Financial statements of

United Way of Calgary and Area

December 31, 2012, December 31, 2011 and January 1, 2011

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December 31, 2012, December 31, 2011 and January 1, 2011

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Independent Auditor's Report

To the Members of
United Way of Calgary and Area

We have audited the accompanying financial statements of United Way of Calgary and Area, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of operations, changes in fund balances and cash flows for the years ended December 31, 2012 and December 31, 2011 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 auditor's 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 statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Calgary and Area as at December 31, 2012, December 31, 2011 and January 1, 2011 and its results of operations, changes in fund balances and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Accountants
March 21, 2013

United Way of Calgary and Area

Statements of operations
years ended December 31, 2012 and December 31, 2011

	2012			2011 (Restated - Note 2)
	General Fund	**Tomorrow Fund**	**Total**	Total
	$	**$**	**$**	$
Revenue				
Annual unrestricted campaign	**45,893,521**	**-**	**45,893,521**	45,854,557
Funds transferred from other United Ways	**3,149,140**	**-**	**3,149,140**	2,711,657
Funds transferred to other United Ways	**(1,678,154)**	**-**	**(1,678,154)**	(1,658,816)
Gross unrestricted campaign revenue	**47,364,507**	**-**	**47,364,507**	46,907,398
Allowance for uncollected pledges	**(720,579)**	**-**	**(720,579)**	(958,013)
Net unrestricted campaign revenue	**46,643,928**	**-**	**46,643,928**	45,949,385
Donor restricted funds	**10,116,158**	**-**	**10,116,158**	10,927,443
Investment income	**531,205**	**558,482**	**1,089,687**	1,249,268
Bequest	**126,313**	**-**	**126,313**	321,757
Gain (loss) on disposal of shares	**852**	**-**	**852**	(39,567)
Other revenue	**85,812**	**-**	**85,812**	118,002
	57,504,268	**558,482**	**58,062,750**	58,526,288
Fundraising expenses (Schedule 2)	**6,940,910**	**-**	**6,940,910**	6,603,632
Net revenue available for United Way Community Service	**50,563,358**	**558,482**	**51,121,840**	51,922,656
United Way Community Service expenses (Schedule 3)	**51,882,898**	**116,000**	**51,998,898**	51,112,160
(Deficiency) excess of revenue over expenses before other item	**(1,319,540)**	**442,482**	**(877,058)**	810,496
Unrealized gains on investments (Note 2)	**-**	**2,105,285**	**2,105,285**	13,751
(Deficiency) excess of revenue over expenses	**(1,319,540)**	**2,547,767**	**1,228,227**	824,247

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

United Way of Calgary and Area
Statements of changes in fund balances
years ended December 31, 2012 and December 31, 2011

2012

	Restricted for community use	Available for general use	General Fund Total	Tomorrow Fund Total	Total
	$	$	$	$	$
Fund balance, beginning of year	**41,742,024**	**8,500,000**	**50,242,024**	**23,235,674**	**73,477,698**
(Deficiency) excess of revenue over expenses	**-**	**(1,319,540)**	**(1,319,540)**	**2,547,767**	**1,228,227**
Endowment contributions received	**-**	**-**	**-**	**190,714**	**190,714**
Restricted in the year	**35,464,359**	**(35,464,359)**	**-**	**-**	**-**
Allocations used	**(36,810,212)**	**36,810,212**	**-**	**-**	**-**
Transfer to Tomorrow Fund	**-**	**(126,313)**	**(126,313)**	**126,313**	**-**
Fund balance, end of year	**40,396,171**	**8,400,000**	**48,796,171**	**26,100,468**	**74,896,639**

2011 (Restated - Note 2)

	Restricted for community use	Available for general use	General Fund Total	Tomorrow Fund Total	Total
	$	$	$	$	$
Fund balance, beginning of year	42,346,426	7,800,000	50,146,426	22,269,551	72,415,977
Excess of revenue over expenses	-	417,355	417,355	406,892	824,247
Endowment contributions received	-	-	-	237,474	237,474
Restricted in the year	35,019,794	(35,019,794)	-	-	-
Allocations used	(35,624,196)	35,624,196	-	-	-
Transfer to Tomorrow Fund	-	(321,757)	(321,757)	321,757	-
Fund balance, end of year	41,742,024	8,500,000	50,242,024	23,235,674	73,477,698

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

United Way of Calgary and Area

Statements of financial position
as at December 31, 2012, December 31, 2011 and January 1, 2011

			December 31, 2012	December 31, 2011 (Restated - Note 2)	January 1, 2011 (Restated - Note 2)
	General Fund	**Tomorrow Fund**	**Total**	Total	Total
	$	**$**	**$**	$	$
Assets					
Current assets					
Cash and cash equivalents	**29,976,923**	**-**	**29,976,923**	8,302,257	7,737,914
Short-term investments (Note 4)	**4,425,468**	**-**	**4,425,468**	22,655,750	25,138,514
Interfund receivable	**(254,490)**	**254,490**	**-**	-	-
Campaign pledges receivable	**21,231,443**	**-**	**21,231,443**	18,771,098	18,458,835
Accounts receivable and other assets	**609,772**	**-**	**609,772**	309,539	239,780
Government remittances recoverable	**79,783**	**-**	**79,783**	64,297	58,501
Trust assets (Note 7)	**672,383**	**-**	**672,383**	737,329	903,225
	56,741,282	**254,490**	**56,995,772**	50,840,270	52,536,769
Investments (Note 5)	**4,204,679**	**25,845,978**	**30,050,657**	33,342,077	31,030,534
Tangible capital assets (Note 6)	**1,199,104**	**-**	**1,199,104**	1,229,300	1,413,487
	62,145,065	**26,100,468**	**88,245,533**	85,411,647	84,980,790
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	**991,874**	**-**	**991,874**	675,592	661,356
Trust obligations (Note 7)	**672,383**	**-**	**672,383**	737,329	903,225
Current portion of deferred contributions (Note 8)	**10,590,901**	**-**	**10,590,901**	9,982,613	9,912,961
	12,255,158	**-**	**12,255,158**	11,395,534	11,477,542
Deferred contributions (Note 8)	**1,093,736**	**-**	**1,093,736**	538,415	1,087,271
	13,348,894	**-**	**13,348,894**	11,933,949	12,564,813
Commitments (Note 10)					
Fund balances					
Available for general use (Note 9(b))	**8,400,000**	**-**	**8,400,000**	8,500,000	7,800,000
Internally restricted (Note 9)	**40,396,171**	**9,534,775**	**49,930,946**	50,109,932	50,169,199
Externally restricted (Note 9(a))	**-**	**16,565,693**	**16,565,693**	14,867,766	14,446,778
	48,796,171	**26,100,468**	**74,896,639**	73,477,698	72,415,977
	62,145,065	**26,100,468**	**88,245,533**	85,411,647	84,980,790

Approved by the Board

_______________ Director

_______________ Director

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

United Way of Calgary and Area

Statements of cash flows
years ended December 31, 2012 and December 31, 2011

	2012	2011 (Restated - Note 2)
	$	$
Operating activities		
Excess of revenue over expenses	**1,228,227**	824,247
Items not affecting cash		
Amortization of tangible capital assets	**942,994**	874,423
Unrealized gains on investments	**(2,105,285)**	(13,751)
	65,936	1,684,919
Net changes in non-cash operating working capital (Note 11)	**(1,296,173)**	(852,786)
	(1,230,237)	832,133
Financing activity		
Contributions received for endowment purposes	**190,714**	237,474
Investing activities		
Investment in Tomorrow Fund	**-**	(650,000)
Tomorrow Fund income reinvested	**(486,343)**	(656,252)
Redemption of (investment in) Guaranteed Investment Certificates	**5,883,048**	(991,539)
Redemption of short-term investments	**18,230,282**	2,482,764
Acquisition of tangible capital assets	**(912,798)**	(690,237)
	22,714,189	(505,264)
Net increase in cash and cash equivalents	**21,674,666**	564,343
Cash and cash equivalents, beginning of year	**8,302,257**	7,737,914
Cash and cash equivalents, end of year	**29,976,923**	8,302,257
Represented by		
Cash on hand and held with financial institutions	**129,253**	288,941
Deposits held with banks	**29,847,670**	8,013,316
	29,976,923	8,302,257

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

1. Nature of operations

United Way of Calgary and Area (the "Organization") is a registered charitable public foundation. The Organization is incorporated under the Societies Act of Alberta.

As a registered charitable foundation under Section 149(1) of the Income Tax Act, the Organization is exempt from income taxes; therefore, no provision for income taxes is recorded in the financial statements.

2. Adoption of new accounting framework

During the year ended December 31, 2012, the Organization adopted the new accounting standards for not-for-profit organizations (the "new standards") issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") and set out in Part III of the CICA Handbook. In accordance with Section 1501 of Part III the CICA Handbook, First-time Adoption, ("Section 1501"), the date of transition to the new standards is January 1, 2011 and the Organization has prepared and presented an opening statement of financial position at the date of transition to the new standards. This opening statement of financial position is the starting point for the entity's accounting under the new standards. In its opening statement of financial position under the recommendations of Section 1501, the Organization:

(a) recognized all assets and liabilities whose recognition is required by the new standards;

(b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;

(c) reclassified items that it recognized previously as one type of asset, liability or component of fund balances, but are recognized as a different type of asset, liability or component of fund balances under the new standards; and

(d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented. Adjustments resulting from the adoption of the new standards have been applied retrospectively excluding cases where optional exemptions available under Section 1501 have been applied. No such exemptions have been applied.

2. Adoption of new accounting framework (continued)

Impact of adoption of new standards

The impact of the adoption of the new standards on the total assets in the statements of financial position at January 1, 2011 and December 31, 2011, and on the excess of revenue over expenses in the statement of operations and the reclassification in the statement of changes in fund balances for the year ended December 31, 2011 is summarized as follows:

	Total assets as at January 1, 2011	Total assets as at December 31, 2011	Excess of revenue over expenses for the year ended December 31, 2011	Statement of changes in fund balances December 31, 2011
	$	$	$	
As previously reported	84,980,790	85,411,647	810,496	73,477,698
Adjustments				
Accounts receivable and other assets	(58,501)	(64,297)	-	-
Government remittances recoverable	58,501	64,297	-	-
Unrealized gains on investments	-	-	13,751	-
Excess of revenue over expenses	-	-	-	13,751
Changes in unrealized gains on available for sale assets in the year	-	-	-	(13,751)
As restated	84,980,790	85,411,647	824,247	73,477,698

Explanations of adjustments

Government remittances recoverable

The new standards require separate disclosure of the amounts of government remittances payable and recoverable. Accordingly, an amount of $58,501 as at January 1, 2011 and $64,297 as at December 31, 2011 has been reclassified from accounts receivable and other assets to government remittances recoverable.

Unrealized gains on investments

The new standards have eliminated the “available for sale” option in accounting for financial assets. Accordingly, the Organization can no longer recognize unrealized gains and losses in the statement of changes in fund balances. All changes in fair value are thereby recognized in the statement of operations. For the year ended December 31, 2011, $13,751 was reclassified from the statement of changes in fund balances (in the Tomorrow Fund) to the statement of operations, resulting in no impact to the general fund balance, beginning and end of year.

Statement of cash flows

The operating activities section of the cash flow statement for the year ended December 31, 2011 has been adjusted to reflect, as appropriate, the above changes to the statements of financial position and operations as at and for the year ended December 31, 2011. The adjustments relate to the amount of the excess of revenue over expenses and to the reconciling items in determining the total funds from operating activities.

3. Significant accounting policies

a) Fund accounting

General Fund

The General Fund reports revenues and expenses related to program delivery, fundraising and operational support activities of the Organization.

Within the General Fund, the Organization undertakes certain special projects for which dedicated grants or internally restricted funds are received to cover a portion of the related project expenditures.

The Organization also receives and distributes funds restricted by donors (donor choice) for payment to specified charities.

Tomorrow Fund

The Tomorrow Fund is an endowment fund that has been established to accumulate assets that generate investment income. This income is used to fund programs and services in the community through grants to qualified organizations and to reduce the Organization's costs. Contributions to the Tomorrow Fund are recognized as direct increases in fund balances.

b) Revenue recognition

The Organization's financial statements are prepared using the deferral method of accounting for contributions.

Unrestricted campaign revenue

An annual campaign is conducted to raise support for projects and services provided in the following year by funded agencies, organizations addressing new and emerging needs and other registered Canadian charities. Unrestricted campaign revenue comprises unrestricted contributions received in cash or pledges receivable during the annual campaign. These are recognized as revenue in the period in which the campaign is held. Reductions in the carrying amount of pledges receivable are recognized as a reduction of unrestricted campaign revenue.

Contributions of shares in publicly traded companies are recorded at the closing market price of the shares on the day they are effectively received by the Organization, or, in the case of thinly traded and other shares whose liquidation is restricted in any form, at a value discounted from the closing price where this is considered appropriate. The resultant value of the shares is included in unrestricted campaign revenue.

Stock options donated to the Organization are recorded at $Nil unless information is available to support a reasonable fair market valuation. If there is a resultant value, this amount is included in unrestricted campaign revenue.

Donor restricted funds

All contributions that are restricted by donors are initially deferred, then recognized as revenue of the General Fund in the year in which related expenses are incurred.

Restricted contributions for tangible capital assets

Contributions that are restricted by donors for the acquisition of tangible capital assets are deferred and then amortized over the same period as the corresponding asset.

Tomorrow Fund

The Tomorrow Fund includes endowment contributions and amounts restricted by the Board of Directors (the "Board"). Endowment contributions to the Tomorrow Fund are recorded as direct increases to fund balances. Interest and dividend income generated from investments of the Tomorrow Fund are treated as revenue of the Tomorrow Fund when earned.

3. Significant accounting policies (continued)

c) Pledges receivable

Pledges are recorded as revenue and receivable when signed pledge documents are received or other documents are available to provide reasonable evidence of a valid pledge. Allowances are provided for amounts estimated to be uncollectible.

d) Investment income and costs

Interest and dividend income and gains and losses on short-term investments are recognized in investment income in the period in which they are realized.

Interest and dividend income earned on long-term investments are recognized in investment income in the period in which they are earned. Unrealized and realized gains and losses on long-term investments are recognized through the statement of operations.

e) Donated goods and services

Goods and services contributed to the Organization to be consumed in operations are not recorded as revenue due to difficulties in determining fair value.

f) Tangible capital assets

Purchased tangible capital assets with a value exceeding $1,000 are recorded at cost. Purchased tangible capital assets with a value of less than $1,000 are charged to the General Fund as incurred. Contributed tangible capital assets are recorded at fair value at the date of the contribution if their value exceeds $1,000.

Tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally estimated.

Amortization of tangible capital assets is provided on a straight-line basis over the useful lives of the assets, estimated as follows:

Computer software	3 years
Computer equipment	5 years
Furniture and fixtures	5 years
Telephone equipment	5 years
Building improvements	Term of lease

As at December 31, 2012, there are approximately 10 years remaining on the building lease.

g) Allocation of expenses

The nature of the Organization’s operations dictates that its costs are largely influenced by the deployment of its staff. Similarly, the costs of supporting fundraising and program expenses are directly correlated to the number of people working in each of those areas.

Operational support expenses are allocated between fundraising expenses and community service expenses based on the headcount of the Organization at the beginning of the year in which the operational support expenses are incurred.

Operational support expenses are allocated as follows:

	2012	2011
	%	%
Fundraising expenses	**47.2**	49.2
United Way Community Service expenses	**52.8**	50.8

3. Significant accounting policies (continued)

h) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in excess of revenue over expenses as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in excess of revenue over expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in excess of revenue over expenses in the period the reversal occurs.

i) Foreign currency translation

Investments denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect on the date of the statement of financial position. Investment income from these securities is translated at the exchange rate in effect when realized.

j) Cash and cash equivalents

Cash and cash equivalents include the amounts held in bank deposits and current accounts maintained by the Organization. Any amount included as cash and cash equivalents will have a maturity of 90 days or less from inception.

k) Use of accounting estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 reporting period.

Specific items subject to estimation include amortization and potential impairment of tangible capital assets, potential impairment of the promissory note, the provision for uncollectable pledges, the current portion of deferred contributions, accrued liabilities and the allocation of operational support costs.

These estimates are subject to measurement uncertainty and the effects of changes in these estimates in future periods could be significant.

4. Short-term investments

At December 31, 2012, the Organization’s short-term investments included Guaranteed Investment Certificates (“GIC”) and equity securities.

Equity securities were donated to the Organization and remain unsold at the respective dates of the financial statements. These assets will be liquidated as soon as is possible in line with the Organization’s Policy on Acceptance and Disposal of Shares.

4. Short-term investments (continued)

	Maturity	**December 31, 2012**	December 31, 2011	January 1, 2011
		$	$	$
Guaranteed Investment Certificates				
Investment in one-year flexible GICs, 1.1% interest rate	December 2011	**-**	-	3,008,462
Investment in one-year flexible GICs, 1.2% interest rate	November-December 2011	**-**	-	15,006,871
Investment in one-year flexible GICs, 1.3% interest rate	February 2012	**-**	3,796,835	-
Investment in one-year flexible GICs, 1.39% interest rate	July 2011	**-**	-	4,025,591
Investment in 18-month fixed GIC, 1.69% interest rate	January 2012	**-**	3,074,036	-
Investment in one-year flexible GIC, 1.75% interest rate	December 2012	**-**	4,503,503	-
Investment in one-year flexible GIC, 1.76% interest rate	December 2012	**-**	5,003,858	-
Investment in 24-month fixed GIC, 2.24% interest rate	June 2011	**-**	-	3,037,927
Investment in 24-month fixed GIC, 2.52% interest rate	July 2012	**-**	6,225,888	-
Investment in 24-month fixed GIC, 2.2% interest rate	December 2013	**4,090,691**	-	-
		4,090,691	22,604,120	25,078,851
Equity securities		**334,777**	51,630	59,663
		4,425,468	22,655,750	25,138,514

5. Investments

	December 31, 2012	December 31, 2011	January 1, 2011
	$	$	$
Tomorrow Fund			
Investments in externally managed funds	**23,638,228**	21,046,600	19,726,596
Promissory note	**1,982,750**	1,982,750	1,982,750
Irrevocable Charitable Remainder Trust	**225,000**	225,000	225,000
	25,845,978	23,254,350	21,934,346
General Fund GICs	**4,204,679**	10,087,727	9,096,188
	30,050,657	33,342,077	31,030,534

5. Investments (continued)

Externally managed funds portfolio weighting

	December 31, 2012	December 31, 2011	January 1, 2011
	%	%	%
Pooled bonds and cash	**37.5**	41.8	37.3
Equities			
Canadian	**25.6**	26.6	30.3
United States	**15.7**	12.5	13.2
Other foreign	**21.2**	19.1	19.2
	100.0	100.0	100.0

Pooled bonds are entirely denominated in Canadian dollars.

The promissory note earns interest on the principal sum at a rate equal to the 10-year Government of Canada bonds set in 2007 less 0.25% per annum. Until December 31, 2012, the effective rate of interest is 1.94% less 0.25% (December 31, 2011 - 3.75%, January 1, 2011 - 3.5%). This rate is effective January 1, 2012 and redetermined every five years thereafter. This note is repayable upon death of the issuer and is secured by the insurance policy on the life of the donor.

The interest in an Irrevocable Charitable Remainder Trust is carried at the expected realizable value advised by the trustee and will be settled at the time of death of the donor.

At December 31, 2012, the Organization's long-term investments of the General Fund were composed of GICs as follows:

	Maturity	**December 31, 2012**	December 31, 2011	January 1, 2011
			$	$
Investment in 18-month fixed to flexible GIC, 1.5% interest rate	June 2013	**-**	2,000,082	-
Investment in 18-month fixed to flexible GIC, 1.69% interest rate	June 2012	**-**	-	3,023,336
Investment in 24-month fixed GIC, 2.2% interest rate	December 2013	**-**	4,002,179	-
Investment in 24-month fixed GIC, 2.52% interest rate	July 2012	**-**	-	6,072,852
Investment in 36-month fixed GIC, 2.91% interest rate	April 2014	**4,204,679**	4,085,466	-
		4,204,679	10,087,727	9,096,188

The Organization has a bridge financing facility to provide funds where needed. The facility bears interest at the bank's prime rate of interest per annum (currently 3%). The facility is secured by hypothecation of the GICs maturing in December 2013 and April 2014. As at December 31, 2012, $Nil (2011 - $Nil) was drawn on this facility.

6. Tangible capital assets

			December 31, 2012
	Cost or donated value	**Accumulated amortization**	**Net book value**
	$	**$**	**$**
Computer software	**5,167,778**	**4,352,298**	**815,480**
Computer equipment	**940,204**	**746,957**	**193,247**
Furniture and fixtures	**377,979**	**368,264**	**9,715**
Telephone equipment	**365,722**	**308,383**	**57,339**
Building improvements	**287,297**	**163,974**	**123,323**
	7,138,980	**5,939,876**	**1,199,104**

			December 31, 2011
	Cost or donated value	Accumulated amortization	Net book value
	$	$	$
Computer software	4,529,464	3,633,904	895,560
Computer equipment	783,682	632,952	150,730
Furniture and fixtures	374,057	353,322	20,735
Telephone equipment	355,803	260,538	95,265
Building improvements	183,177	116,167	67,010
	6,226,183	4,996,883	1,229,300

			January 1, 2011
	Cost or donated value	Accumulated amortization	Net book value
	$	$	$
Computer software	3,952,692	2,986,318	966,374
Computer equipment	720,902	537,209	183,693
Furniture and fixtures	366,640	314,602	52,038
Telephone equipment	345,841	212,733	133,108
Building improvements	163,945	85,671	78,274
	5,550,020	4,136,533	1,413,487

Included above are assets currently not being amortized as they are being prepared for use. As at December 31, 2012, their cost and net book values aggregated $Nil (December 31, 2011 - $429,433, January 1, 2011 - $70,527).

7. Trust assets and obligations

The Organization coordinates the national campaign for corporate donors, including the processing, collection and subsequent distribution of pledges to other United Way offices. This activity requires that the Organization hold certain assets on behalf of other United Way offices.

8. Deferred contributions

Deferred contributions related to tangible capital assets represent the unamortized portions of restricted contributions and contributed tangible capital assets received from private donors as well as contributions received from donors that have not yet been expended.

Deferred contributions related to special projects represent the unspent portions of externally restricted grants received from private donors used to fund special projects undertaken by the Organization.

Deferred contributions related to donor designated to charities reflect the pledged and received amounts of donations accepted by the Organization that are designated to other registered charities and are unpaid.

Deferred contributions related to future year campaigns reflect the pledged and received amounts of donations accepted by the Organization that are restricted by the donor for campaigns of future years.

The Organization carries the value of a restricted Family Fund at its cost plus accrued earnings where appropriate. Cumulative earnings on these funds will be distributed to support United Way initiatives. The Organization periodically transfers amounts from these funds to specific United Way initiatives.

Deferred contributions also include the unspent portion of corporate sponsorships received to cover operating expenses.

Changes in deferred contributions are as follows:

				December 31, 2012	December 31, 2011	January 1, 2011
	Opening balance	**Deferred contributions received in year**	**Deferred contributions used in year**	**Ending balance**	Ending balance	Ending balance
	$	**$**	**$**	**$**	$	$
Tangible capital assets	**75,836**	**20,000**	**(24,333)**	**71,503**	75,836	101,665
Special projects	**4,128,584**	**2,971,193**	**(2,972,475)**	**4,127,302**	4,128,584	4,224,871
Donor designated to charities	**6,204,073**	**8,113,342**	**(7,262,423)**	**7,054,992**	6,204,073	6,453,534
Future year campaign	**12,003**	**282,040**	**(12,003)**	**282,040**	12,003	87,186
Family Fund	**-**	**-**	**-**	**-**	-	5,152
Sponsorship	**100,532**	**159,405**	**(111,137)**	**148,800**	100,532	127,824
	10,521,028	**11,545,980**	**(10,382,371)**	**11,684,637**	10,521,028	11,000,232
Less: current portion				**10,590,901**	9,982,613	9,912,961
				1,093,736	538,415	1,087,271

The current portion of deferred contributions is based on management's best estimate of amounts to be recognized in the following year.

9. Fund balances

a) Tomorrow Fund

			December 31, 2012	December 31, 2011	January 1, 2011
	Externally restricted	**Internally restricted**	**Total**	Total	Total
	$	**$**	**$**	$	$
Community support	**9,026,635**	**7,531,995**	**16,558,630**	14,476,953	13,583,434
Special endowments	**2,116,586**	**-**	**2,116,586**	2,049,668	2,049,668
Infrastructure Fund	**4,023,257**	**2,002,780**	**6,026,037**	5,364,807	5,221,911
Named Funds	**918,111**	**-**	**918,111**	910,063	991,330
Endow your Gift	**481,104**	**-**	**481,104**	434,183	423,208
	16,565,693	**9,534,775**	**26,100,468**	23,235,674	22,269,551

Externally restricted funds include:

- endowments contributed;
- market gains and losses on endowment contributions; and
- attributable earnings where the donor restricts the use of the investment income earned on the contribution.

Internally restricted funds include:

- amounts restricted by the Board for a specific purpose;
- market gains and losses on the investment of internally restricted funds; and
- attributable earnings where the endowment donor has not restricted the purpose of the contribution. Under these circumstances the Board restricts the use of such earnings as described under “Community support”.

Distribution of income

The Board has determined that any realized income from the prior year attaching to investments be first retained to grow these investments by at least 1% over the inflation rate applicable for the prior year. Then, if sufficient income remains, up to 3.5% of the prior year fund balance before retention will be recognized as revenue of the General Fund. Such revenue will be allocated to support community activities according to donor direction in the case of externally restricted income, or according to Board direction in the case of internally restricted income. Any realized income in excess of the 3.5% of the prior year fund balance is retained in the fund.

Community support

Endowment contributions that have no restriction as to their use are held in support of the Organization’s engagement in the community. Available income is applied to specific areas of community support in accordance with the direction of the Board. Such direction is set by the Board on a three-year cycle.

Special endowments

These are special investment gifts received from donors whereby the income is directed to specified purposes in consultation with the donors.

9. Fund balances (continued)

a) *Tomorrow Fund (continued)*

Infrastructure Fund

Endowment gifts in this category were contributed to support ongoing property lease and occupancy costs of the Organization.

Named Funds and Endow your Gift

Named Funds are endowment gifts received by various donors and named in recognition of the donor or in tribute. Income earned is distributed based on the donor's advice.

Endow your Gift was established to provide a one-time endowment gift option for annual donors reaching retirement. Subject to available income, up to 5% of the capital on these funds is directed to support the Organization's annual campaign. Any remaining income is directed to specific areas defined in consultation with the donors.

b) *General Fund*

Available for general use

The Board has determined that the Organization needs to retain a level of funds to support the Organization in periods of financial uncertainty. The Board established the following criteria to guide the retention of funds to be held available for general use:

- 6 months of operating budget
- 18 months of normal amortization
- $1,000,000 disaster response reserve

Internally restricted for community use

The Organization's community investment program is planned around a combination of 1 to 3 year commitments and the flexible component is to accommodate years where weak economic conditions might require their use. Any funds beyond those held available for general use are considered to be available for community use. In years where a significant operating surplus or deficit results, the funds allocated to the community support can change materially.

10. Commitments

a) The Board approves the annual plan to apply funds allocated to the Organization's community investment program. While approved in principle, the Board reserves the right to modify any such plan should economic or certain circumstances require such revision.

Commitments under this program are included as funds restricted for community use. At December 31, 2012, these commitments are as follows:

	$
2013	35,260,000
2014	14,490,000
2015	6,380,000

b) The Organization leases office premises under two operating leases expiring on December 31, 2016 and July 31, 2022. Under the terms of the lease expiring in 2022, the Organization has the option to surrender a portion or all of the leased premises at any time after the end of five years. If the option to surrender is exercised, the Organization would have to pay the unamortized portion of the leasehold allowance, which as of December 31, 2012 was $367,584 (December 31, 2011 - $389,401, January 1, 2011 - $409,150).

The Organization has also entered into a five-year lease agreement for office equipment expiring in January 2017.

10. Commitments (continued)

Lease payments required over the next five years and thereafter are as follows:

	Office premises	Office equipment	Total
	$	$	$
2013	429,988	61,439	491,427
2014	429,988	61,439	491,427
2015	429,988	61,439	491,427
2016	429,988	61,439	491,427
2017	398,391	5,120	403,511
Thereafter	2,163,210	-	2,163,210
	4,281,553	250,876	4,532,429

11. Net changes in non-cash operating working capital

	2012	2011
	$	$
Campaign pledges receivable	**(2,460,345)**	(312,264)
Accounts receivable and other assets	**(300,233)**	(69,759)
Government remittances recoverable	**(15,486)**	(5,796)
Accounts payable and accrued liabilities	**316,282**	14,237
Deferred contributions	**1,163,609**	(479,204)
	(1,296,173)	(852,786)

12. Management of capital

The Organization defines its capital as the amounts included in its fund balances.

The Organization sets the amount of fund balances in proportion to risk, manages the fund structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Organization’s objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and stakeholders.

A portion of the Organization’s capital is externally restricted in that the Organization is required to meet certain requirements, as described in Note 9. The Organization has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

Management and the Board carefully consider fundraising campaigns, grants, sponsorship and investment income to ensure that sufficient funds will be available to meet the Organization’s short and long-term objectives.

The Organization monitors its financial performance against an annual budget that is approved by the Board. Surpluses from unspent operational activities are accumulated under fund balances available for general use or those internally restricted for community use. In the event that revenues decline, the Organization will budget for reduced distributions and reduced operational expenditures. While an annual budget deficit may periodically arise, no such deficit shall be allowed to exceed the total funds available under the fund balances available for general use.

The Organization has a bridge financing facility to provide funds where needed (Note 5).

13. Financial risk management

The Organization's financial risks are as follows:

Market risk

The Tomorrow Fund's assets include a large portion of equity securities. These assets are invested in pooled funds managed professionally by a fund manager appointed by the Board. The fund manager is governed by an investment policy of the Board, which places certain parameters on investments. The performance of the fund manager is routinely assessed by the Investment Committee of the Board. The Investment Committee has authority to make certain changes to asset mix to ensure that the investments are as secure as possible. The value of equity securities changes in concert with the business, financial condition, management and other relevant factors affecting the underlying organization that issued the securities. In addition, general economic conditions of the markets, in which such organizations operate, change, thereby exposing the Organization to fluctuations in the value of investments. The fair market value of the managed portfolio at December 31, 2012 is $23,638,228 (December 31, 2011 - $21,046,600, January 1, 2011 - $19,726,596), with 62.5% (December 31, 2011 - 58.2%, January 1, 2011 - 62.7%) invested in equity securities (Note 5).

The Organization carries a promissory note, valued at $1,982,750 (December 31, 2011 - $1,982,750, January 1, 2011 - $1,982,750), that is fully insured on the life of the donor. The Organization also carries a Charitable Remainder Trust, valued at $225,000 (December 31, 2011 - $225,000, January 1, 2011 - $225,000). The Organization does not include the value of either of these assets in any of its operational plans.

Short-term investments include equity securities donated to the Organization which remain unsold at the date of the financial statements. The market value of these securities at December 31, 2012 was $334,777 (December 31, 2011 - $51,630, January 1, 2011 - $59,663). These assets will be liquidated as soon as is possible in line with the Organization's Policy on Acceptance and Disposal of Shares.

Liquidity risk

In the current economic environment, the Organization may be subject to liquidity risk if required to realize its long-term investments in the near term. Long-term investments in GICs are held in a staggered portfolio to mitigate liquidity risk. The Tomorrow Fund is held in perpetuity with no intention or need to liquidate the investments held therein.

Interest rate risk

The Organization is exposed to interest rate risk given that its cash equivalents, short-term and long-term investments have varying maturity dates. Accordingly, if interest rates decline, the Organization may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing.

Foreign exchange risk

Because a portion of the Organization's investment portfolio is denominated in foreign currencies, the Organization is exposed to fluctuations in those currencies. At December 31, 2012, the foreign content of the managed portfolio of the Tomorrow Fund was 36.9% (December 31, 2011 - 31.6%, January 1, 2011 - 32.4%) (Note 5).

Credit risk

The Organization is exposed to credit risk to the extent that its donors may experience financial difficulty and would be unable to meet their obligations. However, the Organization has a large number of diverse donors, which minimizes the concentration of credit risk.

United Way of Calgary and Area

Schedules of operational support expenses - Schedule 1
years ended December 31, 2012 and December 31, 2011

	2012	2011
	$	$
Salaries and employee benefits	**3,394,292**	3,640,752
Occupancy costs	**751,234**	639,973
Professional fees	**801,284**	386,073
Promotion and publicity	**694,995**	838,510
Office	**525,340**	524,691
Professional development and training	**100,822**	108,008
Meetings and travel	**43,404**	51,342
Other administrative	**154,522**	169,112
Amortization of tangible capital assets	**942,994**	874,423
Total operational support expenses before allocations	**7,408,887**	7,232,884
Allocation to fundraising expenses (Schedule 2)	**(3,498,004)**	(3,559,302)
Allocation to United Way Community Service expenses (Schedule 3)	**(3,910,883)**	(3,673,582)
Total operational support expenses	**-**	-

United Way of Calgary and Area

Schedules of fundraising expenses - Schedule 2
years ended December 31, 2012 and December 31, 2011

	2012	2011
	$	$
Salaries and employee benefits	**3,042,973**	2,648,436
Professional fees	**11,786**	667
Office	**94,821**	96,740
Professional development and training	**3,305**	3,251
Meetings and travel	**25,798**	25,741
Direct fundraising costs	**264,223**	269,495
Total direct fundraising expenses	**3,442,906**	3,044,330
Allocation of operational support expenses (Schedule 1)	**3,498,004**	3,559,302
Total fundraising expenses	**6,940,910**	6,603,632

United Way of Calgary and Area

Schedules of United Way Community Service expenses - Schedule 3
years ended December 31, 2012 and December 31, 2011

	2012	2011
	$	$
Community investment process	**1,711,561**	1,494,036
Allocation of operational support expenses (Schedule 1)	**3,910,883**	3,673,582
Internally restricted funds applied to projects	**3,321,239**	2,313,231
Allocations paid to agencies	**33,488,973**	33,310,965
Donor restricted funds applied to special projects	**3,033,687**	3,495,459
Donor choice	**6,532,555**	6,824,887
Total United Way Community Service expenses	**51,998,898**	51,112,160

United Way Community Service expenses by nature of engagement:

	2012	2011
	$	$
Collaborations focused on system level change	**3,681,670**	3,088,043
Multi-partner collaboration on delivery of services	**9,815,376**	9,031,276
Programmatic investments and capacity building	**31,969,297**	32,167,954
Donor choice	**6,532,555**	6,824,887
	51,998,898	51,112,160

United Way of Calgary and Area

Schedules of Transparency Accountability and Financial Reporting (TAFR) ratios - Schedule 4

years ended December 31, 2012 and December 31, 2011

	2012		2011	
	$	**%**	$	%
Fundraising ratio				
Total revenue per statement of operations	**58,062,750**	**-**	58,526,288	-
Add: allowances for uncollected pledges	**720,579**	**-**	958,013	-
Total revenue for fundraising	**58,783,329**	**-**	59,484,301	-
Total direct fundraising expenses (Schedule 2)	**3,442,906**	**5.9**	3,044,330	5.1
Operational support expenses associated with fundraising (Schedule 2)	**3,498,004**	**6.0**	3,559,302	6.0
	6,940,910	**11.9**	6,603,632	11.1
Allocation ratio				
Total revenue per statement of operations	**58,062,750**	**-**	58,526,288	-
Allocation to fund balances (excess of revenue over expenses)	**1,228,227**	**2.1**	810,496	1.3
Funds allocated to United Way Community Service	**51,998,898**	**89.6**	51,112,160	87.3

Charitable Fund-raising Act and Regulations

Solicitation material provided by the Organization to prospective donors in 2012 reflects total fundraising costs to be an estimated 11% (2011 - 11%) of total revenue.

The information required to be disclosed under the Charitable Fund-raising Regulation (Alberta 108/2000) is adequately presented in these financial statements and the respective notes and schedules.