

Summarized Financial Statements of

**UNITED WAY OF SASKATOON AND AREA**

Year ended March 31, 2011



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## **INDEPENDENT AUDITORS' REPORT**

To the members of United Way of Saskatoon and Area

We have audited the accompanying financial statements of United Way of Saskatoon and Area, which comprise the statement of financial position as at March 31, 2011 and the statements of operations, net assets and cash flows for the year then ended, and notes, comprising 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.

### *Auditor's 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained 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 Saskatoon and Area as at March 31, 2011, 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  
Saskatoon, Canada  
May 18, 2011

**UNITED WAY OF SASKATOON AND AREA**

## Statement of Financial Position

March 31, 2011, with comparative figures for 2010

|   | 2011                | 2010                |
|---|---------------------|---------------------|
| <b>Assets</b>                                   |                     |                     |
| Current assets:                                 |                     |                     |
| Cash and cash equivalents                       | \$ 2,105,041        | \$ 1,499,175        |
| Pledges receivable (note 2)                     | 2,092,848           | 1,843,187           |
| Accounts receivable                             | 69,414              | 52,990              |
| Prepaid expenses                                | 65,576              | 40,500              |
|   | <u>4,332,879</u>    | <u>3,435,852</u>    |
| Equipment, furniture and leaseholds             | 209,426             | 206,244             |
| Less: accumulated amortization                  | 148,505             | 151,523             |
|   | <u>60,921</u>       | <u>54,721</u>       |
|   | <u>\$ 4,393,800</u> | <u>\$ 3,490,573</u> |
| <b>Liabilities and Net Assets</b>               |                     |                     |
| Current liabilities:                            |                     |                     |
| Accounts payable and accrued liabilities        | \$ 116,272          | \$ 112,973          |
| Allocations committed to funded agencies        | 2,059,667           | 1,883,580           |
| Deferred revenue (note 3)                       | 670,342             | 602,907             |
|   | <u>2,846,281</u>    | <u>2,599,460</u>    |
| Net assets:                                     |                     |                     |
| Operating reserve                               | 686,598             | 536,392             |
| Allocations reserve                             | 800,000             | 300,000             |
| Invested in equipment, furniture and leaseholds | 60,921              | 54,721              |
|   | <u>1,547,519</u>    | <u>891,113</u>      |
| Commitments (note 5)                            |                     |                     |
|   | <u>\$ 4,393,800</u> | <u>\$ 3,490,573</u> |

See accompanying notes to financial statements.

On behalf of the Board:

"Brian Taylor" \_\_\_\_\_ Director

"Josh Pion" \_\_\_\_\_ Director

**UNITED WAY OF SASKATOON AND AREA**

## Statement of Operations

Year ended March 31, 2011, with comparative figures for 2010

|   | 2011         | 2010         |
|---|--------------|--------------|
| Revenue:  |              |              |
| Campaign contributions                                | \$ 5,691,226 | \$ 4,845,138 |
| Funds transferred from other United Way organizations | 110,625      | 94,715       |
| Gross campaign revenue                                | 5,801,851    | 4,939,853    |
| Less provision for uncollectible pledges              | (82,280)     | (148,290)    |
| Net campaign revenue                                  | 5,719,571    | 4,791,563    |
| Other revenue:  |              |              |
| Volunteer Saskatoon                                   | 67,119       | 97,080       |
| Grant revenue   | 45,298       | 112,820      |
| Gifts and bequests                                    | 30,000       | 112,651      |
| Interest revenue                                      | 12,544       | 2,940        |
| Other revenue   | 6,164        | 16,916       |
|   | 5,880,696    | 5,133,970    |
| Campaign expenses                                     | 903,784      | 866,157      |
| Net revenue available for allocations and programs    | 4,976,912    | 4,267,813    |
| Expenses:   |              |              |
| Allocations to funded agencies                        | 2,652,250    | 2,400,330    |
| Donor directed giving (note 4)                        | 763,786      | 631,121      |
| Community services                                    | 638,576      | 674,545      |
| Community initiatives funding allocations             | 147,000      | 122,888      |
| Volunteer Saskatoon                                   | 118,894      | 99,438       |
|   | 4,320,506    | 3,928,322    |
| Excess of revenue over expenses                       | \$ 656,406   | \$ 339,491   |

See accompanying notes to financial statements.

**UNITED WAY OF SASKATOON AND AREA**

## Statement of Net Assets

Year ended March 31, 2011, with comparative figures for 2010

|  | Invested in<br>Equipment, Furniture<br>and Leaseholds | Allocations<br>Reserve | Operating<br>Reserve | Total<br>2011 | Total<br>2010 |
|--|---|------------------------|----------------------|---------------|---------------|
| Balance, beginning of year                         | \$ 54,721   | \$ 300,000             | \$ 536,392           | \$ 891,113    | \$ 551,622    |
| Excess (deficiency) of<br>revenue over expenses    | (20,472)  | -                      | 676,878              | 656,406       | 339,491       |
| Purchase of equipment,<br>furniture and leaseholds | 26,672  | -                      | (26,672)             | -             | -             |
| Internal transfers:                                |   |                        |                      |               |               |
| Community investment                               | -   | 558,522                | (558,522)            | -             | -             |
| Project transfers                                  | -   | (58,522)               | 58,522               | -             | -             |
| Balance, end of year                               | \$ 60,921   | \$ 800,000             | \$ 686,598           | \$ 1,547,519  | \$ 891,113    |

See accompanying notes to financial statements.

**UNITED WAY OF SASKATOON AND AREA**

## Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

|   | 2011         | 2010         |
|---|--------------|--------------|
| Cash flows from (used in):                      |              |              |
| Operations:                                     |              |              |
| Excess of revenue over expenses                 | \$ 656,406   | \$ 339,491   |
| Item not involving cash:                        |              |              |
| Amortization                                    | 20,472       | 16,114       |
| Change in non-cash operating working capital:   |              |              |
| Pledges receivable                              | (249,661)    | (165,459)    |
| Accounts receivable                             | (16,424)     | (7,041)      |
| Prepaid expenses                                | (25,076)     | 1,627        |
| Accounts payable and accrued liabilities        | 3,299        | 18,463       |
| Allocations committed to funded agencies        | 176,087      | 314,080      |
| Deferred revenue                                | 67,435       | 51,160       |
|   | 632,538      | 568,435      |
| Investing:                                      |              |              |
| Purchase of equipment, furniture and leaseholds | (26,672)     | (12,993)     |
| Increase in cash and equivalents                | 605,866      | 555,442      |
| Cash and equivalents, beginning of year         | 1,499,175    | 943,733      |
| Cash and equivalents, end of year               | \$ 2,105,041 | \$ 1,499,175 |

See accompanying notes to financial statements.

## UNITED WAY OF SASKATOON AND AREA

### Notes to Financial Statements

Year ended March 31, 2011

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The United Way of Saskatoon and Area is incorporated without share capital as a non-profit organization under the laws of Saskatchewan. Its mission is to improve lives and build community by engaging individuals and mobilizing collective action.

As a registered charitable organization under the Income Tax Act (Canada), the United Way of Saskatoon and Area is exempt from income taxes and is able to issue donation receipts for income tax purposes.

#### 1. Significant accounting policies:

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 amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

A summary of the significant accounting policies is as follows:

(a) Pledges receivable:

Contribution pledges are recorded as receivable when committed and allowances are provided for amounts estimated to be uncollectible.

(b) Allocations:

Allocations to funded agencies include amounts paid as well as those portions of the allocation which will be paid over the balance of the calendar year.

(c) Office equipment, furniture, and leaseholds:

Office equipment, furniture, and leaseholds are stated at cost and amortized over their estimated useful lives using the following methods and annual rates:

| Asset                          | Method                | Rate    |
|--------------------------------|-----------------------|---------|
| Computer hardware and software | Straight-line balance | 20%     |
| Other equipment and furniture  | Declining balance     | 10%-20% |
| Leaseholds                     | Straight-line balance | 12.5%   |

(d) Gifts in kind:

Donations of goods and services, including media and advertising, are not included in these financial statements.

## UNITED WAY OF SASKATOON AND AREA

Notes to Financial Statements (continued)

Year ended March 31, 2011

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### 1. Significant accounting policies (continued):

(e) Deferred revenue:

Deferred revenue consists of amounts which have been externally restricted. These amounts will be recognized as revenue in the year in which related expenses are incurred.

(f) Reserve amounts:

The operating reserve represents the accumulated excess of revenue over expenses net of allocations to other reserve accounts.

The allocations reserve represents funds that the Board of Directors has approved and transferred from the operating reserve to be used with respect to new funded agencies, community investment and building for the future through United Way of Saskatoon and Area programs. The specific use of funds and adjustments to the reserve are subject to determination by the Board of Directors.

Equity in equipment, furniture and leaseholds represents the unamortized cost of equipment, furniture and leaseholds. Adjustments to the reserve are made for additions, disposals and amortization of equipment, furniture and leaseholds.

(g) Revenue recognition:

The United Way of Saskatoon and Area follows the deferral method of accounting for campaign revenue. Non-designated campaign contributions are recognized as revenue in the period the contribution is received or receivable. A provision for uncollectible pledges is recorded to reduce pledges receivable and revenue.

Campaign contributions where the donor has requested that the funds be allocated to a registered charity are initially recorded as deferred revenue. Upon payment of the funds to the registered charity the payment is recognized as an expense and the contribution is recognized as revenue. Administration fees related to donor directed contributions are recognized in the period the payment is made to the registered charity.

(h) Financial instruments:

The United Way of Saskatoon and Area has designated all of its cash as held for trading and carries it at fair value. Pledges and accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities and allocations committed to funded agencies are classified as other financial liabilities which are also measured at amortized cost.

The fair value of the United Way of Saskatoon and Area's pledges and accounts receivable, accounts payable and accrued liabilities and allocations committed to funded agencies, approximates their carrying amounts due to the short-term nature of the instruments.

**UNITED WAY OF SASKATOON AND AREA**

Notes to Financial Statements (continued)

Year ended March 31, 2011

**1. Significant accounting policies (continued):**

## (h) Financial instruments (continued):

The United Way of Saskatoon and Area is exposed to interest rate risk arising from fluctuations in interest rates on amounts invested in interest bearing cash accounts. Cash, when received, is deposited into an interest bearing account with interest based on prime rates. The United Way of Saskatoon and Area is also exposed to credit risk related to pledges and accounts receivable. Pledges receivable consists of amounts due from numerous organizations and individuals none of which is individually significant. An allowance for uncollectable pledges receivable has been established.

## (i) Allocation of operating expenses:

Operating expenses are incurred to support functional areas and are allocated to campaign and community services expenses based on a time study method. Following this method, operating expenses are allocated as follows:

|                             | 2011 | 2010 |
|-----------------------------|------|------|
| Campaign expenses           | 60%  | 64%  |
| Community services expenses | 40%  | 36%  |

A summary of United Way of Saskatoon and Area ratios is as follows:

|  | 2011         | 2010         |
|--|--------------|--------------|
| Gross campaign revenue   | \$ 5,801,851 | \$ 4,939,853 |
| Direct campaign expenses   | 627,890      | 597,919      |
| Allocation of operating expenses   | 275,894      | 268,238      |
|  | \$ 903,784   | \$ 866,157   |
| Direct campaign expenses as a percentage of gross campaign revenue         | 10.8%        | 12.1%        |
| Allocation of operating expenses as a percentage of gross campaign revenue | 4.8%         | 5.4%         |
|  | 15.6%        | 17.5%        |

## (j) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and deposits held with banks.

**UNITED WAY OF SASKATOON AND AREA**

Notes to Financial Statements (continued)

Year ended March 31, 2011

**2. Pledges receivable:**

|  | 2011                | 2010                |
|--|---------------------|---------------------|
| Pledges receivable                             | \$ 2,357,098        | \$ 2,123,909        |
| Allowance for uncollectible pledges receivable | (264,250)           | (280,722)           |
|  | <b>\$ 2,092,848</b> | <b>\$ 1,843,187</b> |

The United Way of Saskatoon and Area reports publicly an estimate of its campaign results in January of each year for that year's campaign.

|                            | 2011         | 2010         |
|----------------------------|--------------|--------------|
| Gross campaign revenue     | \$ 5,801,851 | \$ 4,939,853 |
| Publicly reported estimate | \$ 5,705,690 | \$ 4,913,037 |

**3. Deferred revenue:**

|                       | 2011              | 2010              |
|-----------------------|-------------------|-------------------|
| Donor directed giving | \$ 561,272        | \$ 526,727        |
| Programs grants       | 109,070           | 76,180            |
|                       | <b>\$ 670,342</b> | <b>\$ 602,907</b> |

**4. Donor directed giving:**

Campaign contributions include donor directed giving in the amount of \$830,605 (2010 - \$701,200) of which \$763,786 (net of administration fees) (2010 - \$631,121) has been paid to registered charities in Canada pursuant to donor requests.

## UNITED WAY OF SASKATOON AND AREA

Notes to Financial Statements (continued)

Year ended March 31, 2011

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### 5. Commitments:

The United Way of Saskatoon and Area is committed to payments under an operating lease for office space through 2012 and an operating lease for equipment through 2014.

Future minimum payments, by year and in aggregate, under these commitments, consisted of the following at March 31, 2011:

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|      |    |        |
|------|----|--------|
| 2012 | \$ | 30,356 |
| 2013 |    | 5,473  |
| 2014 |    | 2,544  |
|      | \$ | 38,373 |

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The United Way of Saskatoon and Area has entered into multi-year funding agreements with five of its funded agencies. Under these agreements, the United Way of Saskatoon & Area has committed to funding \$809,000 to these agencies, for each of the next two years.

### 6. Management of capital:

The United Way of Saskatoon and Area defines its capital as the amounts included in its fund balances.

Management and the Board of Directors carefully considers fundraising campaigns and grants to ensure that sufficient funds will be available to meet its short and long-term objectives.

The United Way of Saskatoon and Area monitors its financial performance against an annual budget. Surpluses from unspent operational activities are accumulated under the allocations and operating reserves. In the event that revenue declines, the United Way of Saskatoon and Area will budget for reduced distributions and reduced operational expenditures. While an annual budget deficit could periodically arise, no such deficit would be allowed to exceed the total funds available under the allocations and operating reserves.

### 7. Comparative figures:

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