

The Christmas Cheer Fund (In Trust)
Financial Statements
For the year ended March 31, 2010

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Auditors' Report

To the Members of United Way of Sault Ste. Marie

We have audited the statement of financial position of the The Christmas Cheer Fund (In Trust) as at March 31, 2010 and the statement of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many not-for-profit organizations, the Fund derives revenues from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Fund and we were unable to determine whether any adjustments for unrecorded revenues might be necessary to donations and fundraising revenue, excess of revenue over expenses for the year and fund balance.

In our opinion, except for the effects of adjustments, if any, which might have been required had we been able to satisfy ourselves with respect to the completeness of donations and fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 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, Licensed Public Accountants

Sault Ste. Marie, Ontario
May 18, 2010

The Christmas Cheer Fund (In Trust)
Statement of Financial Position

March 31	2010	2009
Assets		
Current		
Cash	\$ 2,288	\$ 99,246
Temporary investments	124,016	-
Accounts receivable	440	444
	<u>\$ 126,744</u>	<u>\$ 99,690</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable and accrued liabilities	\$ 13,157	\$ 10,751
Deferred revenue	96,607	79,216
	<u>109,764</u>	<u>89,967</u>
Fund balance	<u>16,980</u>	<u>9,723</u>
	<u>\$ 126,744</u>	<u>\$ 99,690</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Christmas Cheer Fund (In Trust)
Statement of Operations

For the year ended March 31	2010	2009
Revenue		
Sault Star Santa Claus Fund	\$ 79,216	\$ 83,576
Sponsorships	18,500	-
Miscellaneous	4,830	7,211
Interest	327	1,834
Special events	9,000	9,000
	<u>111,873</u>	<u>101,621</u>
Expenditures		
Administration fees	12,000	9,390
Christmas Cheer	74,240	79,684
Office expenses	7,652	6,298
Special events	7,125	6,415
Storage rental	3,599	3,859
	<u>104,616</u>	<u>105,646</u>
Excess (deficiency) of revenue over expenditures	7,257	(4,025)
Fund balance, beginning of year	9,723	13,748
Fund balance, end of year	\$ 16,980	\$ 9,723

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Christmas Cheer Fund (In Trust)
Statement of Cash Flows

For the year ended March 31	2010	2009
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ 7,257	\$ (4,025)
Changes in non-cash working capital balances		
Increase in temporary investments	(124,016)	-
Decrease (increase) in accounts receivable	4	(25)
Decrease in accounts payable and accrued liabilities	2,406	(4,250)
Increase (decrease) in deferred revenue	17,391	(4,360)
Net decrease in cash and cash equivalents during the year	(96,958)	(12,660)
Cash and cash equivalents, beginning of year	99,246	111,906
Cash and cash equivalents, end of year	\$ 2,288	\$ 99,246

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Christmas Cheer Fund (In Trust) Summary of Significant Accounting Policies

March 31, 2010

Nature of Operations	The Christmas Cheer Fund, held in trust, is administered by the United Way. This administration includes the accounting of receipts and disbursements only. All disbursement decisions are made by Christmas Cheer, an independent body. The Fund is supported annually by donations from the Sault Star Santa Claus Fund and miscellaneous donations.
Revenue Recognition	The Fund follows the deferral method of accounting for contributions. Revenue received in the current period for specific purposes is deferred until the related expenditures are incurred.
Contributed Services	Volunteers assist the Fund in carrying out its various service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from managements best estimates as additional information becomes available in the future.
Financial Instruments	<p>The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:</p> <p>a) Held for trading</p> <p>Financial instruments are classified under this category if they are:</p> <ul style="list-style-type: none">i) acquired principally for the purpose of selling or repurchasing in the near term;ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;iii) a derivative, except for a derivative that is a financial guarantee contract or a designated effective hedging instrument; oriv) designated at fair value using the fair value option ("FVO") <p>Financial instruments cannot be transferred into or out of the held for trading category after inception. For designation at fair value using the FVO option, reliable fair values must be readily available.</p> <p>Financial instruments included in this category are cash. These instruments are carried in the balance sheet at fair value with changes in fair value recognized in the Statement of Operations. Transaction costs related to instruments classified as held for trading are expensed as incurred.</p>

The Christmas Cheer Fund (In Trust) Summary of Significant Accounting Policies

March 31, 2010

Financial Instruments
(continued)

b) Loans and receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets. These financial instruments are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are included in the amount initially recognized. Accounts receivable have been classified as loans and receivables.

c) Other financial liabilities

Other financial liabilities includes all financial liabilities other than those classified as held for trading and comprises accounts payable. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently measured at amortized cost using the effective interest rate method.