

Financial Statements of
UNITED WAY OF WINNIPEG
March 31, 2010

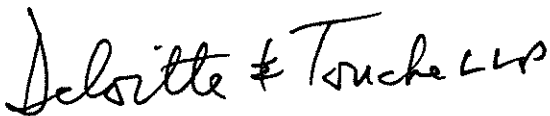
AUDITORS' REPORT

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.



Chartered Accountants

Winnipeg, Manitoba
May 7, 2010

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Balance Sheet | 1 |
| Statement of Community and Operating Activities and Changes in Fund Balances | 2 |
| Statement of Cash Flows | 3 |
| Notes to the Financial Statements | 4 - 13 |

UNITED WAY OF WINNIPEG
Balance Sheet
March 31, 2010

| | <u>2010</u> | <u>2009</u> (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 |
| | <u>\$ 38,230,047</u> | <u>\$ 28,259,535</u> |
| 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 |
| | <u>5,505,950</u> | <u>2,355,293</u> |
| 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) |
| | <u>32,724,097</u> | <u>25,904,242</u> |
| | <u>\$ 38,230,047</u> | <u>\$ 28,259,535</u> |

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES

.....
Allan Fineblit, Chairperson

.....
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

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|---------------------|
| 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 | <u>36,749</u> | <u>(324,275)</u> |
| 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 | <u>6,430,731</u> | <u>724,613</u> |
| 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 | <u>(6,269,870)</u> | <u>(124,516)</u> |
| 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 | <u>\$ 5,254,744</u> | <u>\$ 5,057,134</u> |

Represented by:

| | | |
|------------------------|---------------------|---------------------|
| Cash | \$ 3,824,067 | \$ 584,643 |
| Short-term investments | 1,430,677 | 4,472,491 |
| | <u>\$ 5,254,744</u> | <u>\$ 5,057,134</u> |
| Interest paid | <u>\$ 26,766</u> | <u>\$ -</u> |

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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 |

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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 |

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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.

Classification

| | |
|--|-----------------------|
| 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 |

Held for trading

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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

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

6. PLEDGES RECEIVABLE

| | <u>2010</u> | <u>2009</u> (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 |
| | <u>11,971,597</u> | <u>10,661,567</u> |
| Less allowance for uncollectible pledges | <u>(1,540,000)</u> | <u>(1,490,000)</u> |
| | <u>\$ 10,431,597</u> | <u>\$ 9,171,567</u> |

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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 |
| | <u>100.0%</u> | <u>\$ 16,969,410</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, 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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2010

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.