

**United Way of Brandon & District Inc.**  
**Financial Statements**  
*December 31, 2010*



## Management's Responsibility

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To the Members of United Way of Brandon & District Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Members of the Board are composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

February 28, 2011

  
Chief Executive Officer

## Independent Auditors' Report

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To the Members of United Way of Brandon & District Inc.:

We have audited the accompanying financial statements of United Way of Brandon & District Inc., which comprise the statement of financial position as at February 28, 2011, and the statements of operations and cash flows and the related schedules 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 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 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 audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Brandon & District Inc. 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.

Brandon, Manitoba

February 28, 2011

*Meyers Norris Penny LLP*

Chartered Accountants

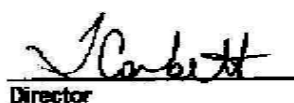
**United Way of Brandon & District Inc.**  
**Statement of Financial Position**

*As at December 31, 2010*

	2010	2009
<b>Assets</b>		
<b>Current</b>		
Cash	545,505	646,912
Marketable securities (Note 3)	300,000	100,000
Pledges receivable (Note 4)	417,043	367,914
Goods and Services Tax receivable	952	883
Prepaid expenses and deposits	1,931	1,931
	<b>1,265,431</b>	<b>1,117,640</b>
<b>Capital assets (Note 5)</b>	<b>6,296</b>	<b>8,245</b>
	<b>1,271,727</b>	<b>1,125,885</b>
<b>Liabilities</b>		
<b>Current</b>		
Deferred grant	50,000	50,000
Donor designations	99,460	62,269
Fund distributions	470,363	370,168
	<b>619,823</b>	<b>482,437</b>
<b>Deferred Province of Manitoba capital grant (Note 6)</b>	<b>-</b>	<b>1,122</b>
	<b>619,823</b>	<b>483,559</b>
<b>Fund Balances</b>		
<b>Community Response (Note 7)</b>	<b>60,000</b>	<b>60,000</b>
<b>Restricted for Coats for Kids (Note 7)</b>	<b>10,000</b>	<b>10,000</b>
<b>Invested in capital assets (Note 7)</b>	<b>6,296</b>	<b>7,123</b>
<b>Internally restricted for operating contingencies (Note 7)</b>	<b>100,000</b>	<b>90,000</b>
<b>Internally restricted for equipment and software purchases (Note 7)</b>	<b>20,000</b>	<b>15,000</b>
<b>Community fund (Note 7)</b>	<b>455,608</b>	<b>460,203</b>
	<b>651,904</b>	<b>642,326</b>
	<b>1,271,727</b>	<b>1,125,885</b>

Approved on behalf of the Board

  
 Director

  
 Director

# United Way of Brandon & District Inc.

## Statement of Operations

*For the year ended December 31, 2010*

	2010	2009
<b>Revenue</b>		
Donations	703,015	631,087
Funds transferred to United Way - Centraide Health Partners	(6,628)	(13,598)
Gross campaign revenue	696,387	617,489
Less: Uncollectible pledges	(35,063)	(30,000)
Net campaign revenue	661,324	587,489
Investment	1,250	540
Miscellaneous	951	7,500
Province of Manitoba	135,186	132,457
Province of Manitoba capital grant (Note 6)	1,122	1,118
Sponsorship	3,869	3,901
<b>Total Revenue</b>	<b>803,702</b>	<b>733,005</b>
<b>Expenses</b>		
Fundraising (Schedule B)	133,051	127,164
<b>Net revenue available for programs</b>	<b>670,651</b>	<b>605,841</b>
<b>Program expenses</b>		
Allocations and designations (Schedule C)	575,125	435,083
United Way of Brandon & District programs (Schedule C)	85,948	67,861
<b>Total program expenses</b>	<b>661,073</b>	<b>502,944</b>
<b>Excess of revenue over expenses</b>	<b>9,578</b>	<b>102,897</b>
<b>Opening fund balance (Note 7)</b>	<b>642,326</b>	<b>539,429</b>
<b>Closing fund balance (Note 7)</b>	<b>651,904</b>	<b>642,326</b>

*The accompanying notes are in integral part of these financial statements.*

# United Way of Brandon & District Inc.

## Statement of Cash Flows

For the year ended December 31, 2010

	2010	2009
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash received from campaign	645,701	585,175
Cash received from Province of Manitoba	135,186	132,457
Cash paid to suppliers	(64,007)	(109,549)
Cash paid for funded programs and services	(503,169)	(422,772)
Cash paid to employees	(120,237)	(109,244)
Other income received	3,869	11,941
Interest received	1,250	539
<b>Net cash generated through operating activities</b>	<b>98,593</b>	<b>88,547</b>
<b>Financing and investing activities</b>		
Purchase of marketable securities	(300,000)	(100,000)
Proceeds on disposal of marketable securities	100,000	-
<b>Decrease in cash resources</b>	<b>(101,407)</b>	<b>(11,453)</b>
<b>Cash resources, beginning of year</b>	<b>646,912</b>	<b>658,365</b>
<b>Cash resources, end of year</b>	<b>545,505</b>	<b>646,912</b>

**United Way of Brandon & District Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2010*

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**1. Incorporation and operations**

The United Way of Brandon & District Inc. was incorporated under the laws of the Province of Manitoba in 1966 in response to the joint efforts of its founders. The United Way is a non-profit, non-political, volunteer-led and driven organization that engages and unites the citizens of Brandon and district 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 Brandon and district.

The United Way of Brandon & District operates according to the highest standards of conduct consistent with its commitment to volunteerism, integrity, accountability, accessibility, being apolitical and having respect for donors, service providers, users of service and our citizens as a whole.

**2. Accounting policies**

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

**Capital assets**

Purchased capital assets are initially recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<i>Method</i>	<i>Rate</i>
Computer equipment	straight-line	33.33 %
Furniture and equipment	straight-line	20 %

**Revenue recognition**

The United Way of Brandon & District Inc., follows the fund method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Donations pledged, but not yet received, have been recorded as revenue and pledges receivable.

**Contributed services**

Volunteers contribute a significant amount of time per year to assist the United Way of Brandon & District Inc. in carrying out its activities. Contributed services are not recognized in the financial statements because of the difficulty of determining their fair values.

2. **Accounting policies** *(Continued from previous page)*

**Nature of fund balances**

**Operating Fund**

The Operating Fund is the accumulation of resources dedicated or directed to covering the operating and development costs of the United Way including: Provincial funding, sponsorship, non-government grants and investment income. Revenue and expenses related to program delivery and administrative activities are reported in the Operating Fund.

**Community Response Fund**

The purpose of the Community Response Fund is to set aside a certain portion of community generated dollars annually for distribution through the Community Response Grant program. The funding stream affiliated with this fund will allow the United Way to respond more quickly to urgent community needs and encourage community not-for-profit organizations to work collaboratively to develop community driven strategies that will solve community specific needs.

**Coats for Kids Fund**

The Coats for Kids fund was set up to hold in reserve, a specific amount of funding that would be available should the community sponsorship of this community collaborative program suffer negatively. This fund ensures that the Coats for Kids program will continue to operate over the long-term.

**Capital Assets Fund**

The Capital Assets Fund was established to record the investment in unamortized capital assets. The purchase price of capital assets is funded through transfers from the Operating Fund. On an annual basis, amortization is charged to the Capital Assets Fund.

**Operating Contingencies Fund**

The purpose of the Operating Contingencies Fund is to support the sustainability of long-term funding for the United Way office operations and associated infrastructure financial requirements, on-going community programs not otherwise funded, and services and operating costs in special circumstances that are not funded through core revenue.

**Equipment and Software Purchases Fund**

The Equipment and Software purchases fund was set up to hold in reserve a specific amount of funding that would be available to fund future equipment and software purchases when needed.

**Community Fund**

The Community Fund is the accumulation of resources dedicated or directed to supporting investments in the community. The purpose of the Community Fund is the investment of unrestricted resources in the community through funding in accordance with multi-year funding agreements and expenditures for community services, programs or initiatives, which support sustainable community solutions to pressing social issues. Restricted resources are distributed in accordance with the directions of the donor.

**Measurement uncertainty**

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Pledges receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful pledges is provided where considered necessary.

Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

**United Way of Brandon & District Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2010*

**2. Accounting policies** (Continued from previous page)

**Financial instruments**

All significant financial assets, financial liabilities and equity instruments of the Organization are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows and interest rate, currency or credit risk.

**Held for trading:**

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments - Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Organization has classified the following financial assets as held for trading: cash and marketable securities. These instruments are initially recognized at their fair value.

**Loans and receivables:**

The Organization has classified the following financial assets as loans and receivables: pledges receivable. These assets are initially recognized at their fair value, determined by recent arm's-length market transactions for the same instrument. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in net operations upon derecognition or impairment.

**Other financial liabilities:**

The Organization has classified the following financial liabilities as other financial liabilities: accounts payable, deferred grant, donor designations, and fund distributions. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net operations upon derecognition or impairment.

**3. Marketable securities**

	<b>2010</b>	<b>2009</b>
Guaranteed Investment Certificates, maturing April and December 2011 interest rates 0.75-1.5%	<b>300,000</b>	100,000

**4. Pledges receivable**

	<b>2010</b>	<b>2009</b>
Campaign pledges	<b>467,043</b>	427,464
Allowance for doubtful pledges	<b>(50,000)</b>	(59,550)
	<b>417,043</b>	367,914

**United Way of Brandon & District Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2010*

**5. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2010 Net book value</i>	<i>2009 Net book value</i>
Computer equipment	25,407	25,407	-	374
Furniture and equipment	29,776	23,480	6,296	7,871
	<b>55,183</b>	<b>48,887</b>	<b>6,296</b>	<b>8,245</b>

**6. Deferred Province of Manitoba capital grant**

Deferred contributions reported in the Capital Assets Fund include the unamortized portion of the capital grant received from the Province.

The changes for the year in the deferred contributions balance reported in the Capital Assets Fund are as follows.

	<i>2010</i>	<i>2009</i>
Capital grant received	9,920	9,920
Amortization of capital grant to revenue	(9,920)	(8,798)
	-	1,122

**7. Analysis of Change in Net Assets**

Operating and restricted net assets have been consolidated for presentation purposes. During the year, the Board of Directors approved the following interfund transfers in accordance with fund policies as described in Note 2.

	<i>Community Response Fund</i>	<i>Coats for Kids Fund</i>	<i>Capital Assets Fund</i>	<i>Operating Contingencies Fund</i>	<i>Equipment and Software Purchases Fund</i>	<i>Community Fund</i>	<i>Operating Fund</i>	<i>Total</i>
Opening fund balance	60,000	10,000	7,123	90,000	15,000	460,203	-	<b>642,326</b>
Excess (deficiency) of revenue over expenses	(33,000)	(6,202)	(827)	-	-	79,143	(29,536)	<b>9,578</b>
Total fund balance before transfer	27,000	3,798	6,296	90,000	15,000	539,346	(29,536)	<b>651,904</b>
Interfund transfers	33,000	6,202	-	10,000	5,000	(83,738)	29,536	-
Ending fund balance	60,000	10,000	6,296	100,000	20,000	455,608	-	<b>651,904</b>

**United Way of Brandon & District Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2010*

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**8. Commitments**

The United Way of Brandon & District Inc. has adopted the multi-year funding program as set out by United Way-Centraide Canada. The Organization has committed future campaign revenue to various organizations as follows:

2012	270,363
2013	230,364

These figures represent the actual commitments under multi-year funding agreements signed as at December 31, 2010 and represent the minimum commitments for the year indicated as new funding agreements are negotiated in each year and Community Response Funding is negotiated annually on an as-needed basis.

**9. Lease commitment**

The United Way of Brandon & District Inc. has entered into a lease agreement with estimated minimum annual payments as follows:

2011	23,172
2012	7,724

**10. Income taxes**

The Organization is registered as a charitable organization under the Income Tax Act (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 of Brandon & District Inc. must meet certain requirements within the Act. In the opinion of management these requirements have been met.

**11. General management and administration allocation**

General management and administration expenses are incurred to support functional areas and are allocated to fundraising and program expenses based on the time study method. Following this method, general management and administration expenses are allocated as follows:

	2010	2009
Fundraising expenses	60%	60%
Program expenses	40%	40%

**12. Financial instruments**

***Credit concentration***

Financial instruments that potentially subject the organization to concentrations of credit risk consist primarily of pledges receivable. The Organization has a large number of donors and, as a consequence, believes that the pledges receivable credit risk is limited.

***Fair value of financial instruments***

The carrying amounts of cash, marketable securities, accounts receivable, pledges receivable, donor designations and fund distributions not yet paid approximate their fair values due to the short-term maturities of these items.

**United Way of Brandon & District Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2010*

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**13. Capital management**

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements.

**14. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

**15. Subsequent event**

Subsequent to the date of the financial statements, the Organization determined that a grant issued for a specific program must be repaid due to the cancellation of the program in June 2009. As at the date of the audit report a final agreement has not been reached to determine the amount receivable.

**United Way of Brandon & District Inc.**  
**Schedule A: General Management and Administration Expenses**

*For the year ended December 31, 2010*

	2010	2009
Amortization of capital assets	1,948	2,341
Insurance	945	809
Meeting and travel	-	363
Occupancy costs	11,101	11,539
Office	1,144	2,361
Other administrative	4,718	1,344
Postage and printing	2,062	3,929
Professional development and training	629	1,291
Professional fees	2,260	2,443
Salaries and benefits	72,821	89,532
Telecommunications	1,597	1,153
<b>Total general management and administration expenses before allocation</b>	<b>99,225</b>	<b>117,105</b>
Allocation to fundraising expenses <i>(Note 11), (Schedule B)</i>	59,535	70,263
Allocation to program expenses <i>(Note 11), (Schedule C)</i>	39,690	46,842
<b>Total general management and administration expenses</b>	<b>-</b>	<b>-</b>

*The accompanying notes are in integral part of these financial statements.*

**United Way of Brandon & District Inc.**  
**Schedule B: Fundraising Expenses**

*For the year ended December 31, 2010*

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	2010	2009
Direct mail	1,690	2,914
Equipment maintenance	673	654
Meeting and travel	400	125
Occupancy costs	9,657	9,657
Other direct fundraising	1,402	87
Printing materials	6,751	7,699
Professional development and training	24	778
Professional fees	4,189	3,023
Promotion and publicity	5,391	4,410
Salaries and benefits	33,964	19,712
Special events	4,725	4,617
Supplies	2,548	1,919
Telecommunications	2,102	1,306
<b>Total direct fundraising expenses</b>	<b>73,516</b>	<b>56,901</b>
Allocation of general management and administration expenses ( <i>Schedule A</i> )	<b>59,535</b>	<b>70,263</b>
<b>Total fundraising expenses</b>	<b>133,051</b>	<b>127,164</b>

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*The accompanying notes are in integral part of these financial statements.*

**United Way of Brandon & District Inc.**  
**Schedule C: Program Expenses**

*For the year ended December 31, 2010*

	2010	2009
Allocations to donor designations	78,390	40,026
Allocations to community response grants	33,000	40,155
Allocations to United Way - Centraide Health Partners	(6,628)	(13,598)
Allocations to multi year funding	470,363	368,500
<b>Total allocation and designation expenses</b>	<b>575,125</b>	<b>435,083</b>
<b>Program expenses</b>		
Coats for Kids	6,202	1,499
United Way - Centraide dues	3,894	4,234
Other direct program expenses	36,162	15,286
<b>Total direct program expenses</b>	<b>46,258</b>	<b>21,019</b>
Allocation of general management and administration expenses <i>(Schedule A)</i>	39,690	46,842
<b>Total United Way of Brandon &amp; District program expenses</b>	<b>85,948</b>	<b>67,861</b>
<b>Total program expenses</b>	<b>661,073</b>	<b>502,944</b>

*The accompanying notes are in integral part of these financial statements.*

