



Financial Statements of United Way of Greater Toronto



Give. Volunteer. Act.

Independent Auditors' Report

To the Board of Trustees of United Way of Greater Toronto

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Greater Toronto (operating as United Way Toronto), which comprise the statement of financial position as at March 31, 2011, the statements of operations, changes in 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.

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 our 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, we consider 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 Greater Toronto (operating as United Way Toronto) as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding period.

The image shows a handwritten signature in dark ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends, serving as a decorative underline.

Chartered Accountants, Licensed Public Accountants

June 16, 2011
Toronto, Canada

Statement of Financial Position

March 31, 2011 with comparative figures for 2010

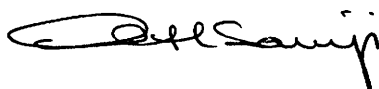
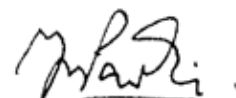
<i>(In thousands of dollars)</i>	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,998	\$ 26,388
Campaign pledges receivable	29,480	26,079
Other receivables	637	735
Prepaid expenses	332	433
	<u>62,447</u>	<u>53,635</u>
Long-term investments (note 5)	68,035	64,909
Capital assets (note 6)	2,651	3,000
	<u>\$ 133,133</u>	<u>\$ 121,544</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,200	\$ 1,886
Areawide and flowthrough gifts payable (note 3)	9,672	8,240
Deferred campaign revenue	9,514	7,971
	<u>23,386</u>	<u>18,097</u>
Other deferred revenue (note 7)	4,699	4,699
Accrued pension liability (note 8)	520	937
Net assets:		
Internally restricted (note 9)	2,651	3,000
The Tomorrow Fund Endowment (note 10)	53,206	49,482
Unrestricted net assets (notes 3 and 11)	48,671	45,329
	<u>104,528</u>	<u>97,811</u>
Commitments (note 13)		
	<u>\$ 133,133</u>	<u>\$ 121,544</u>

See accompanying notes to financial statements.

On behalf of the Board:

Trustee

Trustee

Statement of Operations

Year ended March 31, 2011, with comparative figures for the 15-month period ended March 31, 2010

<i>(In thousands of dollars)</i>	2011	2010
Revenue:		
Campaign revenue	\$ 126,276	\$ 152,229
Funds received from other United Ways	410	694
Funds received for other United Ways	(11,769)	(12,347)
Bequests	764	253
Total gifts	115,681	140,829
Pledge shrinkage	(1,796)	(2,286)
Total fundraising revenue	113,885	138,543
Government grants	1,129	1,237
Other income	1,283	1,522
	2,412	2,759
Investment income	6,336	7,223
Total revenue	122,633	148,525
Distributions and Community Programs:		
Allocations to United Way of Greater Toronto agencies and partners	55,341	68,676
Grant programs	6,199	6,700
Programs delivered by United Way of Greater Toronto	3,470	4,708
One-time donor specified donations to United Way of Greater Toronto programs, agency projects and grant programs (note 12)	5,311	10,852
Joint Areawide campaign proceeds to partner United Ways	7,039	6,503
Donor designations to:		
United Way of Greater Toronto agencies and partners	2,211	3,004
Other United Ways	1,636	2,177
Other registered charities	15,485	21,810
Allocations and needs assessment, program expenses	3,125	3,608
Total distributions and community programs	99,817	128,038
Operating expenses:		
Fundraising	17,020	19,748
Recovery of joint Areawide campaign costs from partner United Ways	(445)	(815)
	16,575	18,933
Total distributions and expenses	116,392	146,971
Excess of revenue over distributions and expenses	\$ 6,241	\$ 1,554
Allocated to:		
The Tomorrow Fund Endowment (note 10)	\$ 3,248	\$ 4,605
Unrestricted net assets (note 11)	3,837	(2,165)
Internally restricted net assets (note 9)	(844)	(886)
	\$ 6,241	\$ 1,554

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended March 31, 2011, with comparative figures for the 15-month period ended March 31, 2010

<i>(In thousands of dollars)</i>	2011			2010		
	Internally restricted	Restricted for The Tomorrow Fund	Total	Internally restricted	Restricted for The Tomorrow Fund	Total
Net assets, beginning of period	\$ 3,000	\$ 49,482	\$ 97,811	\$ 2,635	\$ 41,527	\$ 92,907
Excess (deficiency) of revenue over distributions and expenses	(844)	3,248	6,241	(886)	4,605	1,554
Endowment contributions	—	476	476	—	3,350	3,350
Invested in capital assets	495	—	—	1,251	—	—
		(495)			(1,251)	
Net assets, end of period	\$ 2,651	\$ 53,206	\$104,528	\$ 3,000	\$ 49,482	\$ 97,811
		\$ 48,671			\$ 45,329	

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

<i>(In thousands of dollars)</i>	2011	2010
Cash flows from operating activities:		
Excess of revenue over distributions and expenses	\$ 6,241	\$ 1,554
Items not involving cash:		
Amortization of capital assets	844	886
Unrealized gain on investments	(2,851)	(10,532)
Defined benefit pension expense	656	634
Change in non-cash operating working capital	2,087	(9,311)
Defined benefit pension contributions	(1,073)	(845)
Cash flows from (used in) operating activities	5,904	(17,614)
Cash flows from financing activities:		
Endowment contributions received	476	3,350
Cash flows from investing activities:		
Purchase of capital assets	(495)	(1,251)
Decrease (increase) in investments, net	(275)	3,481
Cash flows from (used in) investing activities	(770)	2,230
Increase (decrease) in cash and cash equivalents	5,610	(12,034)
Cash and cash equivalents, beginning of period	26,388	38,422
Cash and cash equivalents, end of period	\$ 31,998	\$ 26,388

See accompanying notes to financial statements.

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

1. Purpose of the organization:

The mission of United Way of Greater Toronto (operating as United Way Toronto) (“United Way”) is to meet urgent human needs and improve social conditions by mobilizing the community’s volunteer and financial resources in a common cause of caring.

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, United Way must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

In 2010, the United Way changed its fiscal year end from December 31 to March 31.

2. Significant accounting policies:

The financial statements have been prepared in accordance with generally accepted accounting principles applied within the framework of the significant Canadian accounting policies summarized below:

(a) Revenue recognition:

United Way follows the deferral method of accounting for campaign revenue.

United Way recognizes unrestricted donations as revenue when received or receivable. A provision for uncollectible pledges is recorded to reduce pledges receivable and revenue.

Restricted donations are treated as follows:

Certain United Ways are requested to act on behalf of employers and employee groups as the co-ordinator of their national campaigns and to receive and disburse funds on behalf of other United Ways within local communities. These campaigns are known as Centrally Coordinated Campaigns (“CCC”).

- (i) Funds received from other United Ways:
These funds from other United Ways under the CCC arrangement are reported separately in revenue when received in these financial statements.
- (ii) Funds received for other United Ways:
Funds received by United Way under the CCC arrangement are included in the campaign revenue amount on the statement of operations when distributed. These distributed funds are recorded as a reduction to campaign revenue.
- (iii) Designated donations:
Designated donations for United Way that have not been disbursed at year end are recorded as deferred campaign revenue on the statement of financial position. Upon disbursement, the payment is recorded as an expense and the donation is recorded as campaign revenue.

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

(iv) Donations restricted:

Donations restricted for a specific purpose that have not been spent at the end of the year are recorded as deferred campaign revenue on the statement of financial position. They are recognized as campaign revenue when paid.

(v) Flowthrough donations:

Flowthrough donations are funds received under the flowthrough arrangements for other charities. The amount received is recorded as a liability under areawide and flowthrough gifts payable.

(vi) Grant revenue:

Grant revenue reported in these financial statements represents funds received from provincial and municipal governments. Other income reported in these financial statements represents funds received from foundations and utilities. Government grant revenue and other income are received for programs administered by United Way. The related program expenses and grant disbursements are included in the distributions and community programs section of the financial statements.

(vii) Endowment contributions:

Endowment contributions are recognized as increases in net assets in the year in which they are received. Capital appreciation/depreciation for those funds which are below the distribution threshold are added or deducted from the principal and recognized as direct increases/decreases in net assets in the year in which they are incurred.

Investment income includes dividends, interest, income distributions from pooled funds, realized gains (losses) and the net change in unrealized gains (losses) for the year.

(b) Cash and cash equivalents:

United Way considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

(c) Financial instruments:

Cash and cash equivalents and investments are classified as held-for-trading and stated at fair value. Campaign pledges receivable and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and Areawide and flowthrough gifts payable are classified as other financial liabilities, which are measured at amortized cost.

In determining fair values, adjustments have not been made for transaction costs as they are not considered significant. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in investment income in the statement of operations.

Transactions are recorded on a trade date basis.

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

Fair values of investments are determined as follows:

- (i) Fixed income securities and equities are valued at year-end quoted market prices, where available. Pooled funds are valued based on the reported fund managers' unit values. Where quoted market prices are not available, estimated fair values are calculated using comparable securities.
- (ii) Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

The fair values of investments are equal to the quoted market value, as disclosed in note 5. The fair values of other financial assets and liabilities, being cash and cash equivalents, campaign pledges receivable, other receivables, accounts payable and accrued liabilities and areawide and flowthrough gifts payable, approximate their carrying values due to the relatively short-term nature of these financial instruments.

United Way has adopted The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation. In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, United Way has elected not to adopt these standards in its financial statements.

(d) Capital assets:

Purchased capital assets are stated at acquisition cost and are amortized over their estimated useful lives. Amortization is provided on the following bases and the estimated useful lives of the assets as follows:

Asset	Basis	Rate
Computer equipment and software	Straight line	3 - 7 years
Furniture and fixtures	Declining balance	15%
Leasehold improvements	Straight line	Term of lease
Vehicle	Declining balance	25%

(e) Donated goods and services:

United Way benefits from substantial services in the form of volunteer time. Since the value of these donated services cannot be readily determined, they are not recorded in these financial statements.

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

(f) Employee future benefits:

United Way has a combined registered defined benefit and defined contribution pension plan covering substantially all of its employees and an unregistered defined benefit pension plan. The benefits are based on years of service. The cost of the registered defined benefit and defined contribution plan is currently being funded. The unregistered plan is unfunded; the cost is expensed and accrued annually.

United Way accrues its obligations under its employee pension plans as the employee renders the services necessary to earn the pension. United Way has adopted the following policies:

- (i) The cost of pensions earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages.
- (ii) For the purpose of calculating expected return on plan assets, those assets are valued at fair value. The most recent actuarial valuation of the pension plan for funding purposes was as of January 1, 2010. The date of the next required valuation is January 1, 2013.
- (iii) The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees, which for the pension plan is 20 years.
- (iv) The unamortized transitional asset is amortized over 20 years.

(g) Calculation of cost revenue ratios:

United Way uses the following method to calculate cost revenue ratios ("CRR"):

	2011	2010
Total gifts	\$ 115,681	\$ 140,829
Breakdown of fundraising expenses on statement of operations:		
Direct fundraising expenses	\$ 13,148	\$ 16,068
General management and administrative expenses	3,872	3,680
Total fundraising expenses	\$ 17,020	\$ 19,748
Direct fundraising expenses as a percentage of total gifts	11.4%	11.4%
General management and administrative expenses as a percentage of total gifts	3.3%	2.6%
Total fundraising expenses as a percentage of total gifts	14.7%	14.0%

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

(h) Allocation of expenses:

General management and administrative expenses are allocated between fundraising expenses and allocations and needs assessment based on effort.

General management and administrative expenses are allocated as follows:

	2011		2010	
Fundraising	\$ 3,872	84.5%	\$ 3,680	84.3%
Allocations and needs assessment	711	15.5%	685	15.7%

(i) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

3. Restatement of comparative balances:

In 2010, United Way adopted the amendments to CICA Handbook Section 1000. While adopting the amendments, United Way incorrectly recognized donor designated amounts as expenses in the period they were received but not yet paid. The comparative balances have been restated as follows:

	As originally reported	Adjustment	As restated
Unrestricted net assets, January 1, 2009	\$ 42,433	\$ 2,896	\$ 45,329
Areawide and flowthrough gifts payable	11,136	(2,896)	8,240

4. Youth Challenge Fund ("YCF"):

The Province of Ontario (the "Province") established the YCF in 2006 and appointed United Way as the trustee. The Province advanced United Way the sum of an initial \$15,000 and set up an independent board to oversee the operation of the program over a three-year period. As the trustee, United Way is responsible for the operation of the program and financial stewardship of the funds on behalf of the Province. The program has been extended until 2013.

The financial activities of the YCF are not reported on these financial statements. A separate set of audited financial statements for YCF are produced and filed with the Province.

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

5. Investments:

	2011		2010	
	Book value	Fair value	Book value	Fair value
Canadian fixed income securities	\$ 4,919	\$ 4,858	\$ 4,863	\$ 4,930
Pooled fund investments with The Toronto Community Foundation:				
Canadian fixed income securities and cash	20,469	21,191	20,743	20,582
Canadian equities	17,505	18,532	17,307	17,210
U.S. and global equities	22,655	23,454	22,360	22,187
	60,629	63,177	60,410	59,979
	\$ 65,548	\$ 68,035	\$ 65,273	\$ 64,909

The Canadian fixed income securities produce a yield to maturity of 4.08% (2010 - 4.08%) and have a weighted average term to maturity of 0.72 years (2010 - 1.7 years).

Investments held for The Tomorrow Fund total \$53,206 (2010 - \$49,482) (note 10).

6. Capital assets:

	2011		2010	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment and software	\$ 6,859	\$ 5,268	\$ 1,591	\$ 1,814
Furniture and fixtures	1,247	867	380	440
Leasehold improvements	1,993	1,313	680	745
Vehicle	36	36	–	1
	\$ 10,135	\$ 7,484	\$ 2,651	\$ 3,000

7. Other deferred revenue:

During 2007, United Way received a \$9,000 legal settlement related to a class action against a utility. United Way was charged with investing the \$9,000 and an amount equal to the estimated annual income from the funds, to be used to assist specific utility customers who qualify under the Winter Warmth Fund program operated by United Way and its affiliates with their bills. The Winter Warmth Fund provides assistance with utility bills to qualifying low-income individuals and families. The Winter Warmth Fund receives other funds in addition to the estimated annual income on the \$9,000.

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

In the event the Winter Warmth Fund ceases operation, all available funds shall be distributed to Ontario United Way organizations for charitable purposes as each Ontario United Way sees fit. United Way of Greater Toronto will be entitled to 52% of the distribution and 44 other United Way organizations will be entitled to the remaining 48%. United Way's 52% portion of the original \$9,000 settlement is recorded as investments with the offset to other deferred revenue. The remaining 48% of the investments, that are held in trust on behalf of United Way organizations, are not recorded in these financial statements. The other deferred revenue will be recorded as revenue, in order to match specified expenditures, in the event the Winter Warmth Fund ceases operations.

Investment income related to the \$9,000 will be used to fund the Winter Warmth Fund program.

8. Accrued pension liability:

Information about United Way's defined benefit pension plans is as follows:

	2011	2010
Accrued pension obligation:		
Balance, beginning of period	\$ 7,222	\$ 5,216
Current service cost	491	486
Interest cost	475	500
Benefits paid	(219)	(265)
Actuarial losses	1,513	1,285
Balance, end of period	9,482	7,222
Plan assets:		
Fair value, beginning of period	5,683	4,362
Annual return on plan assets, net of administrative expense	533	741
Employer contributions	1,073	845
Benefits paid	(219)	(265)
Fair value, end of period	7,070	5,683
Funded status - deficit	(2,412)	(1,539)
Unamortized net actuarial loss	1,920	635
Unamortized past service cost	122	137
Unamortized transitional asset	(150)	(170)
Accrued pension liability	\$ (520)	\$ (937)

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

United Way's overall funded deficit amount of \$2,412 is comprised of \$704 (2010 - \$505) for its registered defined benefit plan and a deficit of \$1,708 (2010 - \$1,034) for its unregistered defined benefit pension plan.

The accrued pension liability of \$520 comprises an accrued pension surplus of \$433 (2010 - accrued pension liability of \$87) for the registered defined benefit plan and an accrued pension liability of \$953 (2010 - \$850) for the unregistered defined benefit plan.

The significant actuarial assumptions adopted in measuring United Way's accrued pension obligations are as follows:

	2011	2010
Accrued benefit obligation:		
Discount rate	6.25%	6.75%
Rate of compensation increase	3.50%	3.50%
Benefit costs:		
Discount rate	6.00%	6.25%
Expected long-term rate of return on plan assets	5.00%	6.00%
Rate of compensation increase	3.50%	3.50%

Plan assets consist of:

	2011	2010
Equity securities	63%	55%
Debt securities	33%	42%
Other	4%	3%
	100%	100%

United Way's net defined benefit pension plan expense is as follows:

	2011	2010
Current service cost, net of employees' contributions	\$ 491	\$ 486
Interest cost	475	500
Expected return on plan assets	(305)	(347)
Amortization of transitional asset	(20)	(20)
Amortization of unrecognized past service costs	15	15
Net pension plan expense	\$ 656	\$ 634

United Way contributed \$187 (2010 - \$207) to its defined contribution plan.

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

9. Internally restricted net assets:

Internally restricted net assets represent the amount invested in capital assets.

10. The Tomorrow Fund Endowment:

The Tomorrow Fund Endowment represents internally and externally restricted amounts. Externally restricted amounts refer to those gifts which have been specifically directed to The Tomorrow Fund by the donor. Internally restricted amounts are bequests and other donations that were given by donors to United Way, and have been transferred to The Tomorrow Fund by the Board. The Board of Trustees may make the internally restricted portion of The Tomorrow Fund available, should the circumstances warrant.

The Tomorrow Fund Endowment consists of the following:

	2011	2010
Externally restricted	\$ 18,170	\$ 17,423
Internally restricted	35,036	32,059
	<u>\$ 53,206</u>	<u>\$ 49,482</u>

The following amounts were transferred between the unrestricted net assets and The Tomorrow Fund Endowment:

	2011	2010
Investment income on:		
Internally restricted funds	\$ 4,715	\$ 5,792
Externally restricted funds	659	335
Bequests	765	253
Distributions	(2,891)	(1,775)
Transfer from unrestricted net assets to		
The Tomorrow Fund Endowment	<u>\$ 3,248</u>	<u>\$ 4,605</u>

Endowment contributions of \$476 (2010 - \$3,350) have been added to The Tomorrow Fund Endowment. These amounts are not included in revenue in the statement of operations and changes in net assets, but have been added directly to The Tomorrow Fund Endowment assets as stated in note 2(a)(vii).

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

11. Unrestricted net assets:

Unrestricted net assets are comparable to the retained earnings of a for-profit organization. These funds are earmarked by management for the following purposes:

	2011	2010
Funding commitments to specific United Way of Greater Toronto agencies and partners	\$ 39,339	\$ 39,936
Unfunded pension liability	1,892	602
Operating capital	7,440	4,791
	<u>\$ 48,671</u>	<u>\$ 45,329</u>

12. One-time donor specified donations to United Way of Greater Toronto programs, agency projects and grant programs:

United Way receives special one-time gifts from donors. These special gifts are targeted to specific programs, capital projects or grant programs managed by United Way or its member agencies. United Way works with special gifts donors to match their specific giving interest to United Way funding priorities in the community.

13. Commitments:

(a) Multi-year funding agreements:

United Way has entered into agreements with certain member agencies and partners to set their allocations over two to five-year terms. The agreements can be renewed by mutual consent.

Funding commitments for the next two years are as follows:

2012	\$ 39,339
2013	20,322
	<u>\$ 59,661</u>

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

13. Commitments (continued):

(b) Long-term lease:

United Way leases office premises and certain office equipment under long-term operating leases expiring up to May 31, 2022. Rental payments, excluding operating costs and realty taxes, over the next five years and thereafter are as follows:

2012	\$ 970
2013	1,142
2014	1,090
2015	1,008
2016	975
Thereafter	6,800
	<u>\$ 11,985</u>

14. Financial instruments:

(a) Investment risk management:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk.

United Way mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

(b) Credit risk:

Campaign pledges receivable and other receivables are subject to credit risk. Cash and cash equivalents are held in credit-worthy financial institutions.

(c) Market and interest rate risks:

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities. The value of securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

Notes to Financial Statements *(In thousands of dollars)*

Year ended March 31, 2011 with comparative figures for the 15-month period ended March 31, 2010

15. Disclosure in compliance with Imagine Canada's Ethical Fundraising and Financial Accountability Code:

The United Way adopted the "Ethical Fundraising and Financial Accountability Code" (the "Code") of Imagine Canada. During calendar year 2010, United Way issued \$74,890 of charitable tax receipts. Other financial disclosures required by the Code are located elsewhere in these financial statements.

16. Comparative figures:

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



United Way
Toronto

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