



It gives me great pleasure to report that United Way of Greater Toronto is in a strong financial position following another successful fundraising year. Our financial successes give us many reasons to celebrate, but most importantly they have given us the tools and resources to continue to take a leading role in

addressing our city's most critical social issues.

Our endowment fund, The Tomorrow Fund, has also shown strong growth, thanks to the support of donors whose generosity will ensure essential social and health programs are supported well into the future.

I would like to acknowledge the generosity of many professionals who have donated their time and services, as well as thousands of volunteers who donate their time and expertise to steward the allocation of funds for the community, organize and participate in United Way special events, and assist in our fundraising campaigns.

Financial Strength

Our financial report encompasses the fundraising campaign in the fall of 2003, community distributions of those funds in calendar 2004, and the related operating expenditures. In the fall 2003 campaign, United Way donors generously gave more than \$86,493,000 (including endowment contributions), an increase of 7.7 per cent over the previous year. Funds were raised primarily from four sources: employee workplace campaigns, individual donors, corporate donations, and special events such as P&G Leaps and Bounds, Enbridge CN Tower Stair Climb, United Way Blossom Ball, and the Scotiabank Bay Street Rat Race.

After fundraising and allocations and needs assessment costs were deducted, a total of \$70,421,000 was available for distribution to the community from campaign revenue after pledge losses (donor pledges which may not have been fulfilled for various reasons). This is an increase of 9.2 per cent over 2003. The Statement of Operations on page 49 describes the allocation of dollars in detail.

Beyond our efforts to raise funding and steward the distribution of those funds, we focus significant efforts on managing our operating costs, maintaining tight controls over pledge losses. We also practice conservative investment management of our operating cash flows, operating reserves, and assets in The Tomorrow Fund.

2004 results and recent trends:

	2004	2003	2002
Total dollars raised *	\$86,493,000	\$80,312,000	\$77,585,000
Total dollars to the Community	\$72,097,000	\$67,117,000	\$60,694,000
Cost revenue Ratio **	15.07%	16.20%	16.28%
Pledge Losses Ratio***	1.87%	1.59%	2.92%
Investment returns	\$3,976,000	\$3,262,000	(\$1,244,000)

* Includes bequests and endowment contributions of \$2,592,000 (2004), \$1,309,000 (2003) and \$2,591,000 (2002)

** On total dollars raised *** Adjusted for prior year recoveries

Operational Capability

United Way of Greater Toronto has continued to invest in its systems and operations capability to expand processing capacity while handling increased donor volumes and community activities more efficiently.

Our financial position as outlined in the accompanying financial statements continues to be strong. We could not have accomplished these results without the dedication and professionalism of our staff and the commitment and expertise of thousand of volunteers. More than 20,000 volunteers each year commit their time and expertise to enabling the mission of United Way of Greater Toronto to meet urgent human needs and find solutions to our community's problems.

Robert Harding

Vice Chair, Finance and Treasurer
Chairman, Brascan Corporation

2004 Financial Statements

United Way of Greater Toronto

(incorporated under the laws of Ontario)

AUDITORS' REPORT

To the Board of Trustees of United Way of Greater Toronto

We have audited the statement of financial position of United Way of Greater Toronto as at December 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of United Way of Greater Toronto's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of United Way of Greater Toronto as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Toronto, Canada
March 11, 2005

UNITED WAY OF GREATER TORONTO

Statement of Financial Position (In thousands of dollars)

December 31, 2004, with comparative figures for 2003	2004	2003
Assets		
Current assets:		
Cash and short-term deposits	\$ 34,181	\$ 23,112
Campaign pledges receivable	5,347	5,639
Other receivables	1,212	1,257
Prepaid expenses (note 2)	9,849	9,881
	50,589	39,889
Investments (note 3)	45,087	42,574
Capital assets (note 4)	1,550	1,782
	\$ 97,226	\$ 84,245
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,348	\$ 2,327
Designated and flowthrough gifts payable	4,849	3,971
Deferred campaign revenue	41,722	34,355
Deferred rent and capital contributions	1,029	1,226
	49,948	41,879
Accrued pension liability (note 5)	992	972
Net assets:		
Invested in capital assets (note 6)	1,230	1,334
Restricted for The Tomorrow Fund Endowment (note 7)	35,844	31,156
Unrestricted (note 8)	9,212	8,904
	46,286	41,394
Commitments (note 10)		
	\$ 97,226	\$ 84,245

See accompanying notes to financial statements.

On behalf of the Board:

Trustee *Maitha Jony*

Trustee *Robby*

UNITED WAY OF GREATER TORONTO

Statement of Operations (In thousands of dollars)

Year ended December 31, 2004, with comparative figures for 2003	2004	2003
Fundraising revenue (note 1(a)):		
Campaign revenue	\$ 83,901	\$ 79,003
Bequests	1,725	565
	85,626	79,568
Pledge shrinkage	(897)	(1,979)
Total fundraising revenue	84,729	77,589
Investment income	3,976	3,262
Total revenue	\$ 88,705	\$ 80,851
Distributions and Community Programs:		
Allocation to United Way of Greater Toronto agencies and partners	44,951	43,482
Donor designations to United Way of Greater Toronto agencies and partners	2,185	1,575
Grant programs	3,209	2,760
Programs delivered by United Way of Greater Toronto	914	684
Joint Areawide campaign proceeds to partner United Ways	6,022	6,045
One-time donor-specified donations to United Way of Greater Toronto programs, agency projects and grant programs (note 9)	1,893	2,072
Donor designations to other United Ways	1,510	1,339
Donor designations to other registered charities	11,413	9,160
	72,097	67,117
Expenses:		
Fundraising	10,907	10,858
Allocation and needs assessment	1,705	1,757
Amortization of capital assets, net of amortization of deferred capital contributions	422	393
Gross expenses	13,034	13,008
Recovery of joint Areawide campaign costs from partner United Ways	(451)	(476)
	12,583	12,532
Total distributions and expenses	\$ 84,680	\$ 79,649
Excess of revenue over distributions and expenses	\$ 4,025	\$ 1,202
Allocated to:		
Internally restricted for The Tomorrow Fund (note 7)	\$ 3,821	\$ 2,601
Unrestricted net assets (note 8)	626	(1,006)
Amortization of capital assets	(422)	(393)
	\$ 4,025	\$ 1,202

See accompanying notes to financial statements.

UNITED WAY OF GREATER TORONTO

Statement of Changes in Net Assets (In thousands of dollars)

Year ended December 31, 2004, with comparative figures for 2003					2004				2003			
	Invested in capital assets	Restricted for The Tomorrow Fund Endowment	Unrestricted	Total	Invested in capital assets	Restricted for The Tomorrow Fund Endowment	Unrestricted	Total	Invested in capital assets	Restricted for The Tomorrow Fund Endowment	Unrestricted	Total
	(note 6)	(note 7)			(note 6)	(note 7)			(note 6)	(note 7)		
Net assets, beginning of year	\$ 1,334	\$ 31,156	\$ 8,904	\$ 41,394	\$ 1,796	\$ 27,711	\$ 9,841	\$ 39,348				
Excess of revenue over distributions and expens- es (distributions and expenses over revenue)	(422)	3,821	626	4,025	(393)	2,601	(1,006)	1,202				
Endowment contributions	–	867	–	867	–	844	–	844				
Invested in capital assets	318	–	(318)	–	(69)	–	69	–				
Net assets, end of year	\$ 1,230	\$ 35,844	\$ 9,212	\$ 46,286	\$ 1,334	\$ 31,156	\$ 8,904	\$ 41,394				

See accompanying notes to financial statements.

UNITED WAY OF GREATER TORONTO

Statement of Cash Flows (In thousands of dollars)

Year ended December 31, 2004, with comparative figures for 2003	2004	2003
Cash flows from operating activities:		
Excess of revenue over distributions and expenses	\$ 4,025	\$ 1,202
Items not involving cash:		
Amortization of capital assets	550	521
Amortization of lease inducement	227	227
Amortization of deferred capital contributions	(128)	(128)
Increase in accrued pension liability	20	34
Increase in deferred campaign revenue	7,367	6,534
Net change in non-cash working capital	972	(7,596)
Cash flows from operating activities	13,033	794
Cash flows from financing and investing activities:		
Purchase of capital assets	(318)	(507)
Deferred capital contributions	–	576
Endowment contributions received	867	844
Net increase in investments	(2,513)	(4,643)
Cash flows used in financing and investing activities	(1,964)	(3,730)
Increase (decrease) in cash and short-term deposits	11,069	(2,936)
Cash and short-term deposits, beginning of year	23,112	26,048
Cash and short-term deposits, end of year	\$ 34,181	\$ 23,112

See accompanying notes to financial statements.

UNITED WAY OF GREATER TORONTO

Notes to Financial Statements (In thousands of dollars) Year ended December 31, 2004

The mission of United Way of Greater Toronto ("United Way") is to meet urgent human needs and improve social conditions by mobilizing the community's volunteer and financial resources in a common cause of caring.

United Way is registered as a charitable organization under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, United Way must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

1. Significant accounting policies:

The financial statements have been prepared in accordance with generally accepted accounting principles applied within the framework of the significant accounting policies summarized below:

(a) Revenue recognition:

United Way follows the deferral method of accounting for campaign revenue.

The campaign revenue reported in these financial statements represent amounts received or receivable in connection with the 2003 campaign and the related distributions made from the proceeds of that campaign in 2004. This includes pledges and donations which the donors designate for payment to partners and member agencies, other United Ways and non-United Way charities. The results of the 2004 campaign will be reported in the 2005 financial statements. Funds received from the 2004 campaign to December 31, 2004 are shown as deferred campaign revenue. Fundraising costs applicable to this campaign are deferred and included in prepaid expenses.

United Way is requested to act as a flowthrough agent to receive and disburse charitable funds on behalf of certain employers and employee groups. Funds received and disbursed under these flowthrough arrangements are not recorded as campaign revenue nor as distributions and expenses in these financial statements.

Designated donations and funds received under flowthrough arrangements for other charities that have not been disbursed at year end are recorded as designated and flowthrough gifts payable.

United Way administers directly several programs to address homelessness, organizational development and evaluation which are funded jointly by United Way, a number of foundations and Federal and Municipal governments. The external funds are treated on a

flowthrough basis with funds received and distributed and related expenses not recorded as revenue nor as disbursements in these financial statements.

Endowment contributions and capital appreciation on investments that must be added to the principal are recognized as direct increases in net assets in the year in which they are received.

Contributions for capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital asset.

Investment income on The Tomorrow Fund Endowment includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year.

Investment income on all other investments includes dividends, interest, realized gains (losses) on disposition and write-down of investments.

(b) Investments:

- (i) The portion of The Tomorrow Fund Endowment invested in pooled funds with The Toronto Community Foundation is carried at market value.
- (ii) All other investments are recorded at cost less write-downs, if required, for other than temporary declines in value.

(c) Capital assets:

Purchased capital assets are stated at acquisition cost. Amortization is provided on the following bases over the estimated useful lives of the assets as follows:

Asset	Basis	Rate
Computer equipment	Straight line	3 years
Fundraising software	Straight line	5 years
Furniture and fixtures	Declining balance	15%
Leasehold improvements	Straight line	Term of lease
Delivery van	Declining balance	25%

(d) Volunteer services:

United Way benefits from substantial services in the form of volunteer time. Since these invaluable donated services are not purchased by the United Way, they are not recorded in these financial statements.

Notes to Financial Statements (continued)

(e) Employee future benefits:

United Way has a combined registered defined benefit and defined contribution pension plan covering substantially all of its employees and an unregistered defined benefit pension plan. The benefits are based on years of service. The cost of the defined benefit and defined contribution program is currently being funded. The cost of the unregistered plan is currently expensed and accrued; it will be funded as benefits are paid.

United Way accrues its obligations under its employee pension plans as the employee renders the services necessary to earn the pension. United Way has adopted the following policies:

- (i) The cost of pensions earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages.
 - (ii) For the purpose of calculating expected return on plan assets, those assets are valued at fair value. The most recent actuarial valuation of the pension plan for funding purposes was as of December 31, 2003.
 - (iii) The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees, which for the pension plan is 17.7 years.
- (f) Allocation of expenses:
Management and general administrative expenses are prorated between the expense categories for fundraising and for allocations and needs assessment based on effort involvement.

(g) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

2. Prepaid expenses:

	2004	2003
Prepaid fundraising expenses related to 2004 campaign	\$ 8,980	\$ -
Prepaid fundraising expenses related to 2003 campaign	-	8,682
Tenant inducement annuity	160	267
Other	709	932
	\$ 9,849	\$ 9,881

3. Investments:

	2004		2003	
	Carrying value	Market value	Carrying value	Market value
Canadian fixed income securities	\$ 7,813	\$ 8,637	\$ 5,913	\$ 6,021
Canadian equities	4,244	5,233	7,060	7,795
Investments with The Toronto Community Foundation:				
Canadian fixed income securities and cash	11,230	11,230	10,953	10,953
Canadian equities	13,212	13,212	11,248	11,248
U.S. and global equities	8,588	8,588	7,400	7,400
	33,030	33,030	29,601	29,601
	\$ 45,087	\$ 46,900	\$ 42,574	\$ 43,417

The Canadian fixed income securities produce a yield to maturity of 4.6% (2003 - 4.9%) and have a weighted average term to maturity of 9.53 years (2003 - 9.33 years).

Investments held for The Tomorrow Fund total \$35,844 (2003 - \$31,156) (note 7).

4. Capital Assets:

	2004		2003	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 2,067	\$ 1,594	\$ 473	\$ 528
Fundraising software	1,309	808	501	618
Furniture and fixtures	732	533	199	223
Leasehold improvements	1,168	817	351	381
Delivery van	31	5	26	32
	\$ 5,307	\$ 3,757	\$ 1,550	\$ 1,782

Notes to Financial Statements (continued)

5. Accrued pension liability:

Information about United Way's defined benefit pension plans is as follows:

	2004	2003
Accrued pension obligation:		
Balance, beginning of year	\$ 4,190	\$ 4,374
Current service cost	325	320
Interest cost	276	288
Benefits paid	(271)	(220)
Actuarial losses (gains)	273	(572)
Balance, end of year	4,793	4,190
Plan assets:		
Fair value, beginning of year	3,498	3,021
Annual return on plan assets	277	408
Employer contributions	339	369
Benefits paid	(271)	(177)
Administrative expenses	(91)	(123)
Fair value, end of year	3,752	3,498
Funded status - deficit	(1,041)	(692)
Unamortized net actuarial loss	321	11
Unamortized transitional asset	(272)	(291)
Accrued pension liability	\$ (992)	\$ (972)

The United Way's funded deficit amounted to \$380 (2003 - \$95) for its registered defined benefit plan and \$661 (2003 - \$597) for its unregistered defined benefit pension plan.

The accrued pension liability amounted to \$570 (2003 - \$589) for the registered plan and \$422 (2003 - \$383) for the unregistered defined benefit plan.

The significant actuarial assumptions adopted in measuring the United Way's accrued pension obligations are as follows:

	2004	2003
Accrued benefit obligation:		
Discount rate	6.0%	6.5%
Rate of compensation increase	3.5%	4.0%
Benefit costs:		
Discount rate	6.0%	6.5%
Expected long-term rate of return on plan assets	6.0%	6.5%
Rate of compensation increase	3.5%	4.0%

Plan assets consist of:

	2004	2003
Equity securities	62%	63%
Debt securities	35%	37%
Other	3%	-
	100%	100%

United Way's net defined benefit pension plan expense is as follows:

	2004	2003
Current service cost, net of employees' contributions	\$ 325	\$ 320
Interest cost	276	288
Expected return on plan assets	(232)	(189)
Amortization of transitional obligation	(19)	(19)
Amortization of unrecognized net actuarial loss	6	6
Net pension plan expense	\$ 356	\$ 406

6. Invested in capital assets:

Invested in capital assets is comprised of the following:

	2004	2003
Capital assets	\$ 1,550	\$ 1,782
Deferred capital contributions	(320)	(448)
	\$ 1,230	\$ 1,334

The change in invested in capital assets is calculated as follows:

	2004	2003
Excess of revenue over distributions and expenses (distributions and expenses over revenue):		
Amortization of capital assets	\$ (550)	\$ (521)
Amortization of deferred capital contributions	128	128
	(422)	(393)
Net change in invested in capital assets:		
Purchase of capital assets	318	507
Receipt of deferred capital contributions	-	(576)
	318	(69)
	\$ (104)	\$ (462)

7. The Tomorrow Fund Endowment:

The Tomorrow Fund Endowment represents internally and externally restricted amounts. Externally restricted amounts refer to those gifts which have been specifically directed to The Tomorrow Fund by the donor. Internally restricted amounts are those which were given by donors to United Way without such a direction, and have been transferred to The Tomorrow Fund by the Board.

The Tomorrow Fund Endowment consists of the following:

	2004	2003
Externally restricted	\$ 8,733	\$ 7,386
Internally restricted	27,111	23,770
	\$ 35,844	\$ 31,156

Notes to Financial Statements (continued)

The following amounts were transferred between Unrestricted and The Tomorrow Fund Endowment:

	2004	2003
Investment income on:		
Internally restricted funds	\$ 2,730	\$ 2,614
Externally restricted funds	725	574
Bequests	1,725	565
Distributions	(1,359)	(1,152)
Transfer from Unrestricted to The Tomorrow Fund Endowment	\$ 3,821	\$ 2,601

Endowment contributions of \$867 (2003 - \$844) have been donated to The Tomorrow Fund Endowment. These amounts are not included in revenue in the statement of operations, but have been added directly to The Tomorrow Fund Endowment assets as stated in note 1(a).

8. Unrestricted net assets:

Unrestricted net assets, which are comparable to the retained earnings of a for-profit organization, are available to sustain operations and funding to member agencies in the event of unforeseen conditions, such as a significant shortfall in fundraising efforts. The Board of Trustees also has the authority to make the internally restricted portion of The Tomorrow Fund available, should the circumstances warrant. The Board has balanced this need for stability of operations and agency funding with a desire to maximize current funding to the community; as a result, the Board has directed that the balance in unrestricted net assets be reduced to a target of \$3 - \$5 million. The balance at December 31, 2004 of \$9,212 will be reduced gradually over the next three years through specific community programs, totalling approximately \$5 million.

9. One-time donor-specified donations to United Way of Greater Toronto programs, agency projects and grant programs:

United Way receives special one-time gifts from donors. These special gifts are targeted to specific programs, capital projects or grant programs managed by United Way or its member agencies. United Way works with special gifts donors to match their specific giving interest to United Way funding priorities in the community.

10. Commitments:

(a) Multi-year funding agreements:

United Way has entered into agreements with certain member agencies and partners to set their allocations over two to five-year terms. The agreements can be renewed by mutual consent.

Funding commitments for the next four years are as follows:

2005	\$ 23,310
2006	798
2007	300
2008	300
	\$ 24,708

Long-term lease:

United Way leases office premises and certain computer equipment under long-term operating leases expiring up to April 30, 2015. Rental payments, excluding operating costs and realty taxes, over the next five years and thereafter are as follows:

2005	\$ 554
2006	580
2007	607
2008	651
2009	677
Thereafter	4,125
	\$ 7,194

11. Flowthrough arrangements:

United Way received and distributed \$8,668 (2003 - \$11,441) under the flowthrough arrangements described in note 1(a) relating to the 2003 campaign (prior year amounts related to the 2002 campaign).

United Way received and distributed \$1,338 (2003 - \$1,096) under jointly funded programs as described in note 1(a).

12. Financial assets and liabilities:

The fair value of investments is equal to the quoted market value, as disclosed in note 3. The fair values of other financial assets and liabilities, being cash and short-term deposits, campaign pledges receivable, other receivables, accounts payable and accrued liabilities and designated and flowthrough gifts payable approximate their carrying values due to the relatively short-term nature of these instruments.

13. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.