

Financial Statements of

**UNITED WAY/CENTRAIDE OTTAWA**

Year ended December 31, 2009



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## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the statement of financial position of the United Way/Centraide Ottawa as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of United Way/Centraide Ottawa as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Ontario Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

March 19, 2010

# UNITED WAY/CENTRAIDE OTTAWA

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

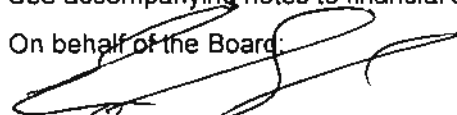
	2009	2008 (restated, note 3)
<b>Assets</b>		
Current assets:		
Cash	\$ 997,169	\$ 3,947,196
Pledges receivable	26,007,643	24,110,943
Accounts receivable	2,304,510	1,990,510
Prepaid expenses	76,781	53,930
	<u>29,386,103</u>	<u>30,102,579</u>
Land and building held for sale (note 9)	2,062,227	-
Long-term assets:		
Investments (note 5):		
Endowment (note 12)	2,537,642	2,443,948
Unrestricted	448,159	351,516
	<u>2,985,801</u>	<u>2,795,464</u>
Capital assets (note 6)	896,170	825,100
	<u>3,881,971</u>	<u>3,620,564</u>
	<u>\$ 35,330,301</u>	<u>\$ 33,723,143</u>

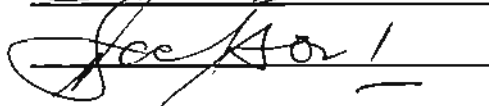
## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 2)	\$ 2,792,388	\$ 2,839,355
Deferred revenue (note 7)	961,208	1,864,946
Deferred designated campaign revenue (note 8)	13,687,968	12,391,854
Mortgage payable – current (note 9)	100,000	-
	<u>17,541,564</u>	<u>17,096,155</u>
Long-term liabilities:		
Deferred lease inducement	33,203	36,222
Mortgage payable – long-term (note 9)	1,397,300	-
	<u>1,430,503</u>	<u>36,222</u>
Net assets (note 11):		
Unrestricted	12,759,539	13,169,867
Internally restricted for community services	164,883	151,851
Internally restricted for capital assets (note 10)	896,170	825,100
Endowment (note 12)	2,537,642	2,443,948
	<u>16,358,234</u>	<u>16,590,766</u>
Lease commitments (note 13)		
Contingency and guarantee (note 14)		
	<u>\$ 35,330,301</u>	<u>\$ 33,723,143</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# UNITED WAY/CENTRAIDE OTTAWA

## Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (restated, note 3)
Revenue:		
Donations	\$ 29,673,371	\$ 28,974,200
Funds transferred from other United Ways/Centraides	1,312,204	319,826
Gross campaign revenue (note 8)	30,985,575	29,294,026
Less: provision for uncollectible pledges	(1,564,673)	(1,787,936)
Recovery of uncollectible pledges from prior year campaigns	863,744	396,067
Net campaign revenue	30,284,646	27,902,157
Other revenue (schedule 1)	2,715,221	1,687,680
	32,999,867	29,589,837
Expenses:		
Fundraising (schedules 2 and 3)	4,677,807	4,407,569
Resource development	704,057	469,784
	5,381,864	4,877,353
Net revenue available for programs	27,618,003	24,712,484
Programs (schedule 4):		
Allocations and designations	22,655,878	20,421,884
United Way/Centraide Ottawa programs	5,288,351	5,834,053
	27,944,229	26,255,937
Deficiency of revenue over expenses	\$ (326,226)	\$ (1,543,453)

See accompanying notes to financial statements.

# UNITED WAY/CENTRAIDE OTTAWA

## Statement of Changes in Net Assets

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (restated, note 3)
Unrestricted:		
Balance, beginning of year	\$ 13,169,867	\$ 1,443,031
Adjustment for adoption of new accounting standards (note 3(a))	-	13,168,111
Restated balance, beginning of year	13,169,867	14,611,142
Deficiency of revenue over expenses	(326,226)	(1,543,453)
	12,843,641	13,067,689
Transfer from(to) internally restricted for community services (note 11(b))	(13,032)	125,563
Transfer to internally restricted for capital assets (note 10)	(71,070)	(23,385)
<b>Balance, end of year</b>	<b>\$ 12,759,539</b>	<b>\$ 13,169,867</b>
Internally restricted for community services:		
Balance, beginning of year	\$ 151,851	\$ 277,414
Transfer from(to) unrestricted (note 11(b))	13,032	(125,563)
<b>Balance, end of year</b>	<b>\$ 164,883</b>	<b>\$ 151,851</b>
Internally restricted for capital assets:		
Balance, beginning of year	\$ 825,100	\$ 801,715
Transfer from unrestricted (note 10)	71,070	23,385
<b>Balance, end of year</b>	<b>\$ 896,170</b>	<b>\$ 825,100</b>
Endowment:		
Balance, beginning of year	\$ 2,443,948	\$ 2,410,423
Contributions	93,694	33,525
<b>Balance, end of year</b>	<b>\$ 2,537,642</b>	<b>\$ 2,443,948</b>
<b>Total net assets</b>	<b>\$ 16,358,234</b>	<b>\$ 16,590,766</b>

See accompanying notes to financial statements.

# UNITED WAY/CENTRAIDE OTTAWA

## Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (restated, note 3)
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (326,226)	\$ (1,543,453)
Items not involving cash		
Amortization of capital assets	201,926	191,744
Amortization of deferred lease inducement	(3,019)	(3,018)
Unrealized gain (loss) on unrestricted investments	(23,993)	18,163
Change in non-cash operating working capital:		
Pledges receivable	(1,896,700)	(2,663,570)
Accounts receivable	(314,000)	110,714
Prepaid expenses	(22,851)	106,061
Accounts payable and accrued liabilities	(46,967)	72,397
Deferred revenue	(1,039,594)	514,147
Deferred designated campaign revenue	1,296,114	1,485,723
	<u>(2,175,310)</u>	<u>(1,711,092)</u>
Investing:		
Acquisition of capital assets	(272,996)	(215,129)
Acquisition of land and building held for sale	(2,062,227)	-
Acquisitions of investments	(30,488)	(62,909)
Contributions to endowment	93,694	33,525
	<u>(2,272,017)</u>	<u>(244,513)</u>
Financing:		
Mortgage payable	1,500,000	-
Principal payments on mortgage	(2,700)	-
	<u>1,497,300</u>	<u>-</u>
Decrease in cash	(2,950,027)	(1,955,605)
Cash, beginning of year	3,947,196	5,902,801
Cash, end of year	<u>\$ 997,169</u>	<u>\$ 3,947,196</u>

The amount of interest paid by United Way/Centraide Ottawa was \$2,804 (2008 - \$Nil).

See accompanying notes to financial statements.

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements

Year ended December 31, 2009

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## 1. Description and objectives:

United Way/Centraide Ottawa is a non-profit Ontario corporation and a registered charity. United Way/Centraide brings people together from all parts of our community to identify, develop and provide solutions to community needs, helping to ensure that the donations received will go where they are needed most and where they will have the greatest impact.

## 2. Government of Canada Workplace Charitable Campaign (GCWCC):

United Way/Centraide Ottawa co-manages, with Centraide Outaouais, the national and local Government of Canada Workplace Charitable Campaign ("GCWCC"). The GCWCC is mandated by Treasury Board and runs in all 101 departments and agencies with the named beneficiaries, United Way Health Partners and registered Canadian charities.

United Way/Centraide Ottawa expends resources of the organization on behalf of all participants of GCWCC across Canada. The Organization then recovers expenses from all participating United Ways/Centraides and Healthpartners on a pro rata basis of total GCWCC revenues in the following year. As a result, the Organization is owed funds from all participating United Ways/Centraides and Healthpartners at any time. Under an agreement with the participants, United Way/Centraide Ottawa receives an \$850,000 (2008 - \$750,000) advance to offset the time lag between expenditures on behalf of the GCWCC and recovery of these expenditures. This amount is included in accounts payable and accrued liabilities on the statement of financial position.

## 3. Adoption of new accounting standards:

### (a) Amendments to Section 1000, *Financial Statement Concepts*:

Effective January 1, 2009, United Way/Centraide Ottawa adopted the Canadian Institute of Chartered Accountants ("CICA") amendments to Section 1000 of the CICA Handbook. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching of revenue and expense items. United Way/Centraide Ottawa has retroactively adopted the recommendations, and therefore the 2008 comparative figures have been restated. The impact of the implementation of these standards on United Way/Centraide Ottawa's financial statements is described below:

#### Deferred campaign expenses:

United Way/Centraide Ottawa's deferred campaign expenses no longer meet the revised definition of an asset. The impact of this change on 2009 amounts is 2008 campaign expenses of \$4,407,569 which would have been expensed in 2009 have been recorded to the opening balance of unrestricted net assets, and 2009 campaign expenses of \$4,709,307 that would have formerly been deferred have been expensed, resulting in an increase of 2009 campaign expenses of \$301,738.

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 2

Year ended December 31, 2009

### 3. Adoption of new accounting standards (continued):

(a) Amendments to Section 1000, *Financial Statement Concepts* (continued):

#### Deferred campaign revenue:

With the removal of the matching principle from Section 1000 of the CICA Handbook, contributions must meet the Handbook definition of restricted contributions to be recorded as deferred contribution revenue. Only pledges and donations received by the United Way/Centraide Ottawa that are designated by the donor to funded agencies, charities and other United Ways/Centraides meet the definition of restricted contributions and are deferred to the following year. All other campaign revenues are recognized in the campaign year, whereas previously United Way/Centraide Ottawa deferred all campaign revenues.

The impact of this change on 2009 amounts is 2008 campaign revenue of \$16,599,960 which would have been recognized as revenue in 2009 has been recorded to the opening balance of unrestricted net assets and 2009 campaign revenue of \$16,814,360 that would have formerly been deferred has been recognized, resulting in an increase of 2009 gross campaign revenue of \$214,400.

#### 2008 comparative figures:

The impact of these retrospective adjustments on the 2008 comparative figures is as follows:

Statement of financial position	2008 Original	Increase (decrease)	2008 Restated
Current liabilities:			
Deferred revenue	\$ 1,550,170	\$ 314,776	\$ 1,864,946
Deferred campaign funds	13,504,452	(13,504,452)	–
Deferred designated campaign revenue	11,394,569	997,285	12,391,854
	<u>\$ 26,449,191</u>	<u>\$(12,192,391)</u>	<u>\$ 14,256,800</u>
Opening net assets	\$ 1,443,031	\$ 13,168,111	\$ 14,611,142
Statement of operations:			
Donations revenue	\$ 29,520,331	\$ (546,131)	\$ 28,974,200
Expenses:			
Fundraising	4,503,400	(95,831)	4,407,569
Resource development and programs	5,850,553	453,284	6,303,837
Deficiency of revenue over expenses	\$ (567,733)	\$ (975,720)	\$ (1,543,453)

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 3

Year ended December 31, 2009

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### 3. Adoption of new accounting standards (continued):

#### (b) Amendments to Accounting Standards that Apply Only to Not-For-Profit Organizations:

Effective January 1, 2009, United Way/Centraide Ottawa adopted the CICA amendments to the 4400 Sections of the CICA Handbook. These amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flows. Adoption of these recommendations had no effect on the financial statements for the year ended December 31, 2009, except for the additional disclosure in note 4(b) and on the statement of cash flows.

#### (c) Disclosure of Allocated Expenses by Not-for-Profit Organizations:

Effective January 1, 2009, the Entity adopted CICA Handbook Section 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations* which establishes disclosure standards for Entities that choose to classify their expenses by function and allocate expenses from one function to another. The applicable disclosure is included in note 4(g) and schedule 5.

### 4. Significant accounting policies:

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

#### (a) Revenue recognition:

United Way/Centraide Ottawa follows the deferral method of accounting for contributions for not-for-profit organizations.

Support from the general public consists of pledges and donations relating to the current year's campaign. Pledges receivable are recorded at an estimated realizable value at the time of pledge commitment by individuals and organizations. Funds raised during a campaign, net of related campaign expenses and provisions are used to provide funds for funded programs, other Canadian registered charities and operations in the following fiscal year.

Pledges and donations received by the United Way/Centraide Ottawa that are undesignated or are directed from/to an impact area by the donor are recognized as revenue in the year that they are received or pledged. Pledges and donations received by the United Way/Centraide Ottawa that are designated by the donor to funded agencies, charities and other United Ways/Centraides are considered to be restricted by purpose, and are recorded as deferred designated campaign revenue and are recognized as revenue in the year the amount is paid to the designated organization.

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 4

Year ended December 31, 2009

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## 4. Significant accounting policies (continued):

### (a) Revenue recognition (continued):

Investment revenue earned on restricted endowed investments is recognized as revenue when the related expenditure is incurred. Investment revenue earned on unrestricted investments is recognized in the current year.

Contributions to endowment are recorded as direct increases to the endowment net asset balance.

### (b) Cash and cash equivalents:

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty and short-term deposits with an original maturity of ninety days or less.

### (c) Financial instruments:

#### (i) Investments

Investments consist of broker accounts, fixed income securities, preferred shares and common shares. Investments are designated as held-for-trading and are recorded at fair value. Fair value is determined at quoted market values. Sales and purchases of investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are expensed.

#### (ii) Other financial instruments:

United Way/Centraide Ottawa has classified accounts receivable as loans and receivables and accounts payable and accrued liabilities and mortgage payable as other liabilities.

Upon initial recognition, these financial assets and liabilities are measured at fair value. Subsequent to initial recognition, these financial assets and liabilities are measured at amortized cost using the effective interest method of amortization.

### (d) Capital assets:

Capital assets are stated at cost net of accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Capital asset	Useful life
Computer software	3 years
Computer hardware	4 years
Furniture and fixtures	5 to 15 years
Leasehold improvements	Over term of lease

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 5

Year ended December 31, 2009

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## 4. Significant accounting policies (continued):

### (d) Capital assets (continued):

Systems under development are also reported as capital assets and are stated at cost to date which includes software acquisition and development costs. Once implemented these assets are re-categorized to the appropriate asset class and amortized based on useful life.

### (e) Deferred revenue:

Grants and other amounts received for a specified purpose are recognized as revenue in the year in which the related expenses are incurred.

### (f) Deferred lease inducement:

The deferred lease inducement is amortized over the term of the lease.

### (g) Allocation of general management and administration expenses:

United Way/Centraide Ottawa classifies expenses on the Statement of Operations by function. The functions reported are Fundraising, Resource Development and Programs. General and administrative expenses are allocated proportionally on the basis of headcount attributed to each function and the allocation is applied consistently on that basis each year.

### (h) Funded program surpluses:

United Way/Centraide Ottawa's general policy is to recover funded program surpluses subject to the guidelines of fiscal relationships with funded programs. These transactions are recorded in the statement of operations in the year that such recoveries are made.

### (i) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

Significant management estimates include the provision for uncollectible pledges.

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 6

Year ended December 31, 2009

## 4. Significant accounting policies (continued):

### (j) Donated services:

No amounts have been reflected in the financial statements for donated services, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in United Way/Centraide Ottawa programs, services and fundraising campaigns.

## 5. Investments:

### (a) Investment balances:

Investments consist of the following:

	2009		2008	
	Fair value	Cost	Fair value	Cost
Broker accounts	\$ 15,161	\$ 15,161	\$ 15,971	\$ 15,971
Fixed income securities	1,782,742	1,671,745	1,689,683	1,647,555
Preferred shares	359,704	440,000	291,233	440,000
Common shares	828,194	882,297	798,577	875,189
	<u>\$ 2,985,801</u>	<u>\$ 3,009,203</u>	<u>\$ 2,795,464</u>	<u>\$ 2,978,715</u>

Broker accounts represent cash balances. Fixed income securities include coupon and residual; federal, provincial and municipal bonds, term deposits and corporate bonds and debentures maturing in 1 to 6 years with interest rates between 3.35% and 7.18%. Preferred shares include class A and retractable class B preferred shares. Common shares include equity investments in various markets as well as trust units, index securities and Canadian and Foreign equity funds.

### (b) Cumulative adjustments for unrealized gains (losses) on investments:

	2009	2008
Balance, beginning of year	\$ (183,251)	\$ (38,808)
Net adjustments for unrealized gains (losses) on investments during the year	159,849	(144,443)
Balance, end of year	<u>\$ (23,402)</u>	<u>\$ (183,251)</u>

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 7

Year ended December 31, 2009

## 6. Capital assets:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Computer hardware and software	\$ 1,342,349	\$ 1,218,874	\$ 123,475	\$ 192,376
Furniture and fixtures	915,460	501,504	413,956	491,875
Leasehold improvements	291,991	162,879	129,112	140,849
Systems under development	229,627	—	229,627	—
	<u>\$ 2,779,427</u>	<u>\$ 1,883,257</u>	<u>\$ 896,170</u>	<u>\$ 825,100</u>

Cost and accumulated amortization at December 31, 2008 amounted to \$2,506,431 and \$1,681,331 respectively.

## 7. Deferred revenue:

Deferred revenue consists of grants and other amounts received, and investment revenue earned on endowed investments, that will be expended for a specific purpose in a future year.

	2009	2008
Opening balance	\$ 1,864,946	\$ 1,477,030
Amounts received	1,675,627	2,201,876
Amount recognized as revenue	(2,715,221)	(1,687,680)
Unrealized gain/(loss) on endowed investments	135,856	(126,280)
Closing balance	<u>\$ 961,208</u>	<u>\$ 1,864,946</u>

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 8

Year ended December 31, 2009

## 8. Campaign revenue and deferred designated campaign revenue:

The revenue reported in the Statement of Operations includes the unrestricted portion of the current year's campaign and the restricted portion of the previous year's campaign. The following schedule provides a reconciliation between the 2008 and 2009 campaign results and the gross campaign revenue reported in each respective year.

	2009	2008
Pledges and contributions received during the campaign for the 2009 and 2008 fiscal years	\$ 32,581,689	\$ 31,094,525
Less:		
Special gifts restricted to specific programs	300,000	314,776
Current year's deferred designated campaign revenue	13,687,968	12,391,854
	<u>13,987,968</u>	<u>12,706,630</u>
Non-designated pledges and contributions received	18,593,721	18,387,895
Add: Prior year's deferred designated campaign revenue	12,391,854	10,906,131
Gross campaign revenue recognized in fiscal year	<u>\$ 30,985,575</u>	<u>\$ 29,294,026</u>

## 9. Land and building held for sale:

(a) Acquisition of land and building:

In December 2009, United Way/Centraide Ottawa purchased land and building for \$2,062,227 for one of the following purposes, as approved by the Board:

- An alternative option for the Residential Youth Addiction Treatment Centre; or
- A supportive housing project under a proposal developed by The Leadership Table on Homelessness.

Under either of these alternatives, United Way/Centraide Ottawa plans to transfer the land and building to the responsible not-for-profit organization. If neither of these alternatives is successful, then United Way/Centraide Ottawa plans to sell the land and building in 2010.

No amortization was recorded on the building in 2009.

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 9

Year ended December 31, 2009

## 9. Land and building held for sale (continued):

### (b) Mortgage payable:

United Way/Centraide Ottawa entered into a mortgage for \$1,500,000 to finance the acquisition of the land and building.

The mortgage payable bears interest at prime plus 1.0% per annum and is repayable in monthly instalments of principal of \$8,333 until December 2014. Interest is paid on a monthly basis. The mortgage is amortized to December 2024 and is secured by a first claim on the United Way/Centraide Ottawa's land and building. The mortgage may be paid without penalty in whole or in part at any time by United Way/Centraide Ottawa.

## 10. Net assets internally restricted for capital assets:

The transfer from unrestricted net assets is comprised of the following:

	2009	2008
Acquisition of capital assets	\$ 272,996	\$ 215,129
Less:		
Amortization of capital assets	(201,926)	(191,744)
Total transfer	\$ 71,070	\$ 23,385

## 11. Capital disclosures:

United Way/Centraide Ottawa considers its capital to consist of its net assets. The Board of Directors has established the following net asset policies:

### (a) Unrestricted:

The unrestricted net assets are maintained to fund the ensuing year's operating expenses and allocations to funded agencies.

### (b) Internally restricted for community services:

The internally restricted fund for community services represents net assets designated by United Way/Centraide Ottawa for provision of community services or investment in community service providers. In the year, \$13,032 was transferred from (2008 - \$125,563 transferred to) unrestricted net assets to fund future programs and community initiatives.

Testamentary gifts received without express direction from a donor/testator and for which the intent cannot be reasonably determined to be of an endowed nature, will be directed to the Community Services Cabinet of United Way/Centraide Ottawa for allocation as one-time funding through an Impact Initiatives Fund. The first \$100,000 will be internally restricted for this purpose and the remainder internally restricted to the Legacy Fund.

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 10

Year ended December 31, 2009

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## 11. Capital disclosures (continued):

(c) Internally restricted for capital assets:

The internally restricted for capital assets represents the United Way/Centraide Ottawa's investment in capital assets.

(d) Endowment:

Endowment net assets represent contributions received from estate bequests, individuals, organizations or groups, which have been endowed by the donor or by the policies approved by the Board, as described in note 12.

United Way/Centraide Ottawa is not subject to externally imposed capital requirements, with the exception of the restrictions with respect to endowments disclosed in note 12. United Way/Centraide Ottawa's overall strategy with respect to capital remains unchanged from the year ended December 31, 2008.

## 12. Endowment net assets of United Way/Centraide Ottawa:

Endowment Funds are established through external donations and bequests, and through Board policy. Restricted Endowment represents funds contributed for which the related investment revenue is restricted for a specific purpose.

Named Funds are established through donations and bequests. Under the terms of the Named Funds agreement, principal amounts are retained and invested by United Way/Centraide Ottawa. Investment revenue earned on the principal balance of the Named Fund is restricted and accumulated until the principal balance of the Named Fund reaches \$10,000. After the threshold is reached, the investment revenue earned on the principal amount may be directed to a program or a registered charity of the donor's choice. General Endowment represents funds contributed for which the related investment revenue is restricted for community and program investment.

At December 31, 2009, there were 23 Named Funds (2008 – 20).

	Named Funds	Restricted Endowment	General Endowment	Endowment Total
Balance, beginning of year	\$ 290,485	\$ 33,899	\$ 2,119,564	\$ 2,443,948
Contributions	93,694	–	–	93,694
Balance, end of year	\$ 384,179	\$ 33,899	\$ 2,119,564	\$ 2,537,642

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 11

Year ended December 31, 2009

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## 13. Lease commitments:

Future occupancy cost and equipment lease commitments are as follows:

2010	\$ 704,172
2011	704,172
2012	656,677
2013	757,396
2014	757,396
Subsequent	4,254,371
	<hr/>
	\$ 7,834,184

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## 14. Contingency and guarantee:

### (a) Contingency:

In the normal course of operations, United Way/Centraide Ottawa signs agreements whereby funds provided to United Way/Centraide Ottawa, for the execution of projects, are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of United Way/Centraide Ottawa to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor are identified, the necessary adjustments will be recognized in the year they are identified.

### (b) Guarantee:

In the normal course of business, United Way/Centraide Ottawa has entered into a lease agreement for premises. It is common in such commercial lease transactions for United Way/Centraide Ottawa as the lessee to agree to indemnify the lessor and other related third parties for liabilities that may arise from the use of the leased assets. The maximum amount potentially payable under the foregoing indemnities cannot be reasonably estimated. United Way/Centraide Ottawa has liability insurance that relates to the indemnifications described above.

# UNITED WAY/CENTRAIDE OTTAWA

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Year ended December 31, 2009

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## 15. Pension plan:

The United Way/Centraide Ottawa participates in the Ottawa-Carleton Community Agencies Pension Plan. This multi-employer defined benefit pension plan covers employees of the United Way/Centraide Ottawa and the employees of the other participating agencies. After two years of employment, the United Way/Centraide Ottawa contributes 130% of the employees' contribution to the pension plan. The plan provides pensions based on length of service and final average earnings. The annual funding requirements are determined in consultation with the actuaries to provide long-term stability to the plan. During the year, the United Way/Centraide Ottawa contributed and expensed \$241,673 (2008 - \$196,287) to the plan.

Prior to participation in the pension plan, United Way/Centraide Ottawa offers its employees an optional Group Registered Retirement Savings Plan. United Way/Centraide Ottawa matches eligible employees' contributions to the plan up to 5% of the employee's annual salary. After two years of employment, United Way/Centraide Ottawa no longer matches these contributions.

## 16. Financial instruments:

### (a) Fair value:

The carrying value of cash, pledges receivable, accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the relatively short periods to maturity of the instruments.

The carrying value of the mortgage payable approximates fair value as the terms and conditions of the mortgage are comparable to current market terms and conditions for similar financial instruments.

### (b) Credit risk:

United Way/Centraide Ottawa is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure for accounts receivable is minimized by dealing with only credit worthy counterparties. The provision for pledge loss on pledges receivable is presented on the statement of operations.

### (c) Interest rate risk:

United Way/Centraide Ottawa has interest-bearing investments on which general interest rate fluctuations apply.

# UNITED WAY/CENTRAIDE OTTAWA

Notes to Financial Statements, page 13

Year ended December 31, 2009

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## 17. Allocation of general management and administration expenses:

The following table provides a summary of the general and administrative expenses allocated to fundraising, resource development and programs in terms of percentages and dollars:

	2009		2008	
	Amount	%	Amount	%
To fundraising	\$ 2,357,989	\$ 52%	\$ 2,096,520	\$ 50%
To programs	1,939,458	43%	1,899,971	46%
To resource development	253,164	5%	163,791	4%
Total	\$ 4,550,611	100%	\$ 4,160,282	100%

A summary of general and administrative costs for 2009 and 2008 is presented in schedule 5.

## 18. Comparative figures:

Certain 2008 comparative figures have been restated to conform with the changes in accounting standards that were effective in 2009 and for changes in financial statement presentation in the year. See note 3(a) for a more detailed description of these changes.

## 19. Fiscal year end:

The Board of Directors for United Way/Centraide Ottawa have approved a change to the fiscal year from December 31 to March 31. Although this decision does not impact the December 31, 2009 financial statements, United Way/Centraide Ottawa will prepare and issue audited financial statements for the three month period ending March 31, 2010. The next financial statements that will be prepared and audited after this three month stub period will be for the year ending March 31, 2011.

# UNITED WAY/CENTRAIDE OTTAWA

## Schedule 1 – Other Revenue

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Grants	\$ 256,416	\$ 146,540
Special gifts	723,789	–
Project step	314,773	–
Best Start Funding	350,274	323,140
HIO (Hire Immigrants Ottawa) - Contributions	602,722	371,132
HIO development funding	17,876	37,314
Success by Six - Grants	52,062	105,334
Success by Six - Program funding	346,489	525,071
Realized investment revenue on unrestricted investments	6,971	132,204
Unrealized gain (loss) on unrestricted investments	23,993	(18,163)
Sponsorship	10,500	–
Miscellaneous	9,356	–
MCSS Funding	–	65,108
<b>Total other revenue</b>	<b>\$ 2,715,221</b>	<b>\$ 1,687,680</b>

# UNITED WAY/CENTRAIDE OTTAWA

## Schedule 2 – Community Campaign Fundraising Expenses

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (restated, note 3)
Amortization of capital assets	\$ 31,444	\$ 34,816
Direct mail	179,196	6,511
Equipment maintenance	825	137
Meeting and travel	34,948	38,891
Occupancy	137,973	169,761
Other direct fundraising costs	173,496	36,057
Printing materials	50,793	107,010
Professional development and training	10,001	14,562
Professional fees and contracts	13,673	43,136
Salaries and benefits	1,473,417	1,386,199
Special event	109,439	55,070
Supplies	15,234	3,118
Telecommunications and IT support	32,588	34,616
<b>Total expenses</b>	<b>2,263,027</b>	<b>1,929,884</b>
<b>Less: sponsorship</b>	<b>(90,840)</b>	<b>(225,120)</b>
	<b>2,172,187</b>	<b>1,704,764</b>
Allocation of general management and administration expenses (schedule 5)	1,191,492	1,179,293
<b>Total fundraising expenses</b>	<b>\$ 3,363,679</b>	<b>\$ 2,884,057</b>

# UNITED WAY/CENTRAIDE OTTAWA

## Schedule 3 – GCWCC Fundraising Expenses

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (restated, note 3)
Amortization of capital assets	\$ 30,911	\$ 24,941
Direct mail	76,930	493,252
Equipment maintenance	763	77
Meeting and travel	31,177	60,905
Occupancy	136,044	124,786
Other direct fundraising costs	92,861	63,309
Printing materials	68,550	164,811
Professional development and training	10,355	15,477
Professional fees and contracts	28,485	54,738
Salaries and benefits	1,145,822	1,099,226
Special event	69,676	110,562
Supplies	16,678	4,832
Telecommunications and IT support	23,907	20,994
<b>Total expenses</b>	<b>1,732,159</b>	<b>2,237,910</b>
<b>Less: sponsorship</b>	<b>(126,825)</b>	<b>(169,833)</b>
	<b>1,605,334</b>	<b>2,068,077</b>
Allocation of general management and administration expenses (schedule 5)	1,166,497	917,227
	<b>2,771,831</b>	<b>2,985,304</b>
Recoverable from other United Ways and Healthpartners	(1,457,703)	(1,461,792)
<b>Total fundraising expenses</b>	<b>\$ 1,314,128</b>	<b>\$ 1,523,512</b>

# UNITED WAY/CENTRAIDE OTTAWA

## Schedule 4 – Programs

Year ended December 31, 2009, with comparative figures for 2008

	2009 Distribution	2008 Distribution (restated, note 3)
United Way/Centraide Ottawa program expenses:		
Capacity Building	\$ 384,945	\$ 390,357
Children and Youth	299,686	859,423
Children and Youth – Success by Six	1,142,864	503,544
Families and Individuals in Crisis	150,075	410,857
Immigrants	1,196,845	929,078
People with Disabilities	99,441	452,966
Seniors	75,037	387,857
	3,348,893	3,934,082
Allocation of general administration expenses (schedule 5)	1,939,458	1,899,971
	\$ 5,288,351	\$ 5,834,053
Allocations and designations:		
Allocations and designations to funded agencies	\$ 12,482,725	\$ 11,738,048
Donor directed designations to other charitable organizations	4,163,323	3,645,545
Donor directed designations to other United Ways/Centraides	1,287,298	1,253,445
Donor directed designations – Health Partners	4,489,970	3,569,977
Support of United Way of Canada	232,562	214,869
	\$ 22,655,878	\$ 20,421,884

# UNITED WAY/CENTRAIDE OTTAWA

## Schedule 5 – General Management and Administration Expenses

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Amortization of capital assets	\$ 80,426	\$ 67,345
Board and executive support	47,154	26,537
Business transformation	111,765	–
Communications	106,542	187,110
Conferences and staff development	91,631	89,915
Equipment maintenance	4,427	1,232
Memberships and professional dues	12,258	7,623
Miscellaneous	55,052	110,097
Occupancy	352,854	284,661
Postage and courier	6,579	22,538
Printing and photocopying	38,230	22,552
Professional fees and contracts	97,566	150,183
Recruitment	50,200	91,647
Salaries and benefits	3,317,384	2,918,817
Supplies	20,404	27,219
Telecommunications and IT support	53,389	59,273
Translation	72,319	43,259
Travel	32,431	50,274
<b>Total expenses to be allocated</b>	<b>\$ 4,550,611</b>	<b>\$ 4,160,282</b>
Allocated to:		
Programs	\$ 1,939,458	\$ 1,899,971
Fundraising:		
Community Campaign	1,191,492	1,179,293
GCWCC	1,166,497	917,227
Resource development	253,164	163,791
	<b>\$ 4,550,611</b>	<b>\$ 4,160,282</b>