

Administration and Audit Committee

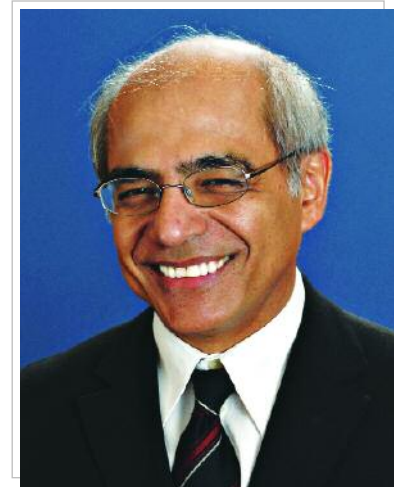
United Way of Greater Toronto's financial position is robust, thanks to generous donors, strong financial management, organizational strength and growth in revenues. This healthy fiscal situation provides the means to take a leading role in addressing critical social issues in our city.

Financial Strength

The financial report includes revenue from the fall 2005 fundraising campaign, distribution of funds in 2006 and related operating expenses.

United Way's ability to invest in our community is increasing by diversifying and deepening the source of funds. Individual, workplace and corporate donors contribute to this financial health as well as special events, third party grants and pro-bono support, from legal services to donated media advertising space. United Way's financial strength and efficiency are also due to significant volunteer support. Some highlights from 2006:

- United Way's Community Fund is growing through generous donations and the recognition of United Way as the best place to invest for strengthening the community.
- Strong investment returns are contributing to growth.
- Strong management of pledge losses means more dollars to the community. Overall pledge loss is 1.67 per cent.
- We continue to focus on efficiency and effectiveness, with a cost revenue ratio of 13.8 per cent that is comparable to 2005.
- Unrestricted Net Assets are valued at \$11,067,000, which protects against unexpected fluctuations in donations and allows us to ensure sustained funding of our commitment to the community. Reflected in the unrestricted net assets is funding of \$950,000 committed to the Scarborough West Hill community hub. The project was delayed in 2006 and the funds will be distributed in 2007.
- Our endowment fund, The Tomorrow Fund™, has grown to more than \$51 million thanks to the generosity and vision of donors who are investing in our city's future.



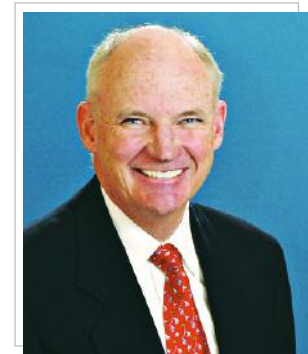
Alnasir Samji
Chair, Administration and
Audit Committee
Vice Chair, Finance and Treasurer



Karyn O'Neill
Chair, Pension and Benefits Committee



Catherine Booth
Chair, Operations and Technology
Committee



Robert MacLellan
Chair, Investment Committee

Administration and Audit Committee *continued*

2006 results and recent trends:

Fiscal Year	2006	2005	2004	Volunteers	2006
Total gifts	\$96,308,000	\$92,601,000	\$87,020,000	Governance	102
Total dollars to the community	\$84,007,000	\$79,013,000	\$75,121,000	Allocations and community service	127
Cost revenue ratio	13.8%	13.8%	14.5%	Resources development	21,608
Pledge loss ratio	1.67%	1.75%	1.47%	Special events and office support	1,003
Investment income	\$4,410,000	\$4,546,000	\$3,976,000	Volunteer total	22,840

Governance and Financial Transparency

United Way of Greater Toronto has a strong, independent Administration and Audit Committee comprising of eight members. The committee meets a minimum of five times a year. It also meets annually, independently of management, with KPMG, United Way's financial auditors.

The financial statements are consistent with GAAP (Generally Accepted Accounting Principles) and United Way Canada-Centraide Canada Transparency and Accountability Financial Standards, which were designed to ensure consistent financial reporting by all United Ways.

The Administration and Audit Committee oversees the Investment Committee (responsible for investing The Tomorrow Fund™, unrestricted net assets and the assets for our employee pension plan). The Pension and Benefits Committee provides advice to management on employee pension and benefit matters, and acts in an overseeing capacity for the regulatory and compliance reporting. The Investment Committee and the Pension and Benefits Committee meet jointly, once a year, to ensure pension assets and liability requirements are appropriately coordinated.

In February 2006, United Way was named Trustee for the Province of Ontario's Youth Challenge Fund (YCF). \$15 million was initially provided in 2006 to be granted by the new YCF Board. The YCF financial reports and activities are excluded from this report. A separate annual report and set of audited financial statements will be produced for YCF to reflect the activities and March 31st year-end. United Way's Administration and Audit Committee oversees the terms and conditions of that Trustee responsibility and will oversee the independent audit by KPMG. The statements will be provided to the Board of the Youth Challenge Fund and to the Province of Ontario.

Operational Capability

The Operation and Technology Committee reports to the Administration and Audit Committee. This committee oversees a number of multi-year technology and operational projects which include:

- a *Constituent Relationship Management* project due for completion in 2008. This is a joint project with United Way of Lower Mainland, United Way of Calgary, United Way of Winnipeg and United Way of Canada/Centraide Canada.
- a *Community Impact Measurement and Management Project*, enabling a more systematic capture of outcomes of programs in the community and measures of longer term impact. This is a multi-year, ongoing initiative where we share best practices and investment costs with our cross-national CRM colleagues. It is through this project that United Ways will be able to improve decision-making processes regarding community investments and be better able to communicate the impact and value to the public.
- A new project that began in 2006, the electronic grant application process, is expected to be live in 2008, enabling agencies to interact with United Way more effectively and to allow us to manage this grant process more efficiently going forward.

These important investments enable United Way of Greater Toronto and its partners to proactively and efficiently serve stakeholder needs to achieve broader community impact today and in the future.

We will continue to build on our financial strength with you—our donors, volunteers and staff—to multiply our impact.