

Charity Intelligence Canada

Financial Statements
For the year ended June 30, 2011

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Financial Statements
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Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Net Assets	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6 - 7
Notes to Financial Statements	8 - 9

Independent Auditor's Report

To the Stakeholders of Charity Intelligence Canada

We have audited the accompanying financial statements of Charity Intelligence Canada, which comprise the statement of financial position as at June 30, 2011, the statement of operations and net assets, and statement of 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.

Auditor's Responsibility

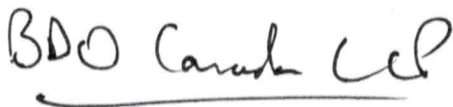
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 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 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 Charity Intelligence Canada as at June 30, 2011 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

Alliston, Ontario

March 8, 2012

Charity Intelligence Canada Statement of Financial Position

June 30 2011 2010

Assets

Current

Cash and cash equivalents (Note 1)	\$	107,319	\$	147,552
Accounts receivable		9,000		-
HST receivable		-		3,033
Prepaid expenses		2,650		2,645
		118,969		153,230

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$	17,086	\$	5,363
HST Payable		805		-
Deferred donations payable		63,600		109,100
		81,491		114,463

Commitments (Note 4)

Net assets

Unrestricted		37,478		38,767
		37,478		38,767
		118,969		153,230

On behalf of the Board:

Kel Bohan. Director

Director

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

Charity Intelligence Canada Statement of Operations and Net Assets

For the year ending June 30	2011	2010
Revenue		
Donations from individuals (Notes 2 and 5)	\$ 200,717	\$ 435,284
Donations from foundations	125,535	148,383
	<u>326,252</u>	583,667
Donor designated donations	39,515	72,675
Fees for donor services	45,412	-
Interest income	137	-
Other income	12,265	7,709
	<u>423,581</u>	664,051
Gifts to Charities		
Donations to recommended charities (Note 5)	101,931	368,172
Donor designated donations	39,515	72,675
	<u>141,446</u>	440,847
Net revenues	<u>282,135</u>	223,204
Expenditures		
Research		
Consulting	31,397	39,583
Wages, benefits	56,674	43,285
	<u>88,071</u>	82,868
Total research wages, benefits and consulting	88,071	82,868
Internal	4,953	3,134
Other research expenses	17,047	-
Report production and printing	11,969	43,888
	<u>122,040</u>	129,890
Donor Services		
Wages and benefits	56,451	41,001
Client development and mailings	4,775	5,719
Events	4,170	259
	<u>65,396</u>	46,979
Public relations	13,249	5,626
IT consulting and website development	13,136	800
Fundraising	6,497	-
Administrative expenses		
Capital expenditures (Note 7)	10,791	2,908
Rent (Note 4)	29,950	8,590
Insurance	4,710	-
Bookkeeping and audit fees	5,446	5,325
Office supplies	5,868	1,305
Brokerage fees and bank charges	514	1,505
Utilities and communication	5,827	5,990
	<u>63,106</u>	25,623
Total expenditures	<u>283,424</u>	208,918
Excess of revenue over expenditures (expenditures over revenue)	(1,289)	14,286
Net assets, beginning of year	<u>38,767</u>	24,481
Net assets, end of year	<u>\$ 37,478</u>	<u>\$ 38,767</u>

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

Charity Intelligence Canada Statement of Cash Flows

For the year ended June 30	2011	2010
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures (expenditures over revenue)\$	(1,289)	\$ 14,286
Changes in non-cash working capital balances		
Accounts receivable	(9,000)	4,500
HST receivable	3,033	(1,673)
Prepaid expenses	(5)	(2,645)
Accounts payable and accrued liabilities	11,723	3,363
HST payable	805	-
Deferred donations payable	(45,500)	109,100
	(40,233)	126,931
Increase (decrease) in cash and cash equivalents during the year		
Cash and cash equivalents, beginning of the year	147,552	20,621
Cash and cash equivalents, end of the year	\$ 107,319	\$ 147,552

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

Charity Intelligence Canada Summary of Significant Accounting Policies

June 30, 2011

Nature of Organization

Charity Intelligence Canada is an independent, volunteer-based charity that raises resources to support charities with high social impact results in helping Canadians in need.

Charity Intelligence Canada (the Organization) was federally incorporated under the Corporations Act in July, 2007. The Organization is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue tax donation receipts for income tax purposes, under Registration Number 80340 7956 RR0001.

In order to maintain its status as a charitable organization under the Act, the Organization must meet certain requirements within the Act. These requirements include annual return filings and fulfilling disbursement requirements.

The Organization is compliant with annual return filings for the fiscal year ended June 30, 2010.

Revenue Recognition

The organization follows the deferral method of accounting for donations and donor designated donations. Donations are recognized as revenue when the amount is received unless deferred for specific future use.

The organization is requested by certain individuals and organizations to receive and disburse funds on behalf of the donor to other charities. Funds that have not been disbursed at year end are recorded as designated donations payable.

The organization regularly receives donations of publicly listed securities from donors to fund other charities. The securities are tax receipted and recognized as revenue in the amount of the listed market value at the date of the donation.

Charity Intelligence Canada Summary of Significant Accounting Policies

June 30, 2011

Financial Instruments

The organization classifies its financial instruments into one of the following categories:

Held-for-Trading

Held-for-trading is comprised of cash and cash equivalents, accounts receivable and HST receivable. These instruments are carried in the statement of financial position 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.

Other Financial Liabilities

Other financial liabilities are comprised of accounts payable and accrued liabilities and HST payable. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are netted against the amount initially recognized.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Donated Services

The organization relies upon the contributed services of volunteers, which management estimated at 4,460 hours during the year (2010 – 4,099 hours). The value of this volunteer time, if estimated at \$15 per hour, would total \$66,900 (2010 - \$61,485) but has not been recognized in the financial statements.

Charity Intelligence Canada

Notes to Financial Statements

June 30, 2011

1. Cash and Cash Equivalents

Within cash and cash equivalents are certain GICs in the amount of \$24,864 (2010 - \$61,837), bearing interest rates of 0.4% to 0.8%, maturing between November 29, 2011 and April 2, 2012.

2. Donations

Individuals, known as "insiders", that work for Charity Intelligence Canada as staff members, Board members and volunteers occasionally donate to the Organization. In 2011, a total of \$40,212 (2010 - \$126,505) was received from these individuals. This represented 9% (2010 - 19%) of the Organizations' total revenues.

3. Income Tax Status

The Organization is a charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes. The charity is also eligible to issue tax receipts for donations

To maintain status as a charitable organization under the act the Organization must meet certain requirements under the act. These requirements include annual return filings and fulfilling disbursement requirements.

4. Commitments

The Organization entered into a lease agreement for rental of office space in May 2011 with a one year term. The total lease commitment is \$30,000.

5. Donations to Recommended Charities

During the year, the Organization provided research reports to various donors, corporations and foundations. The recognized revenues reflect donations received by the Organization and flowed through to the charities identified in the research reports. In many cases donors make donations directly to the charities. Management has identified an individual that, as a result of a funding request, donated \$1,000,000 (2010 - \$100,000) directly to charities. As these funds did not flow directly to Charity Intelligence Canada, they have not been recorded as donations to recommended charities in the financial statements.

Charity Intelligence Canada

Notes to Financial Statements

June 30, 2011

6. Capital

The organization considers its capital to be its unrestricted net assets.

In managing its capital, the organization's primary objective is to safeguard its ability to continue as a going concern so it can continue to operate as a nature conservancy.

The organization maintains its capital by ensuring that annual operating budgets are developed and approved by the Board of Directors.

7. Capital Expenditures

During the year, the Organization purchased office furniture at a cost of \$10,791 (2010 - \$2,908).

8. Fundraising and Administrative Costs

As a signatory of Imagine Canada's Ethical Code, Charity Intelligence Canada must disclose its fundraising and administrative costs. The majority of Charity Intelligence Canada's fundraising activities are undertaken by volunteers. Total fundraising costs for the year were \$6,497 (2010 - \$11,102) for advertising and promotional costs, client development and dinner events. Administrative costs totaled \$63,106 (2010 - \$25,623). There are no salary or staffing costs within administrative expenses.

9. Governance Policies

Charity Intelligence Canada is committed to providing stakeholders with high transparency and accountability. From the "Standards of Excellence for Non-Profit Management" guidelines established by the Donner Canadian Foundation, the following best practices have been implemented:

- Quarterly financial statements to the Board of Directors
 - Annual audited financial statements posted on the website
 - Annually submit an application to the Canadian Donner Awards as part of the annual evaluation and accountability process.
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10. Comparative Figures

Certain comparative figures have been restated to conform with the current year presentation.

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