Allocations to agency members	701,268	689,995
New initiatives funding	-	10,000
Collaborative immigration project (note 5)	60,717	-
Programs (schedule A)	221,351	269,971
Campaign (schedule B)	106,387	92,661
Building (schedule C)	16,060	20,296
Nevada tickets (schedule C)	46,381	32,150
	1,152,164	1,115,073
Excess of revenue over expenses (expenses over revenue)	\$ 40,286	\$ (35,062)

See accompanying notes to financial statements.

UNITED WAY OF LEEDS AND GRENVILLE

Statement of Changes in Net Assets

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

	Internally restricted investment in capital assets	Internally restricted	Unrestricted	2010 Total	2009 Total
Balance, beginning of year	\$ 153,517	\$ 205,315	\$ 17,870	\$ 376,702	\$ 411,764
Excess (deficiency) of revenue over expenses (notes 8 and 9)	(9,604)	19,249	30,641	40,286	(35,062)
Net change in internally restricted investment in capital assets (note 8)	8,440	-	(8,440)	-	-
Transfers between funds (note 9)	-	2,531	(2,531)	-	-
Balance, end of year	\$ 152,353	\$ 227,095	\$ 37,540	\$ 416,988	\$ 376,702

See accompanying notes to financial statements.

UNITED WAY OF LEEDS AND GRENVILLE

Statement of Cash Flows

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

	2010	2009
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ 40,286	\$ (35,062)
Items not involving cash:		
Recognition of deferred externally restricted donations	(18,818)	(24,113)
Amortization of deferred contributions related to capital assets	(4,109)	(4,029)
Amortization of capital assets	13,713	12,937
	31,072	(50,267)
Decrease (increase) in campaign pledges receivable	(134,053)	27,932
Increase in other receivables	(7,313)	(18,801)
Decrease (increase) in accrued interest receivable	(1,235)	1,570
Increase in prepaid expenses	(3,488)	-
Increase in accounts payable and accrued liabilities	16,389	5,385
Increase (decrease) in allocations payable to agency members	(727)	11,384
Increase in deferred externally restricted donations	2,261	2,021
Increase in deferred collaborative immigration project	59,100	-
Increase (decrease) in deferred campaign contributions	(11,613)	32,490
	(49,607)	11,714
Financing and investing activities:		
Interest reinvested in guaranteed investment certificates	(1,672)	-
Additions to capital assets	(8,698)	(21,430)
Contributions used for additions to capital assets	258	-
	(10,112)	(21,430)
Decrease in cash	(59,719)	(9,716)
Cash, beginning of year	340,076	349,792
Cash, end of year	\$ 280,357	\$ 340,076

See accompanying notes to financial statements.

UNITED WAY OF LEEDS AND GRENVILLE

Notes to Financial Statements

Year ended December 31, 2010

The United Way of Leeds and Grenville ("United Way") is a not-for-profit organization and, pursuant to letters patent dated October 27, 1998, is incorporated without share capital under the Ontario Corporations Act. Its mission is to promote the organized capacity of people to care for one another. The Organization's primary source of revenue is the annual campaign to solicit donations on behalf of agency members.

The United Way is registered as a charitable organization under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the United Way must meet certain requirements within the Act. In the opinion of the United Way's management, these requirements have been met.

1. Summary of significant accounting policies:

(a) General:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Recognition of revenue:

The United Way follows the deferral method of accounting for contributions.

Support from the general public consists of pledges and donations relating to the current year's campaign. Funds raised during the current year's campaign, net of related campaign expenses, are recorded as deferred campaign contributions in the statement of financial position and are recognized as campaign contributions revenue in the following year when the funds are used to finance allocations to agency members, new initiatives funding and program expenses.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with the amortization rates for the related capital assets.

Nevada ticket sales, interest and rent are recognized as revenue when earned.

(c) Investments:

Investments consist of guaranteed investment certificates with maturity dates ranging from one year to four years from the date of acquisition. Guaranteed investment certificates maturing within one year of the year end date are included in current assets.

Investments are classified as held-to-maturity since the United Way has the intent and ability to hold the investments until maturity. Investments are recorded at amortized cost using the effective interest method.

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Notes to Financial Statements, page 2

Year ended December 31, 2010

1. Summary of significant accounting policies (continued):

(d) Campaign pledges receivable:

Campaign pledges receivable are recognized if the amount to be received can be reasonably estimated and collection is reasonably assured.

An allowance for uncollectible pledges receivable is calculated using historical loss experience and deducted from the carrying value of the receivable.

(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 annual rates:

Assets	Rate
Building	4%
Equipment	20%
Computer equipment and software	33 1/3% and 50%

(f) Volunteer services:

A substantial number of volunteers contribute a significant amount of time to the United Way each year. Volunteer services are not recorded in the financial statements due to the difficulty in determining the fair value of these services.

(g) In-kind contributions:

The United Way receives in-kind contributions of clothing, office supplies, personal care products and other goods which are used internally and distributed to agency members and other community agencies. Since these in-kind contributions would not ordinarily be purchased by the United Way, they are not recorded in the financial statements.

(h) Allocation of expenses:

General management and administration expenses are allocated between programs and campaign expenses based on effort and have been allocated as follows:

	2010	2009
Programs	66.2%	63.3%
Campaign	33.8%	36.7%

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Notes to Financial Statements, page 3

Year ended December 31, 2010

1. Summary of significant accounting policies (continued):

(i) Management 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 at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Estimates are used in determining the allowance for uncollectible pledges receivable and the accounting for the amortization of deferred contributions related to capital assets and the amortization of capital assets. Actual results could differ from these estimates.

2. Investments:

	2010	2009
Short-term:		
4.05% Guaranteed investment certificate, matures May 3, 2011	\$ 60,000	\$ -
1.35% Guaranteed investment certificate, matures May 17, 2011	60,000	-
0.9% Guaranteed investment certificate, matures November 12, 2011	125,000	-
0.9% Guaranteed investment certificate, matures November 12, 2011	125,000	-
0.3% Guaranteed investment certificate, matured November 12, 2010	-	125,000
0.3% Guaranteed investment certificate, matured November 12, 2010	-	125,000
	\$ 370,000	\$ 250,000
Long-term:		
4.50% Guaranteed investment certificate, matures May 30, 2012	\$ 60,000	\$ 60,000
3.60% Guaranteed investment certificate, matures April 26, 2013	60,000	60,000
2.79% Guaranteed investment certificate, matures June 11, 2014	61,672	60,000
3.35% Guaranteed investment certificate, matured \$60,000 annually until May 3, 2010	-	60,000
4.05% Guaranteed investment certificate, matures May 3, 2011	-	60,000
	\$ 181,672	\$ 300,000

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Notes to Financial Statements, page 4

Year ended December 31, 2010

2. Investments (continued):

The United Way manages the interest rate price risk exposure of its long-term investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

3. Capital assets:

	2010		2009	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Building	254,546	100,723	153,823	159,730
Equipment	20,864	19,051	1,813	2,658
Computer equipment and software	30,271	26,636	3,635	1,898
	<u>\$ 355,681</u>	<u>\$ 146,410</u>	<u>\$ 209,271</u>	<u>\$ 214,286</u>

The total cost and accumulated amortization of capital assets as at December 31, 2009 amounted to \$346,982 and \$132,696 respectively.

4. Externally restricted donations:

Deferred contributions related to externally restricted donations represent unspent donations that have been restricted by the donors for the Gifts in Kind Centre, youth programs and special events.

	2010	2009
Balance, beginning of year	\$ 33,300	\$ 55,392
Externally restricted donations collected	2,261	2,021
Amount recognized as revenue:		
Gifts in Kind Centre (note 10)	(15,000)	(15,000)
Youth programs	(3,818)	(9,113)
Balance, end of year	<u>\$ 16,743</u>	<u>\$ 33,300</u>
Represented by funds externally restricted for:		
Gifts in Kind Centre	\$ 15,000	\$ 30,000
Youth programs	1,743	3,300
	<u>\$ 16,743</u>	<u>\$ 33,300</u>

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Year ended December 31, 2010

5. Collaborative immigration project:

Deferred contributions related to the collaborative immigration project represent unspent grants collected from the Ontario Trillium Foundation and the City of Brockville to develop a strategy and begin implementing support systems that will present Leeds and Grenville as a welcoming community to newcomers, in particular immigrants.

Grants received from:		
Ontario Trillium Foundation		\$ 76,500
City of Brockville		43,575
Amount recognized as revenue:		
Ontario Trillium Foundation	\$ (43,885)	
City of Brockville	(16,832)	(60,717)
		59,358
Ontario Trillium Foundation grant used for additions to capital assets		(258)
Deferred contributions balance, end of year		\$ 59,100
Expenses of the collaborative immigration project:		
Salaries and benefits		\$ 38,014
Advertising, video production and website		15,956
Travel, conferences and professional development		2,846
Community events, education and outreach		1,801
Allocated office supplies and telephone		1,100
Allocated professional fees		1,000
		\$ 60,717

6. Deferred campaign contributions:

	2010	2009
Campaign contributions received and receivable	\$ 978,238	\$ 974,247
Recognition as revenue of campaign contributions used to finance campaign expenses	(106,387)	(90,783)
Deferred campaign contributions	\$ 871,851	\$ 883,464

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Year ended December 31, 2010

7. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent externally restricted capital contributions and grants received for the purchase of capital assets together with contributed capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2010	2009
Balance, beginning of year	\$ 60,769	\$ 64,798
Contributions received during the year	258	-
Amount amortized to revenue	(4,109)	(4,029)
Balance, end of year	\$ 56,918	\$ 60,769

8. Internally restricted investment in capital assets:

(a) Internally restricted investment in capital assets is calculated as follows:

	2010	2009
Capital assets	\$ 209,271	\$ 214,286
Amounts financed by deferred contributions related to capital assets	(56,918)	(60,769)
	\$ 152,353	\$ 153,517

(b) Change in the internally restricted investment in capital assets is calculated as follows:

	2010	2009
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	\$ 4,109	\$ 4,029
Amortization of capital assets	(13,713)	(12,937)
	\$ (9,604)	\$ (8,908)
Net change in internally restricted investment in capital assets:		
Capital assets acquired	\$ 8,698	\$ 21,430
Capital assets funded by deferred capital contributions	(258)	-
	\$ 8,440	\$ 21,430

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Notes to Financial Statements, page 7

Year ended December 31, 2010

9. Internally restricted net assets:

	2010			2009	
	Nevada tickets	Building	Operating reserve	Total	Total
Nevada tickets:					
Sales	\$ 69,940	\$ -	\$ -	\$ 69,940	\$ 53,494
Expenses	(46,381)	-	-	(46,381)	(32,150)
Building:					
Rent	-	11,750	-	11,750	11,790
Expenses	-	(16,060)	-	(16,060)	(20,296)
Excess (deficiency) of revenue over expenses	23,559	(4,310)	-	19,249	12,838
Balance, beginning of year	49,112	45,044	111,159	205,315	209,974
Transfers from (to) unrestricted net assets	-	2,531	-	2,531	(17,497)
Balance, end year	\$ 72,671	\$ 43,265	\$ 111,159	\$ 227,095	\$ 205,315

The Board of Directors has internally restricted:

- the excess of revenue over expenses from the sale of Nevada tickets to be used to finance programs, campaign and general management and administration expenses; and
- the excess of rental revenue over building expenses to be used to finance major repairs and improvements to the building.

The operating reserve represents funds internally restricted by the Board of Directors for purposes to be approved by the Board.

10. Gifts in Kind Centre:

The United Way has established a Gifts in Kind Centre which is operated as a program of the United Way where goods obtained from "In Kind Canada" and similar organizations are being sold at greatly reduced prices. The revenue earned and expenses incurred by this program are recorded in the financial statements.

Revenue reported in the statement of operations includes \$15,000 (2009 – \$15,000) of an externally restricted donation received in support of the Gifts in Kind Centre (see note 4).

11. Financial instruments:

The United Way's financial instruments include cash, campaign pledges receivable, other receivables, accrued interest receivable, accounts payable and accrued liabilities and allocations payable to agency members. Due to their nature or capacity for prompt liquidation, the fair values of these financial instruments approximate their carrying values.

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Notes to Financial Statements, page 8

Year ended December 31, 2010

12. Capital management:

The United Way defines capital as the sum of its net assets which amounts to \$416,988 (2009 - \$376,702). The United Way's objectives when managing capital are:

- (a) to hold sufficient internally restricted and unrestricted net assets to enable the United Way to withstand negative unexpected financial events in order to maintain stability in its financial structure; and
- (b) to maintain sufficient liquidity to enable it to meet its obligations as they become due.

The United Way is not subject to externally imposed requirements on its capital.

13. Comparative figures:

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

UNITED WAY OF LEEDS AND GRENVILLE

Programs Expenses

Schedule A

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

	2010	2009
Programs development	\$ 80,926	\$ 158,369
Gifts in Kind Centre	10,903	8,610
United Way of Canada dues	7,141	7,155
Youth programs	5,829	14,672
Amortization of capital assets	5,624	6,772
	110,423	195,578
Allocation of general management and administration expenses (schedule D)	110,928	74,393
	\$ 221,351	\$ 269,971

Campaign Expenses

Schedule B

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

	2010	2009
Special events	\$ 28,830	\$ 28,641
Advertising and promotion	5,937	6,764
Postage	3,211	5,002
Supplies and forms	4,117	3,152
Credit card charges	2,257	2,229
Volunteers recognition	3,885	1,848
Travel	1,467	1,567
Miscellaneous	51	265
	49,755	49,468
Allocation of general management and administration expenses (schedule D)	56,632	43,193
	\$ 106,387	\$ 92,661

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Building and Nevada Tickets Expenses

Schedule C

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

	2010	2009
Building:		
Utilities	\$ 5,753	\$ 6,246
Repairs	2,286	4,753
Insurance	1,145	3,406
Wages	2,714	2,663
Amortization of capital assets	2,531	2,503
Miscellaneous	1,631	725
	<u>\$ 16,060</u>	<u>\$ 20,296</u>
Nevada tickets:		
Site remuneration	\$ 13,061	\$ 10,095
Ontario Gaming Commission taxes	11,023	7,750
Tickets	9,764	6,053
Administration fees	8,561	5,674
Licenses and fees	3,972	2,578
	<u>\$ 46,381</u>	<u>\$ 32,150</u>

General Management and Administration Expenses

Schedule D

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

	2010	2009
Salaries and benefits	\$ 124,054	\$ 80,281
Office supplies and photocopier lease	7,750	7,988
Travel and conferences	7,388	6,438
Professional services	15,330	6,663
Telephone	4,199	4,792
Postage	585	918
Insurance	982	1,507
Internet	745	1,215
Advertising	317	2,098
Bank and credit card charges	90	752
Amortization of capital assets	5,557	3,662
Miscellaneous	563	1,272
Total expenses to be allocated	<u>\$ 167,560</u>	<u>\$ 117,586</u>
Allocated to:		
Programs expenses	\$ 110,928	\$ 74,393
Campaign expenses	56,632	43,193
	<u>\$ 167,560</u>	<u>\$ 117,586</u>