

**FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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**United Way of Lanark County
Financial Statements
December 31, 2010**

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Chartered Accountant Professional Corporation

AUDITORS' REPORT

To the Members of United Way of Lanark County:

We have audited the accompanying financial statements of United Way of Lanark County which comprise the statement of financial position as at December 31, 2010, and the statement of financial activities and fund balances and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the United Way of Lanark County 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.



Chartered Accountants
Licenced Public Accountants
Perth, Ontario,
March 29, 2011.

**United Way of Lanark County
Statement of Financial Position**

December 31	2010	(Note 9) 2009
	\$	\$
Assets		
Financial Assets		
Cash	36,110	75,013
Term deposits	99,203	96,081
Pledges receivable (net of estimated shrinkage \$3,500)	251,039	244,115
Other receivables	767	462
Prepaid expenses	6,785	3,340
	393,904	419,011
Capital Assets (note 2)	2,047	4,103
Other Assets		
Incorporation	2,387	2,687
	398,338	425,801
Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued liabilities	3,163	10,644
Campaign funds available for distribution to agencies in future years (note 4)	349,627	364,995
	352,790	375,639
Fund Balances (note 5)		
Unrestricted ▶ operating	14,548	10,162
Restricted ▶ for campaign expenses	31,000	40,000
	45,548	50,162
	398,338	425,801

On Behalf of the Board:

_____, Director _____, Director

The accompanying notes are an integral part of these financial statements.

United Way of Lanark County
Statement of Financial Activities and Fund Balances

For the year ended December 31	2010	(Note 9) 2009
	\$	\$
Revenues		
Donations	256,926	266,346
Funds transferred from other United Ways	114,924	106,035
	371,850	372,381
Gross campaign revenue	371,850	372,381
Less: Pledge shrinkage	22,277	10,719
	349,573	361,662
Net Campaign Revenue	349,573	361,662
Other donations	3,653	11,885
Investment revenue	3,558	4,140
Other revenue ▶ Nevada fundraising	3,554	4,780
▶ other fundraising	727	1,593
	361,065	384,060
Total Revenues	361,065	384,060
Expenditures		
Campaign expenses (Schedule I)	36,868	45,618
Fundraising expenses (Schedule VI)	61,984	61,052
	98,852	106,670
Net Revenues Available for Programs	262,213	277,390
Allocations and Programs		
Funds to Agencies (Schedule II)	242,000	244,500
Special Project Grants (Schedule III)	15,000	15,000
Emergency Funding Grants (Schedule IV)	3,000	3,000
Algonquin College Community Award (Schedule V)	1,000	1,000
Connections ▶ Back to School Kits (Schedule VII)	2,500	2,500
Day of Caring Program (Schedule VII)	---	1,341
Winter Warmth Program (Schedule VII)	3,327	11,885
	266,827	279,226
Total Allocation and Program Expenses	266,827	279,226
Net Expenditures for the Year	(4,614)	(1,836)
Fund Balances, Beginning of Year	50,162	51,998
Fund Balances, End of Year	45,548	50,162

The accompanying notes are an integral part of these financial statements.

**United Way of Lanark County
Statement of Cash Flows**

For the year ended December 31	2010	2009
	\$	\$
Cash Flows Provided From:		
Operating Activities		
Net expenditures for the year	(4,614)	(1,836)
Items Not Involving Cash		
Amortization	2,056	2,272
Net Change in Non-cash Working Capital Balances Related to Operations		
Pledges receivable	(6,924)	(17,387)
Other receivables	(305)	376
Prepaid expenses	(3,445)	(36)
Accounts payable and accrued liabilities	(7,481)	(14,517)
Campaign funds available for distribution	(15,368)	19
	(33,523)	(31,545)
Investing Activities		
Incorporation	300	13
Change in Cash, During the Year	(35,781)	(31,096)
Cash, Beginning of Year	171,094	202,190
Cash, End of Year	135,313	171,094
Cash Consists of:		
Cash	36,110	75,013
Term deposits	99,203	96,081
	135,313	171,094

The accompanying notes are an integral part of these financial statements.

United Way of Lanark County

Notes to the Financial Statements

December 31, 2010

Purpose of Organization

United Way of Lanark County is a registered charitable organization. The organization was incorporated on October 10, 2009 and its objective is to support member agencies that fulfill a social need in Lanark County.

1. Significant Accounting Policies

The financial statements of United Way of Lanark County are prepared by management in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the organization are as follows:

(a) Pledges

Pledges receivable are recorded at estimated realizable value at the time of pledge commitment by individuals or corporations. Pledge shrinkage is due to corporate closures, downsizing, layoffs, employment transfers or other unforeseen circumstances.

(b) Revenue Recognition

The organization conducts a public campaign for funds during the last quarter of each calendar year in order to fund member agencies' activities for the subsequent fiscal year. Accordingly campaign revenue of the current year is deferred to the subsequent fiscal year. All allocations that are scheduled to be disbursed more than twelve months after the current year end are financed from the subsequent year's campaign.

Pledges receivable at the end of the year reflect amounts outstanding from the preceding campaign, less an allowance for pledge losses. Allowances are provided for amounts estimated to be uncollectible. The organization's accounting policy for recording current campaign pledges is on the cash basis. This policy conforms with that adopted by the majority of United Way organizations.

Other unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Capital Assets

Capital assets are valued at cost. Amortization is calculated using the straight line method with the following useful rates:

Computer and Office Equipment	5 years
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(d) Incorporation

Incorporation is stated at cost and is amortized using the straight line method over a ten year period.

United Way of Lanark County
Notes to the Financial Statements

December 31, 2010

1. Significant Accounting Policies / continued

(e) Net Revenues (Expenditures)

Revenues and expenditures are recorded according to the accrual basis of accounting in that revenues are recorded when entitlement for funds is established and expenditures are recorded as incurred as a result of receipt of goods or services and the creation of a legal obligation to pay.

(f) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(g) Financial Instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Organization has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net earnings.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Organization classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

(h) Donated Assets, Materials and Services

Volunteers contribute a substantial number of hours each year to assist the organization in carrying out its activities. Because of the difficulty of determining the fair value, contributions of such services are not recognized in the financial statements.

The organization receives gifts in kind from some donors, primarily for campaign costs of printing, supplies and public relations. These amounts are excluded from revenues and expenditures.

(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 revenues and expenditures during the period. Actual results could differ from these estimates

United Way of Lanark County
Notes to the Financial Statements

December 31, 2010

2. Capital Assets

	2010		2009
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer and Office Equipment	12,480	10,433	2,047
			4,103

3. Change in Accounting Policy

Effective January 1, 2010, the United Way of Lanark County adopted the revised "Financial Statement Concepts" as required by Section 1000 of the CICA Handbook on a retroactive basis. Under this revised standard, the deferral of fall campaign expenditures to be recognized in the following fiscal year is no longer permitted. These deferral campaign expenditures do not meet the definition of an asset as they do not embody a capacity to contribute to the future net cash flows or provide future services. Campaign expenditures must be recorded as an expense in the period incurred. As a result of the change in accounting policy, the following financial statement items as at January 1, 2009 and as at December 31, 2009 have been restated by the following amounts.

	2010	2009
	\$	\$
Campaign Expenses		
As previously reported	---	61,736
Adjustment for deferred campaign expenses		
▸ for prior year	---	(61,736)
▸ for current year	---	45,618
	---	45,618
Fund Balances, Beginning of Year	95,780	113,734
Adjustment for deferred campaign expenses	(45,618)	(61,736)
	50,162	51,998
		2009
		\$
Net (Expenditures) Revenues for the Year		
As previously reported		(17,954)
Adjustment for deferred campaign expenses		
▸ for prior year		61,736
▸ for current year		(45,618)
		(1,836)
Net Expenditures for the Year, As Restated		(1,836)

United Way of Lanark County
Notes to the Financial Statements

December 31, 2010

4. Summary of Campaign Proceeds

Pledges and contributions received during 2009 and 2010 (net of the provision for uncollectible pledges) to be distributed in 2010 and 2011 are comprised of the following:

	<u>2010</u>	2009
	\$	\$
Gross Pledges and Contributions Received During the Year	354,896	371,850
Less: allowance for pledge shrinkage	5,269	6,855
Proceeds Available for Distribution	<u>349,627</u>	<u>364,995</u>

5. Fund Balances

(a) Unrestricted Operating

The disposition of any net revenue (expenditure) is at the discretion of the Board and represents unappropriated funds.

(b) Unrestricted for Special Distribution

Donor bequests are recognized as funds for special distribution. Annually the Board of Directors determines the required amount for operating and special one time costs.

(c) Restricted for Campaign Expenses

This fund was established as a provision to cover the expenses of the ensuing year's campaign incurred in advance of the receipts from that campaign.

6. Allocation of General and Administrative Costs

The United Way of Lanark County allocates its costs to three functional areas, campaign expenses, fundraising and programs. General costs which do not pertain specifically to either function are considered administrative and are allocated to the functional areas based on management's estimates. These estimates have been established following the time study method for wages and identified costs for programs with the balance of administrative costs allocated to fundraising.

Administrative costs are summarized in Schedule VII of these financial statements and have been allocated as follows:

	<u>2010</u>	2009
Campaign	55%	55%
Fundraising	40%	40%
Programs	5%	5%

United Way of Lanark County

Notes to the Financial Statements

December 31, 2010

7. Contractual Obligations

The Organization has entered into a two year lease, for rental of office space, with Community and Primary Health Care - Lanark, Leeds & Grenville. The lease expires on July 31, 2011 and the monthly lease payment is \$425. Payments made under the lease for the year 2010 were \$5,100 (2009 \$4,925).

8. Risk Management

In the normal course of operations, the Organization is exposed to a variety of financial risks which are actively managed by the Organization.

The Organization's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Organization's exposure to and management of risk has not changed materially from December 31, 2009.

(a) Credit Risk

Credit risk arises from the possibility that the entities to which the Organization provides services to may experience difficulty and be unable to fulfill their obligations. The Organization is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Organization does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Organization is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Organization's operating results. At December 31, 2010 the Organization did not have any debt obligations.

(c) Currency Risk

Currency risk is the risk that the fair value of future cash flows of financial instruments denominated in currencies other than the functional currency of the Organization will fluctuate due to changes in foreign exchange rates. Since the Organization does not transact in any currency other than Canadian dollars their exposure to currency risk is minimal.

(d) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization requires working capital to meet day-to-day operating activities. Management expects that the Organization's cash flows from operating activities will be sufficient to meet these requirements.

United Way of Lanark County
Notes to the Financial Statements

December 31, 2010

8. Risk Management / continued

(d) Liquidity Risk / continued

The fair values of these financial instruments are as follows:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Held-For-Trading Financial Assets				
Cash and cash equivalents	135,313	135,313	171,094	171,094
Loans and Receivables				
Accounts receivable	251,806	251,806	244,577	244,577
Other Financial Liabilities (not held-for-trading)				
Accounts payable and accrued liabilities	3,163	3,163	10,644	10,644
Deferred revenue	349,627	349,627	364,995	364,995

9. Comparative Figures

Some reclassification of prior year's figures was necessary in order to conform to this year's presentation.

**United Way of Lanark County
Schedule I ▶ Campaign Expenses**

For the year ended December 31	2010	2009
	\$	\$
Government of Canada ▶ Wage Recovery	(2,460)	---
Advertising	1,210	1,571
Postage	1,707	1,352
Printing and Supplies	965	7,260
Special Events	2,513	713
Travel	1,128	1,752
Wages and benefits	16,878	21,462
Administration fees ▶ United Way, Ottawa	14,927	11,508
	36,868	45,618

Schedule II ▶ Allocation and Distribution of Funds to Agencies

For the year ended December 31	2010	2009
	\$	\$
Adult Learning and Training Centre	13,500	12,500
Dave Smith Youth Treatment Centre (formerly Alwood Treatment Centre)	10,000	13,000
Big Brothers Big Sisters of Lanark County ▶ Core Program	24,000	24,000
CNIB	11,000	17,000
Canadian Hearing Society ▶ CHS	5,000	7,000
Carleton Place and District Youth Centre	19,000	15,500
Community and Primary Health Care	17,000	16,500
Community Home Support ▶ Lanark County	40,000	46,000
Children's Aid Society of Lanark County/Smiths Falls	10,000	12,000
Children's Resources on Wheels (C.R.O.W.)	8,000	8,000
Lanark County Community Justice Program Inc.	10,000	7,000
Lanark Highlands Youth Centre Inc.	15,000	12,000
Mills Community Support Corp Home Support Program	14,000	15,000
Smiths Falls & District Club for Youth	14,000	14,000
Take Young People Seriously ▶ T. Y. P. S.	15,500	11,000
Youth Action Kommittee ▶ YAK	16,000	14,000
	242,000	244,500

United Way of Lanark County
Schedule III ▶ Distribution of Funds to Special Projects

For the year ended December 31	2010	2009
	\$	\$
Alzheimer Society of Lanark County	---	1,000
Big Brothers Big Sisters of Lanark County	1,200	1,500
Carleton Place Canoe Club	---	600
Carleton Place & District Youth Centre	2,000	1,500
Community and Primary Health Care	950	---
Dignity House of Perth Initiative	---	500
Food for Thought ▶ The Lanark County Partnership	989	1,600
Lanark Health and Community Services	900	---
Lanark Highlands Youth Centre	1,161	1,750
Mills Community Support Corporation	---	1,000
Mississippi Mills Bicycle Month	800	---
North Lanark County Community Health Centre	1,000	1,500
Open Doors for Lanark Children and Youth	1,500	---
Pakenham Public School Council ▶ Yard Improvement Committee	---	950
Smiths Falls & District Club for Youth	1,500	1,000
Take Young People Seriously	1,500	---
The Cooperative Nursery School of Almonte	---	600
The Valley Players of Almonte	---	600
Youth Action Committee	1,500	900
	15,000	15,000

Schedule IV ▶ Distribution of Funds for Emergency Funding Grants

For the year ended December 31	2010	2009
	\$	\$
Dave Smith Youth Treatment Centre (formerly Alwood Treatment Centre)	---	200
Community Home Support ▶ Lanark County	3,000	---
People First of Lanark County	---	900
Take Young People Seriously	---	900
Youth Action Committee	---	1,000
	3,000	3,000

Schedule V ▶ Distribution for Algonquin College Community Awards

For the year ended December 31	2010	2009
	\$	\$
Algonquin College Community Award	1,000	1,000

Schedule VI ▶ Management and Administration

For the year ended December 31	2010	2009
	\$	\$
Accounting	3,060	3,530
Amortization	2,356	2,272
Audit	2,040	1,797
Bank charges and fees	855	962
Conferences and meetings	1,517	3,211
Liability insurance	1,840	1,759
Membership fees	2,925	2,745
Office supplies and telephone	3,384	4,680
Rent ▶ office	5,100	4,925
Travel and training	1,370	660
Wages and benefits	37,537	35,510
	61,984	62,051
Transfer to ▶ Day of Caring Program (Schedule VIII)	---	1,000
▶ Fundraising	61,984	61,051
	61,984	62,051
	---	---

Schedule VII ▶ Programs

For the year ended December 31	2010	2009
	\$	\$
Connections ▶ Back to School Kits		
Partnership contribution	2,500	2,500
Day of Caring		
Materials and supplies	---	341
Allocation of general and administration (Schedule VII)	---	1,000
	---	1,341
Winter Warmth		
Partnership contribution	3,328	11,885