United Way of Fort McMurray
Financial Statements
December 31, 2011

Management's Responsibility

To the Members of United Way of Fort McMurray:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

March 14, 2012

D. Shannon

Executive Director

Independent Auditors' Report

To the Members of United Way of Fort McMurray:

We have audited the accompanying financial statements of United Way of Fort McMurray which comprise the statement of financial position as at December 31, 2011, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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 statement.

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

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets, current liabilities and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of the United Way of Fort McMurray as at December 31, 2011 and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fort McMurray, Alberta

March 14, 2012

MNP LLP

Chartered Accountants

United Way of Fort McMurray
Statement of Financial Position
As at December 31, 2011

	2011	2010
Assets		
Current		
Cash	**7,164,209**	5,105,286
Campaign pledges receivable *(Note 3)*	**4,847,438**	4,058,493
Goods and Services Tax receivable	**8,298**	6,639
Interest receivable	**5,849**	4,360
Other prepaid expenses	**27,587**	22,372
	12,053,381	9,197,150
Property and equipment *(Note 4)*	**118,097**	153,280
	12,171,478	9,350,430
Liabilities		
Current		
Accounts payable and accruals	**989,413**	50,219
Deferred grant revenue *(Note 5)*	**80,702**	64,615
	1,070,115	114,834
Unamortized deferred capital contributions *(Note 6)*	**101,259**	141,329
	1,171,374	256,163
Commitments *(Note 7)*		
Net Assets		
Invested in capital assets	**16,838**	11,951
General contingency reserve	**18,859**	82,316
Internally restricted net assets *(Note 8)*	**6,064,407**	5,500,000
Tomorrow fund *(Note 8)*	**3,400,000**	2,000,000
Capital fund *(Note 8)*	**1,500,000**	1,500,000
	11,000,104	9,094,267
	12,171,478	9,350,430

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

United Way of Fort McMurray
Statement of Operations
For the year ended December 31, 2011

	2011	2010
Support Revenue		
Campaign contributions and pledges	**5,761,436**	5,983,625
Transfer from other United Ways	**1,394,504**	780,299
	7,155,940	6,763,924
Provision for uncollectible pledges	**(391,466)**	(323,765)
Other Revenue		
Doubtful pledge recovery	**129,976**	198,989
Interest	**60,461**	24,958
Program funding	**-**	765
Sponsorship funding	**40,001**	67,500
Redpoll Centre revenue *(Schedule 4)*	**210,823**	208,158
	441,261	500,370
Total revenue	**7,205,735**	6,940,529
Expenses		
Campaign expenses *(Schedule 2)*	**474,494**	367,092
Community investment *(Schedule 3)*	**4,614,581**	4,372,175
Redpoll Centre expenses *(Schedule 4)*	**210,823**	208,158
Loss on disposal of assets	**-**	734
Total expenses	**5,299,898**	4,948,159
Excess of revenues over expenses	**1,905,837**	1,992,370

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

For the year ended December 31, 2011

	Invested in capital assets	General contingency reserve	Internally restricted net assets	Tomorrow fund	Capital fund	2011	2010
Balance, beginning of year	11,951	82,316	5,500,000	2,000,000	1,500,000	**9,094,267**	7,101,897
Excess of revenues over expenses	-	1,905,837	-	-	-	**1,905,837**	1,992,370
Amortization of internally funded capital assets	(3,766)	3,766	-	-	-	-	-
Capital assets acquired from internal funds	8,653	(8,653)	-	-	-	-	-
Internally restricted *(Note 8)*	-	(564,407)	564,407	-	-	-	-
Tomorrow fund *(Note 8)*	-	(1,400,000)	-	1,400,000	-	-	-
Balance, end of year	**16,838**	**18,859**	**6,064,407**	**3,400,000**	**1,500,000**	**11,000,104**	9,094,267

The accompanying notes are an integral part of these financial statements

United Way of Fort McMurray
Statement of Cash Flows
For the year ended December 31, 2011

	2011	*2010*
Cash provided by (used for) the following activities		
Operating activities		
Cash received from campaign contributions	**6,075,778**	6,201,097
Cash received from other contributions	**226,842**	182,118
Interest received	**58,973**	21,289
Community investment expenses paid	**(3,638,955)**	(4,367,402)
Campaign expenses paid	**(484,309)**	(333,198)
Redpoll expenses paid	**(170,753)**	(166,162)
	2,067,576	1,537,742
Investing activities		
Internally funded capital assets	**(8,653)**	(8,969)
Increase in cash resources	**2,058,923**	1,528,773
Cash resources, beginning of year	**5,105,286**	3,576,513
Cash resources, end of year	**7,164,209**	5,105,286

The accompanying notes are an integral part of these financial statements

1. Incorporation and commencement of operations

United Way of Fort McMurray (the "Organization") is a not-for-profit organization incorporated under the Alberta Societies Act for the purpose of conducting an annual fund raising campaign in Fort McMurray on behalf of member agencies. It is registered as a public foundation and is exempt from paying tax under Section 149(1)(l) of the Income Tax Act. Its registered charity number is 11926 0495 RR0001.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, using the following significant accounting policies:

Revenue recognition

i) Campaign contributions and pledges
The annual campaign runs from September to December each calendar year. It is conducted to raise support for member agencies and new agency development in the following year. Contributions/pledges are recognized as revenue in the period in which the campaign is held. Reductions in the carrying amount of pledge receivables are recognized as a reduction of campaign revenue.

ii) Designated contributions and pledges
Donations designated by donors for specific agencies are in addition to the allocations determined by the Board of Directors. The designated donations are included in the community investment figures in Schedule 3.

ii) Contributed materials and services
Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the organization's operations and would otherwise have been purchased.

iv) Pledges receivable
Pledges are recorded as receivable at the time the pledges are made, usually during the annual campaign.

v) Externally restricted non-capital contributions
Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributors. Any externally restricted contributions containing stipulations that the amounts should be retained as net assets or that the contributions should not be expended are recorded as direct increases in net assets.

vi) Externally restricted capital contributions
Externally restricted capital contributions are recorded as deferred contributions until the amount is invested to acquire capital assets. Amounts invested in externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Allocation of general management and administration expenses

General management and administration expenses are incurred to support functional areas and are allocated to campaign and community investment expenses based on the time study method. Following this method, general management and administration expenses are allocated as follows:

Campaign expenses	60%
Community Investment	40%

2. Significant accounting policies *(Continued from previous page)*

Capital assets

Capital assets are initially recorded at cost. Amortization is provided using the declining balance and straight line methods at rates intended to amortize the cost of assets over their estimated useful lives.

Assets	Method	Rate
Computer equipment and software	Straight line	33%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight line	20%

In the year of acquisition, amortization is taken starting in the month of acquisition.

Measurement uncertainty

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 expenses during the reporting period. Campaign pledges receivable are stated after evaluation as to their collectability and an appropriate provision for uncollectible pledges is provided where considered necessary. Amortization is based on the estimated useful life of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Financial instruments

Held for trading:

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments – Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Organization has designated cash on initial recognition as held for trading. This instrument is initially recognized at its fair value determined by quotations in an active market. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date and transaction costs are immediately recognized in excess of revenues over expenses.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value include interest income and are recognized immediately in excess of revenues over expenses.

Loans and receivables:

The Organization has classified campaign pledges receivable as loans and receivables. These assets are initially recognized at their value determined by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date. Total interest income, calculated using the effective rate method, is recognized in excess of revenues over expenses.

Loans and receivables are subsequently measured at their amortized cost, using effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value.

Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Net gains and losses arising from changes in fair value include interest income are recognized in excess of revenues over expenses upon derecognition or impairment.

2. Significant accounting policies *(Continued from previous page)*

Other financial liabilities:

The Organization has classified accounts payable and accruals and unamortized deferred capital contributions as other financial liabilities. These liabilities are initially recognized at their fair value determined by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in excess of revenues over expenses.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in current year excess of revenues over expenses. Any related other costs incurred are recognized in current year excess of revenues over expenses.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Recent Accounting Pronouncements

Canadian accounting standards for not-for-profit organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Organization expects to adopt Part III of the Handbook as its new financial reporting standards. The Organization has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

3. Campaign pledges receivable

Campaign pledges receivable are shown net of allowance for uncollectible pledges. The amount of uncollectible pledges is estimated to be $391,466 (2010 - $ 323,765).

4. Property and equipment

	Cost	*Accumulated amortization*	*2011 Net book value*	*2010 Net book value*
Computer equipment	**24,241**	**15,672**	**8,569**	5,806
Computer software	**26,021**	**26,021**	**-**	-
Furniture and fixtures	**94,344**	**45,489**	**48,855**	60,574
Leasehold improvements	**131,109**	**70,436**	**60,673**	86,900
	275,715	**157,618**	**118,097**	153,280

5. Deferred grant revenue

Deferred grant revenue represents the unspent portion of grants received for the Redpoll Centre from Suncor Energy Services Inc. during 2010 and 2011. United Way received $56,600 in 2010 and $118,200 in 2011.

	2011	2010
Balance, beginning of year	**64,615**	116,923
Additional grant revenue received	**118,200**	56,600
Amount spent on operating expenses	**(102,113)**	(108,908)
	80,702	64,615

6. Unamortized deferred capital contributions

Unamortized deferred capital contributions represent the unamortized portion of contributed and external funding of capital assets. Recognition of these amounts is deferred to periods when the related capital assets are amortized. Changes in the unamortized deferred capital contributions balance are as follows:

	2011	2010
Balance, beginning of year	**141,329**	183,325
Amortization of deferred capital contributions	**(40,070)**	(41,996)
	101,259	141,329

7. Commitments

The Organization has entered into lease agreements with estimated minimum annual payments as follows:

2012	128,794
2013	134,874
2014	44,067
	307,735

8. Internally restricted net assets

The Organization has internally restricted net assets for the following purposes:

Internally Restricted Net Assets are to fund 2012 community investment commitments, designated donations, United Way programs and the United Way operating budget.

The Tomorrow Fund is restricted to projects that address emerging issues in the community and developmental program funding.

The Capital Fund is for future purchases of capital assets.

9. Financial instruments

The Organization as part of its operations carries a number of financial instruments. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments..

Risk management policy

The Organization, as part of its operations, has established avoidance of undue risk due to market fluctuations as a risk management objective. In seeking to meet this objective, the Organization follows a risk management policy approved by its Board of Directors. The Organization crystallizes investments within 24 hours of receiving donated marketable securities.

Fair value

The carrying amount of cash, interest receivable, accounts payable and accruals, and unamortized deferred capital contributions approximates their fair value due to the short term maturities of these items.

Credit Risk

Credit risk arises from the possibility that a third party will fail to fulfill its payment obligations to the Organization. The Organization's principal financial assets carrying credit risk are cash and campaign pledges receivable.

Credit risk associated with cash is minimized substantially by ensuring that these assets are invested in creditworthy parties.

The Organization believes credit risk with respect to campaign pledges receivable is limited due to the balance distributed amongst the Organizations significant pledge base. The Organization reviews pledges receivable regularly and provides allowances for potentially uncollectible pledges receivable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating activities. The Organization is exposed to interest rate risk with respect to cash deposited.

Based on the current balance, the impact of a 1% increase or decrease in the assumed rates of return would result in an increase or decrease in interest revenue of $71,642 (2010 - $51,052).

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities and operations. The Organization enters into transactions to provide funding to other organizations for which payment is required at various payment dates.

The Organization meets its liquidity requirements by monitoring cash flows from operations and by holding sufficient cash.

10. Comparative figures

Comparative figures are not allocated to individual line items on the schedule of campaign expenses due to a change in allocation procedures implemented by management in the 2011 year.

United Way of Fort McMurray

Schedule 1 - Schedule of General Management and Administration Expenses

For the year ended December 31, 2011

	2011	2010
Audit and accounting	**27,683**	22,532
Amortization	**3,766**	3,609
Bank charges	**1,033**	7,297
Conferences	**14,122**	2,083
Goods and Service Tax	**2,013**	2,102
Insurance	**4,333**	3,831
Membership fees	**246**	391
Meetings, seminars and events	**2,854**	7,154
Office expenses	**20,507**	20,059
Promotion and publicity	**7,178**	14,693
Recognition	**2,351**	7,522
Rent	**25,480**	17,189
Salaries and employee benefits	**270,168**	377,094
Training	**2,324**	4,019
Transportation	**3,096**	4,409
Total general management and administration expenses before allocation	**387,154**	493,984
Allocation to campaign expenses *(Note 2) (Schedule 2)*	**(232,292)**	(296,390)
Allocation to community investment *(Note 2) (Schedule 3)*	**(154,862)**	(197,594)
Total general management and administration expenses	**-**	-

	2011	2010
Bank charges	**10,252**	-
Events	**52,924**	-
Goods and Service Tax	**2,105**	-
Meetings	**167**	-
Office expenses	**4,477**	-
Promotion and publicity	**34,922**	-
Raffle	**940**	-
Recognition	**10,187**	-
Salaries and employee benefits	**120,963**	-
Supplies	**3,270**	70,702
Training	**575**	-
Transportation	**1,420**	-
Allocation of general management and administration expenses (Schedule 1)	**232,292**	296,390
Total campaign expenses *(Note 10)*	**474,494**	367,092

	2011	2010
Anzac L'il Lakers	**134,800**	-
Canadian Mental Health Association	**100,000**	117,500
Canadian Paraplegic Association	**20,000**	15,000
CNIB	**17,000**	18,261
Centre of Hope	**395,388**	451,560
Fort McMurray Boys & Girls Club	**251,200**	256,929
Fort McMurray Family Crisis Society	**381,211**	276,967
Fort McMurray Golden Years Society	**75,000**	91,250
Fort McMurray Search and Rescue	**14,000**	18,000
Fort McMurray Society for the Protection of Cruelty to Animals	**9,500**	10,625
Fort McMurray Victim Services Society	**-**	18,697
Girls Incorporated of Northern Alberta Society	**65,000**	66,250
Heritage Park	**40,000**	11,000
Justin Slade Youth Foundation	**207,884**	231,559
Mark Army Treatment Centre	**75,000**	-
Marshall House	**-**	130,000
McMan Youth Services	**100,000**	-
Multicultural Association of Fort McMurray	**50,000**	25,000
Nistawoyou Friendship Centre	**119,626**	64,000
Pastew Place Detox Centre	**385,350**	396,318
Some Other Solutions Society for Crisis Prevention	**351,000**	362,000
Support Through Housing Team	**89,002**	102,913
The Children's Centre	**168,327**	158,534
The Hub Family Resource Centre	**225,000**	213,534
The Salvation Army	**328,550**	385,787
The Wood's Home Foundation	**-**	300,000
Volunteer Wood Buffalo	**45,000**	30,000
Wood Buffalo HIV & Aids Society	**65,000**	(32,339)
YMCA of Wood Buffalo	**208,000**	-
Young Life of Fort McMurray	**-**	(3,692)
	3,920,838	3,715,653
Other allocations		
Personal Support Network	**23,319**	13,853
Tools for School	**3,025**	44
Support agencies direct pledges	**295,133**	250,393
Non-support direct pledges	**101,109**	106,171
Emerging needs	**-**	50,000
Non-Profit Sector Link	**5,888**	1,243
Social Prosperity Wood Buffalo	**612**	-
	429,086	421,704
United Way of Canada	**38,899**	34,333
Community building	**9,068**	2,892
Community investment process	**61,828**	-
Allocation of general management and administration expenses *(Schedule 1)*	**154,862**	197,594
	216,690	197,594
	4,614,581	4,372,176

Schedule 4 - Schedule of Redpoll Centre Revenues and Expenses

For the year ended December 31, 2011

	2011	2010
Revenue		
Grant revenue from Suncor Energy Services Inc. *(Note 5)*	102,113	108,909
Amortization of deferred capital contributions *(Note 6)*	40,070	41,996
Revenue from Redpoll Centre	68,640	57,253
	210,823	208,158
Expenses		
Goods and Services Tax	4,494	4,831
Office expenses	30,209	27,328
Renovations	1,216	300
Rent	123,448	121,309
Salaries and benefits	9,356	8,739
Supplies	2,030	3,655
	170,753	166,162
Amortization	40,070	41,996
	210,823	208,158
Excess of revenues over expenses	-	-