

Financial Statements of

**UNITED WAY OF
CHATHAM-KENT**

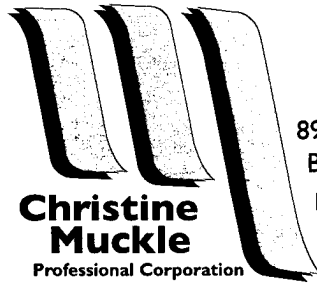
Year ended December 31, 2010

UNITED WAY OF CHATHAM-KENT

Table of Contents

Year ended December 31, 2010

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Schedule – Operating Expenses	13
Schedule – Program Expenses	14



8975 Middle Line, R.R. #5
Blenheim, ON N0P 1A0
phone: 519-676-2855
fax: 519-676-5387
email: cmuckle@ciaccess.com

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

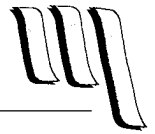
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I consider internal controls relevant to the entity's preparation and fair presentation 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.




Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Blenheim, Ontario
March 22, 2010


Christine Muckle Professional Corporation,
Authorized to practice public accounting by The
Institute of Chartered Accountants of Ontario

UNITED WAY OF CHATHAM-KENT

Statement of Financial Position

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

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	\$ 271,883	\$ 238,801
Investments	638,769	704,654
Pledges receivable (less allowance of \$100,000; 2009 - \$100,000)	1,226,677	1,303,390
Accrued interest receivable	5,302	3,897
Other receivables	29,738	14,366
Prepaid expenses	2,846	3,495
	<u>2,175,215</u>	<u>2,268,603</u>
Capital assets (note 2)	760,020	45,381
	<u>\$ 2,935,235</u>	<u>\$ 2,313,984</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities		
Undistributed allocation to funded agencies	\$ 833,098	\$ 851,095
Accounts payable and accrued liabilities	67,470	114,230
Payable to other charities	98,304	220,142
Deferred contributions (note 3)	450,639	374,573
Current portion of mortgage payable	50,000	-
	<u>1,499,511</u>	<u>1,560,040</u>
Deferred capital contributions	18,500	18,500
Mortgage payable (note 4)	525,000	-
Net assets		
Restricted for endowment purposes (note 5)	183,861	187,768
Internally restricted (note 6)	492,583	629,140
Unrestricted	215,780	(81,464)
	<u>892,224</u>	<u>735,444</u>
Commitments (note 7)		
	<u>\$ 2,935,235</u>	<u>\$ 2,313,984</u>

See accompanying notes to financial statements.

Approved by the Board:

Director

Director

UNITED WAY OF CHATHAM-KENT

Statement of Operations

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

	2010	2009
Revenue		
Gross campaign revenue		
Corporate gifts	\$ 655,018	\$ 659,734
Employee workplace gifts	841,096	881,885
Individual gifts	168,882	289,656
Special events	284,698	165,921
Other United Ways	1,925	2,826
Announced campaign revenue	1,951,619	2,000,022
Less:		
Designations to United Way programs	(151,469)	(143,448)
Designations to non member charities	(100,071)	(196,066)
To other United Ways	(3,900)	(3,862)
Plus:		
United Way programs	171,371	134,636
Paid to non member charities	200,143	299,379
	2,067,693	2,090,661
Less:		
Allowance for uncollectible pledges	(100,000)	(100,000)
Recovery of prior year's pledges	21,031	18,005
	1,988,724	2,008,666
Interest revenue	20,496	21,200
Winter Warmth trustee fee	52,500	50,000
Community Gardens Trillium grant	-	24,804
Bequest	-	934
Rent	68,856	62,693
Government of Canada grant	81,243	-
Fee for service and other income	18,950	6,462
Total revenue	2,230,769	2,174,759
Expenses		
Fundraising expenses	372,307	353,909
Net revenue available for programs	1,858,462	1,823,550
Program expenses		
Allocations and designations to recipient charities	1,072,631	1,145,648
United Way Community Impact Programs	638,862	632,729
	1,711,493	1,781,077
Excess of revenue over expenses	\$ 146,969	\$ 42,473

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Statement of Changes in Net Assets

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

	Restricted for Endowment	Internally Restricted	Unrestricted	2010 Total	2009 Total
Balance, beginning of year	\$ 187,768	\$ 629,140	\$ (81,464)	\$ 735,444	\$ 677,013
Excess of revenue over expenses (expenses over revenue)	(8,977)	-	155,946	146,969	42,473
Endowment contributions	5,070	-	-	5,070	1,370
Unrealized gain on available for sale investments	-	-	4,741	4,741	14,588
Internally restricted (note 6)	-	(136,557)	136,557	-	-
	\$ 183,861	\$ 492,583	\$ 215,780	\$ 892,224	\$ 677,013

UNITED WAY OF CHATHAM-KENT

Statement of Cash Flows

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

	2010	2009
Cash provide by (used in):		
Operations:		
Excess of revenue over expenses	\$ 146,969	\$ 42,473
Increase in:		
Endowment contributions	5,070	1,370
Deferred contributions	76,066	30,535
Amortization of capital assets which does not involve cash	13,039	6,249
Change in non-cash operating working capital	(55,294)	(45,087)
	<u>185,850</u>	<u>35,540</u>
Investments:		
Purchase of capital assets	(727,768)	(3,773)
Financing:		
Proceeds from mortgage payable	600,000	-
Mortgage payments	(25,000)	-
	<u>575,000</u>	<u>-</u>
Increase in cash	33,082	31,767
Cash and cash equivalents, beginning of year	238,801	207,034
Cash and cash equivalents, end of year	<u>\$ 271,883</u>	<u>\$ 238,801</u>

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements

Year ended December 31, 2010

United Way of Chatham-Kent is incorporated without share capital under the laws of Ontario. The Corporation's principal purpose is to develop teamwork among the social, philanthropic and charitable agencies servicing the community and their constituencies in the interest of the financial support of such agencies, and the effective planning and execution of the social service programs of this community. United Way's Mission Statement is "to improve lives and build community in Chatham-Kent". The Organization is a registered charity under The Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of The Income Tax Act are met.

1. Significant accounting policies

(a) Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted fund contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized.

Endowment contributions are recognized as direct increases in endowment net assets.

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

(b) Capital assets

Capital assets are stated at cost. Amortization is provided in the declining balance method at the following annual rates:

Building	2.5%
Equipment	20%

(c) Pledges receivable and allocations to participating agencies

Pledges receivable are recorded as an asset in the accounts, net of an allowance for uncollectible amounts. Since the funds to be distributed to the participating agencies in the following year are based on the expected realization of the current year's campaign pledges, the undistributed approved allocation to participating agencies is reflected in the balance sheet as a liability.

(d) Financial instruments classification

Cash is classified as held for trading. Term deposits are classified as held-to-maturity and are recorded at amortized cost. Equity investments are classified as available for sale and are reported at fair value at each balance sheet date, and any change in fair value is recognized in fund balances in the year in which the change takes place. Pledges receivable, accrued interest receivable and other receivables have been classified as loans and receivables and are reported at amortized cost using effective interest method. Undistributed allocation to funded agencies, accounts payable and accrued liabilities, payable to other charities and mortgage payable have been classified as other and are reported at amortized cost using effective interest method.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued)

(e) Cash and cash equivalents

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

(f) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

2. Capital assets

	Cost	Accumulated Amortization	2010 Net	2009 Net
Land	\$ 209,046	\$ -	\$ 209,046	\$ -
Building	505,140	6,314	498,826	-
Equipment	208,585	174,937	33,648	26,881
United Way building at CSV	18,500	-	18,500	18,500
	<u>\$ 941,271</u>	<u>\$ 181,251</u>	<u>\$ 760,020</u>	<u>\$ 45,381</u>

3. Deferred contributions

Deferred contributions related to expenses of future periods represent unspent funds externally restricted grants and donations.

	2010	2009
Balance beginning of year	\$ 344,038	\$ 344,038
Contributions during the year	274,378	229,547
Expenditures	(199,313)	(199,011)
	<u>\$ 450,639</u>	<u>\$ 374,573</u>

4. Mortgage payable

The mortgage payable is without interest, repayable \$4,167 monthly, due June 28, 2014.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2010

5. Net assets held for endowment purposes

The assets held in the eleven endowment funds are as follows:

	2010	2009
Donations		
Thomas W. Burke memorial fund	\$ 100,000	\$ 100,000
Cameron Carruthers memorial fund	3,873	3,823
Teri Craig memorial fund	1,942	1,942
Megan Benge memorial fund	15,640	14,120
Laura Bradley memorial fund	632	632
Scott Owen memorial fund	11,277	11,277
Jason Young memorial fund	1,090	1,090
Kirkwood Family Fund	13,282	13,282
Hetherington Family Fund	10,000	10,000
Shirley Mellow Fund	2,393	2,393
Richardson Fund	10,000	10,000
McNeill Fund	3,500	-
	173,629	168,559
Investment income		
Thomas W. Burke memorial fund	-	7,777
Cameron Carruthers memorial fund	796	555
Teri Craig memorial fund	975	853
Megan Benge memorial fund	2,478	1,587
Laura Bradley memorial fund	319	278
Scott Owen memorial fund	-	873
Jason Young memorial fund	-	528
Kirkwood Family Fund	4,511	4,672
Hetherington Family Fund	1,000	1,504
Shirley Mellow Fund	154	203
Richardson Fund	-	379
	10,232	19,207
	\$ 183,861	\$ 187,768

- (a) The Thomas W. Burke memorial fund is comprised of funds received from Mr. Burke's estate in 1981 and in-memoriam donations plus accumulated investment income. Investment income earned is to be used for Community Impact Grants.
- (b) Cameron Carruthers memorial fund is comprised of in-memoriam donations. Investment income earned is to be used for programs for youth education and counseling on substance abuse.
- (c) The Teri Craig memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be allocated to local charitable organizations in consultation with family members.
- (d) The Megan Benge memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2010

5. Net assets held for endowment purposes (continued)

- (e) The Laura Bradley memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.
- (f) The Scott Owen memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be used for programs for suicide prevention.
- (g) The Jason Young memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.
- (h) The Kirkwood Family fund has been established with donations from the members of the Kirkwood Family, (the Executive Director's parents). All investment income is to be used to offset the cost of maintenance on the miniature United Way building constructed in the Chatham-Kent Children's Safety Village.
- (i) The Hetherington Family fund has been established with a gift from Michelle Hetherington received from her employer in recognition of her commitment to her community as campaign co-chair in 2003. Investment income earned is to be allocated in consultation with family members.
- (j) The Shirley Mellow fund has been established in memory of the first Executive Director of the Tilbury Information and Help Centre. Investment income earned is to be allocated for youth bursaries in Tilbury.
- (k) The Richardson fund was established with a gift from the James F. Richardson Foundation. Investment income earned is to be used for youth programs.
- (l) The McNeill memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be allocated in consultation with family members.

6. Net assets internally restricted

The Board of Directors have internally restricted funds to be used as follows:

	2010	2009
Operating	\$ 331,000	\$ 315,000
Funded agency reserve	121,000	121,000
Capital	12,583	12,583
New Home Fund	-	180,557
Discretionary purposes	28,000	-
	<hr/> \$ 492,583	<hr/> \$ 629,140

These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2010

7. Commitments

The United Way of Chatham-Kent has committed to allocating one-quarter of the total funding approved for 2011 to its member agencies for the first quarter of 2012 (approximately \$208,639).

Lease commitments:

The future minimum annual lease payments under operating leases for premises and equipment are as follows:

2010	\$ 16,224
2011	7,831
2012	7,831
2013	6,000
2014	3,000
	<hr/> \$ 40,886

8. Investment income

	2010	2009
Income on unrestricted resources	\$ 9,859	\$ 14,873
Income on restricted resources held for endowment	10,637	6,327
	<hr/> \$ 20,496	<hr/> \$ 21,200

9. Allocation of general management and administration to fundraising and program expenses

General management and administration expenses are incurred to support functional areas and are allocated to fundraising and program expenses based on the wage cost on a person by person basis, occupancy costs on a square footage basis and other costs on a per employee basis.

	2010	2009
To fundraising expenses	\$ 50,495	\$ 55,164
To program expenses	69,332	95,756
	<hr/> \$ 119,827	<hr/> \$ 150,920

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2010

10. Winter Warmth

During 2009, United Way entered into a Trust Agreement to manage a legal settlement related to a class action against a utility. The United Way was charged with investing the settlement and administering the funds to be used to assist specific utility customers who qualify under the Winter Warmth Fund program. The Winter Warmth Fund provides assistance with utility bills to qualifying low-income individuals and families.

11. Fair value of financial assets and liabilities

Fair value

The fair value of cash, pledges receivable, accrued interest receivable, other receivables, undistributed allocation to funded agencies, accounts payable and accrued liabilities, payable to other charities and deferred contributions approximate their carrying value due to the immediate or short-term maturity of these financial instruments. Investments are carried at fair value and are based on quoted market prices.

The fair value of the mortgage payable was approximately \$508,616 compared to a carrying value of \$575,000. Fair value has been calculated using the future cash flows (principal plus interest) of the outstanding mortgage payable discounted at current market rates of 4.19% available to the Corporation for the same or similar instruments.

Credit risk

Pledges receivable are subject to credit risk. Cash and cash equivalents are held in credit worthy financial institutions.

Market and interest rate risk

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.

12. Capital management

The United Way's objectives when managing capital are to develop and maintain a financial model and a capital expenditure process which supports the strategic directions of the United Way, and safeguards the United Way's ability to continue to provide benefits to the community.

The United Way monitors and assesses its financial performance to ensure its capital structure, consisting of net assets, is appropriately maintained. In order to maintain its capital structure, the United Way may engage in additional fundraising or adjust community investments.

The entity is not subject to any externally imposed capital requirements.

13. Comparative figures

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.

UNITED WAY OF CHATHAM-KENT

Schedule – Operating Expenses

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

	2010	2009
Salaries	\$ 488,562	\$ 501,869
Benefits	107,065	109,245
Parking and mileage	11,210	10,664
Equipment leases	11,693	10,825
Telephone	10,549	10,198
Office and computer	20,045	16,590
Campaign supplies	7,110	3,858
Postage	7,988	10,875
Occupancy costs	92,881	104,069
Insurance	10,558	8,233
Printing and photocopying	1,424	3,919
Program purchases	3,543	21,384
Volunteer training and recognition	1,252	2,576
Donor recognition	-	1,000
Staff training	5,566	4,545
Meeting expenses	3,184	4,093
Professional fees	29,625	34,649
Bank charges	4,161	3,572
Resource material/membership	3,231	4,520
Amortization	13,039	6,249
	\$ 832,686	\$ 872,833
Allocated as follows:		
General management and administration	\$ 119,827	\$ 150,920
Fundraising	293,789	257,323
Community Impact Programs		
Community investment and agency relations	73,262	52,759
Volunteer & Information Chatham-Kent	58,893	47,954
Good Neighbours	-	75,912
Tilbury Information and Help Centre	86,874	105,854
Wallaceburg Information and Help Centre	59,555	61,902
Partnership development and community capacity building	124,804	102,289
The "425" Centre for Community Innovation	15,682	17,919
	\$ 832,686	\$ 872,832
Fundraising expenses		
Share of operating expenses	\$ 293,789	\$ 257,323
Direct fundraising expenses	28,023	41,422
Allocation of general management and administration expenses	50,495	55,164
	\$ 372,307	\$ 353,909

UNITED WAY OF CHATHAM-KENT

Schedule – Program Expenses

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

	2010	2009
Allocations and designations to member agencies		
Aids Support Kent	\$ 38,500	\$ 37,574
Big Brothers Big Sisters of Chatham-Kent	99,250	93,000
Brain Injury Association of Chatham-Kent	36,250	41,756
Canadian Hearing Society	33,000	32,936
Canadian Mental Health Association-Kent	49,375	54,066
Canadian National Institute for the Blind	45,500	45,651
Canadian Red Cross Society	8,500	11,631
Chatham Block Parent Program	33,875	29,500
Chatham-Kent Family Y.M.C.A.	24,000	24,069
Chatham-Kent Student Breakfast Program	22,875	21,875
Chatham-Kent Integrated Children's Services	31,790	35,310
Epilepsy Support Centre	16,000	16,080
Family Service Kent	136,288	141,411
Learning Disabilities Association of Chatham-Kent	94,265	86,420
Restorative Justice	23,750	17,500
Sidestreets Youth Drop-In Centre	30,375	28,643
St. John Ambulance	-	68
The Salvation Army	-	22,150
The Solid Rock Café Youth Centre	43,250	43,500
Victorian Order of Nurses	67,375	67,625
	834,218	850,765
Donor designations to funded agencies through special events	-	2,092
Donor designations for sponsorships	12,000	12,500
Allocations and designations to non-member charities	200,143	299,379
Adjustment of prior year's allocation	-	(20,658)
Allocation to endowment fund	5,070	1,370
Grants from endowment fund	1,200	200
Community impact grants	20,000	-
	\$ 1,072,631	\$ 1,145,648
United Way Community Impact Programs		
Community investments and agency relations	\$ 73,262	\$ 52,759
Volunteer & Information Chatham-Kent	58,893	47,954
Good Neighbours	-	75,912
Tilbury Information and Help Centre	86,874	105,854
Wallaceburg Information and Help Centre	59,555	61,902
Partnership development and community capacity building	124,804	102,289
The "425" Centre for Community Innovation	15,682	17,919
Community Gardens Project (Trillium Grant)	-	27,797
Prosperity roundtable, drug strategy and youth engagement	65,989	-
Women's Leadership Council	49,266	14,775
Backpacks for Kids program	19,448	14,812
United Way of Canada – Centraide Canada dues	15,757	15,000
Total direct program expenses	569,530	536,973
Allocation of general management and administrative expenses	69,332	95,756
	\$ 638,862	\$ 632,729