

Financial Statements of

**UNITED WAY / CENTRAIDE
WINDSOR – ESSEX COUNTY**

Year ended December 31, 2005



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AUDITORS' REPORT

To the Members of United Way / Centraide Windsor – Essex County

We have audited the statement of financial position of United Way / Centraide Windsor – Essex County (the "Foundation") as at December 31, 2005 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 Foundation'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.

As explained in note 2 to the financial statements, the Foundation defers cash donations from the campaign in progress to the following year, while all expenses incurred on behalf of the campaign in progress are recognized in the current year. Canadian generally accepted accounting principles would require that certain of these campaign expenses be deferred to match them with the revenue to which they relate. The Foundation does not defer any of these campaign expenses, as management believes that it is administratively impractical to determine which expenses to defer. Accordingly, we have not determined what adjustments would have been necessary to deferred campaign revenue, campaign expenses, excess of distributions and expenses over revenue and the Stabilization Fund balance.

In our opinion, except for the effects of the non-deferral of campaign expenses as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of United Way / Centraide Windsor – Essex County as at December 31, 2005 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 subsection 96(2) of the Corporations Act (Ontario), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in Schedules 1 through 4 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chartered Accountants

Windsor, Canada
February 24, 2006

UNITED WAY / CENTRAIDE WINDSOR - ESSEX COUNTY

Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,818,603	\$ 1,682,992
Prior years' campaigns pledges receivable	548,340	693,860
Other receivables	112,815	128,411
Prepaid expenses	33,493	29,632
	<u>2,513,251</u>	<u>2,534,895</u>
Advance to the Greater Windsor Community Foundation (note 3)	400,000	300,000
Capital assets (note 4)	555,150	658,787
	<u>\$ 3,468,401</u>	<u>\$ 3,493,682</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 280,649	\$ 278,380
Deferred grant revenue (note 5)	68,729	67,231
Deferred campaign revenue	1,249,049	926,471
	<u>1,598,427</u>	<u>1,272,082</u>

Net Assets

Invested in capital assets	555,150	658,787
Internally designated for Capital Fund	(70,897)	(55,981)
Internally designated for Tomorrow Fund	740,225	824,930
Internally designated for Stabilization Fund	645,496	793,864
	<u>1,869,974</u>	<u>2,221,600</u>

Commitment (note 7)

	<u>\$ 3,468,401</u>	<u>\$ 3,493,682</u>
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See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

UNITED WAY / CENTRAIDE WINDSOR - ESSEX COUNTY

Statement of Operations

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Fund development revenue:		
Campaign revenue	\$ 8,613,764	\$ 8,926,059
Capital fund revenue	-	7,309
Bequests	11,600	2,445
	8,625,364	8,935,813
Pledge shrinkage	925,635	1,005,327
Net fund development revenue	7,699,729	7,930,486
Fund distributions:		
Allocations to Member Agencies (schedule 1)	5,795,986	6,219,313
Special Grants (schedule 2)	198,782	257,082
Community Capacity Building Grants (schedule 3)	5,500	41,244
United Way community programs (schedule 4)	797,321	890,563
Health partners, non-member agencies and other United Ways	68,745	65,099
	6,866,334	7,473,301
Other expenses:		
Fundraising (schedule 4)	1,061,201	1,102,016
Amortization of capital assets	108,387	119,796
Small Wonders Grants and 211 Project	112,161	134,653
	1,281,749	1,356,465
Total fund distributions and other expenses	8,148,083	8,829,766
Excess of fund distributions and other expenses over fund development revenue	(448,354)	(899,280)
Other income:		
Investment income	32,357	31,338
Agency surpluses, net of deficits paid	17,204	50,301
Adjustments to prior campaign pledge loss estimates	47,167	(77,779)
	96,728	3,860
Excess of distributions and expenses over revenue	\$ (351,626)	\$ (895,420)

See accompanying notes to financial statements.

UNITED WAY / CENTRAIDE WINDSOR - ESSEX COUNTY

Statement of Changes in Net Assets

Year ended December 31, 2005, with comparative figures for 2004

	Capital assets	Capital Fund	Tomorrow Fund	Stabilization Fund	2005	2004
Balance, beginning of year	\$ 658,787	\$ (55,980)	\$ 824,929	\$ 793,864	\$ 2,221,600	\$ 3,117,020
Excess (deficiency) of revenue over distributions and expenses	(108,387)	16,500	(84,704)	(175,035)	(351,626)	(895,420)
Stabilization Fund loan (note 6)	-	(26,667)	-	26,667	-	-
Purchase of capital assets	4,750	(4,750)	-	-	-	-
Balance, end of year	\$ 555,150	(70,897)	\$ 740,225	\$ 645,496	\$ 1,869,974	\$ 2,221,600

See accompanying notes to financial statements.

UNITED WAY / CENTRAIDE WINDSOR - ESSEX COUNTY

Statement of Cash Flows

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Operating activities:		
Excess of distributions and expenses over revenue	\$ (351,626)	\$ (895,420)
Amortization of capital assets	108,387	119,796
Net increase in non-cash working capital	483,600	86,999
	<u>240,361</u>	<u>(688,625)</u>
Investing activities:		
Purchase of capital assets	(4,750)	(7,309)
Advance to Greater Windsor Community Foundation	(100,000)	(300,000)
	<u>(104,750)</u>	<u>(307,309)</u>
Net increase (decrease) in cash and cash equivalents	135,611	(995,934)
Cash and cash equivalents, beginning of year	1,682,992	2,678,926
Cash and cash equivalents, end of year	<u>\$ 1,818,603</u>	<u>\$ 1,682,992</u>
Supplemental cash flow information:		
Interest received during the year	\$ 32,357	\$ 31,338

See accompanying notes to financial statements.

UNITED WAY / CENTRAIDE WINDSOR – ESSEX COUNTY

Notes to Financial Statements

Year ended December 31, 2005

1. Purpose of organization:

The United Way / Centraide Windsor – Essex County (the “Foundation”) is a registered Canadian Charitable Foundation under the Income Tax Act whose mission is to promote the organized capacity of people to care for one another. As such the Foundation is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a Foundation registered under the Act, the Foundation must meet certain requirements within the Act.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting principles generally accepted for non-profit organizations, with the exception of deferring expenses related to the campaign in progress. Donations made for the campaign in progress are recorded as deferred revenue as these funds are to finance activities in the following fiscal year. The campaign expenses relating to the campaign in progress are not deferred as it is administratively impractical to determine which expenses to defer.

The more significant of the accounting policies are summarized below:

(a) Fund accounting:

In order to ensure Board restrictions placed on the use of resources available to the Foundation are properly accounted for, resources are classified for accounting and reporting purposes into three funds:

- (i) The Stabilization Fund accumulates funds to minimize the effect of adverse campaign results in any particular year and to provide cash flow and a source of funds for emergencies and other funding decisions.
- (ii) The Tomorrow Fund was established by the Board of Directors effective January 1, 1994. The purpose of the Fund is to provide funding for Venture grants, capital projects other than land and buildings, emergency funding and other purposes as may be determined by the Board of Directors. Revenue from bequests, memorials, life insurance proceeds, designated gifts and investment income related to investments held in the Fund are transferred to The Tomorrow Fund, net of planned giving expenses.

UNITED WAY / CENTRAIDE WINDSOR – ESSEX COUNTY

Notes to Financial Statements (continued)

Year ended December 31, 2005

2. Significant accounting policies (continued):

(iii) The Capital Fund was established by the Board of Directors effective January 27, 2000. The purpose of this Fund is to provide funding for the acquisition of capital assets. As approved by the Board of Directors, the balance in this Fund is not to exceed three years of budgeted capital expenditures. This Fund records the receipt of all funds which are externally restricted for capital purposes and other income designated by the Board of Directors.

(b) Cash and cash equivalents:

The Foundation considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents. During 2005, these funds earned interest at an average of 3.25%.

(c) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. As such the campaign results reported in these financial statements represent revenue and the related distributions from the 2004 campaign. The results of the 2005 campaign will be reported as revenue in the 2006 financial statements. Cash donations received for the 2005 campaign prior to December 31, 2005 are shown as deferred revenue on the statement of financial position.

Investment income is recorded as revenue when earned.

(d) Capital assets:

Equipment and leasehold improvements are recorded at cost and amortization is provided using the following methods and rates:

Assets	Basis	Rate
Leasehold improvements	Straight line	Over the term of the remaining lease and renewal term
Equipment	Straight line	Over three to ten years

UNITED WAY / CENTRAIDE WINDSOR – ESSEX COUNTY

Notes to Financial Statements (continued)

Year ended December 31, 2005

2. Significant accounting policies (continued):

(e) Contributed services:

Volunteers contribute a significant number of hours which are not readily determinable to assist the Foundation in carrying out its mission and service delivery activities. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

(f) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and the shrinkage allowance for campaign pledges receivable. Actual results could differ from those estimates.

3. Advance to the Greater Windsor Community Foundation:

During 2004, the Foundation entered into a strategic alliance agreement with the Greater Windsor Community Foundation (the "GWCF"). The primary purpose of the strategic alliance is to provide a vehicle for the two organizations to work together for the benefit of the community of Windsor-Essex in a way that recognizes and builds upon the complementary but distinct roles of the Foundation and the GWCF. As of December 31, the Foundation has transferred \$400,000 to the GWCF which has established a segregated charitable fund within its accounts to be known as the United/Way Centraide Tomorrow Fund. It is the intention of the Foundation to transfer all assets which comprise the current Tomorrow Fund, other than those assets which cannot be transferred due to donor conditions or internally restricted by the Foundation's Board of Directors.

UNITED WAY / CENTRAIDE WINDSOR – ESSEX COUNTY

Notes to Financial Statements (continued)

Year ended December 31, 2005

3. Advance to the Greater Windsor Community Foundation (continued):

The agreement further provides that the GWCF will hold the funds in trust for the Foundation and invest the Tomorrow Fund's assets in accordance with the investment policies of the Foundation. On an annual basis, the Foundation is entitled to request to be paid any investment income earned within the Tomorrow Fund, as well as request a return of any of the Fund's capital, after having provided the GWCF at least 90 days notice. The agreement can be terminated by either party upon 90 days written notice, at which time the GWCF is obligated to transfer back to the Foundation the accumulated capital and any undistributed income earned by the Fund. As of December 31, 2005, investment income of \$16,815 has been earned and re-invested.

4. Capital assets:

2005			
	Cost	Accumulated amortization	Net book value
Equipment	\$ 608,377	\$ 474,312	\$ 134,065
Leasehold improvements	629,929	208,844	421,085
	\$ 1,238,306	\$ 683,156	\$ 555,150

2004			
	Cost	Accumulated amortization	Net book value
Equipment	\$ 603,627	\$ 406,788	\$ 196,839
Leasehold improvements	629,929	167,981	461,948
	\$ 1,233,556	\$ 574,769	\$ 658,787

UNITED WAY / CENTRAIDE WINDSOR – ESSEX COUNTY

Notes to Financial Statements (continued)

Year ended December 31, 2005

5. Deferred grant revenue:

Deferred grant revenue represents unspent resources externally restricted for special projects received in the current year that will be expended in a future period. Changes in the deferred grant balance are as follows:

	2005	2004
Balance, beginning of year	\$ 67,231	\$ 104,196
Less amount recognized as revenue in the year	(205,241)	(307,450)
	(138,010)	(203,254)
Add amount received relating to future periods	206,739	270,485
Balance, end of year	\$ 68,729	\$ 67,231

6. Stabilization Fund loan:

In 2001, the Board of Directors approved a loan from the Stabilization Fund to the Capital Fund in the amount of \$400,000 to be repaid without interest in equal instalments over the next 15 years. In 2005, the fourth installment was made in the amount of \$26,667 (2004 - \$26,667).

7. Commitment:

The Foundation is into the fifth year of a 10 year lease for the location at 300 Giles effective January 1, 2001, with an option to renew for 5 years. The future minimum lease payments are as follows:

\$117,215 per annum from January 1, 2006 to December 31, 2007

\$124,110 per annum from January 1, 2008 to December 31, 2010

8. Fund distributions:

Fund distributions from the Foundation's various fund raising activities are made to fund specific programs. Each year community volunteers are responsible for conducting annual program and budget reviews and recommend distributions to the Board of Directors for approval.

UNITED WAY / CENTRAIDE WINDSOR – ESSEX COUNTY

Notes to Financial Statements (continued)

Year ended December 31, 2005

9. Fair value of assets and liabilities:

The fair value of the Foundation's cash and cash equivalents, prior years' campaigns pledges receivable, other receivables, accounts payable and accrued liabilities approximate their carrying amounts.

UNITED WAY / CENTRAIDE WINDSOR - ESSEX COUNTY

Allocations to Member Agencies

Schedule 1

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Alive Canada	\$ 32,579	\$ 34,298
Amherstburg Community Services	99,319	104,545
Association for Persons with Physical Disabilities of Windsor-Essex County	72,899	79,238
Big Brothers Big Sisters of Windsor and Essex County	439,427	477,639
Canadian Hearing Society	80,274	87,254
Canadian Mental Health Association Windsor-Essex County Branch	304,720	331,218
Canadian National Institute for the Blind - Windsor	202,017	212,649
Canadian Red Cross Windsor/Essex County	97,258	102,378
Catholic Family Services	239,471	252,075
Centres for Seniors Windsor	225,160	244,738
Citizen Advocacy Windsor-Essex	80,268	84,493
Community Living Essex County	66,008	71,748
Community Living Windsor	20,512	22,296
Community Social Planning Council - Kingsville & Leamington	45,297	47,681
Credit Counselling Service of Southwestern Ontario	100,000	107,141
Distress Centre of Windsor-Essex County	53,964	56,804
East Windsor Community Service Centre (Drouillard Place)	108,123	117,680
Essex Community Services	107,660	113,326
Family Service Windsor- Essex County	221,443	240,699
Girl Guides of Canada-Windsor	72,202	76,002
Hospice of Windsor and Essex County Inc.	191,929	208,619
House of Shalom Youth Centre	124,508	131,061
House of Sophrosyne	96,839	105,266
Information Windsor	167,554	176,373
John Howard Society of Windsor-Essex County	174,902	184,107
Lakeshore Community Services	52,384	55,141
Multicultural Council of Windsor and Essex County	75,813	79,803
Salvation Army	434,637	472,425
Sandwich Teen Action Group	83,291	87,675
Scouts Canada-Essex	58,945	62,047
Scouts Canada-Windsor	79,412	83,592
Sexual Assault Crisis Centre of Essex County Inc.	33,921	36,871
Shalom Counselling Services	31,160	32,801
South Essex Community Council	82,613	95,175
St. Leonard's House	83,057	90,278
Unemployed Help Centre of Windsor Inc.	165,005	179,353
United Way of Canada	66,000	66,938
Victorian Order of Nurses Windsor-Essex County Branch	131,216	142,626
Well-Come Centre for Human Potential	60,273	63,445
Windsor-Essex County Family YMCA	325,828	354,161
Windsor-Essex County Schools Safety Patrol Association	34,007	35,797
Windsor-Essex Family Network	34,800	36,989
Windsor-Essex Therapeutic Riding Association	96,857	101,955
Windsor Homes Coalition Inc.	65,038	70,694
Windsor Jewish Community Centre	95,942	104,285
Windsor Occupational Health Information Service	154,661	162,801
Youth & Family Resource Network of Windsor-Essex County	126,793	135,133
	\$ 5,795,986	\$ 6,219,313

UNITED WAY / CENTRAIDE WINDSOR - ESSEX COUNTY

Schedules of Other Grants

Year ended December 31, 2005, with comparative figures for 2004

Special Grants

Schedule 2

	2005	2004
Children's Crisis Service (Windsor Essex)	\$ 34,000	\$ 77,971
Glengarda Child and Family Services	164,782	179,111
	\$ 198,782	\$ 257,082

Community Capacity Building Grants

Schedule 3

	2005	2004
ACS - Youth Leadership	\$ -	\$ 634
African Community Organization	-	4,000
Essex County Association for Community Living - Ring of Friendship	-	6,000
Greater Essex County District School Board - Stand up	-	4,205
Junior Achievement	-	4,000
Lakeshore Community Centre	-	2,392
Learning Disabilities Association of Windsor Essex County	-	3,260
Malden Cultural Centre	-	4,888
Sandwich Community Centre	5,500	-
St. Leonard's House	-	3,000
Windsor Family Network - CLW	-	4,500
VON - Jumpstart	-	4,365
	\$ 5,500	\$ 41,244

UNITED WAY / CENTRAIDE WINDSOR - ESSEX COUNTY

Schedule of Fundraising, Community Programs and Administration and
General Operations and Revenue and Expenses

Schedule 4

Year ended December 31, 2005, with comparative figures for 2004

	Fundraising		Community programs		Administration and General Operations	
	2005	2004	2005	2004	2005	2004
Revenue:						
Administrative fees	\$ -	\$ -	\$ 76,966	\$ 92,016	\$ 5,518	\$ 8,500
Deferred revenue	-	-	14,402	12,861	-	6,659
Occupancy	-	-	-	-	86,415	87,273
Grants	-	-	93,494	168,865	-	17,498
Sponsorship	6,400	20,000	22,577	-	7,000	-
Other	9,860	3,508	49,986	74,223	8,332	2,712
	16,260	23,508	257,425	347,965	107,265	122,642
Expenses:						
Salaries	371,905	415,370	484,983	585,179	344,324	339,688
Fringe benefits	57,988	67,026	80,136	97,281	54,367	55,836
Occupancy	56,120	54,129	49,104	49,268	130,337	124,046
Office	28,726	29,559	37,445	48,341	28,091	37,804
Recruitment and education	5,224	9,316	31,516	44,606	11,830	16,333
Promotion and publicity	204,119	256,751	38,842	49,304	15,029	39,434
Purchased services	101,638	30,183	21,931	39,121	44,870	59,512
Miscellaneous	10,817	11,217	16,327	17,461	13,803	9,929
	836,537	873,551	760,284	930,561	642,651	682,582
Net expenses	820,277	850,043	502,859	582,596	535,386	559,940
Allocation of administrative, marketing and communications	240,924	251,973	294,462	307,967	(535,386)	(559,940)
	\$ 1,061,201	\$ 1,102,016	\$ 797,321	\$ 890,563	\$ -	\$ -