

Charity Intelligence Canada
Financial Statements
For the Year Ended June 30, 2020

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Tel: 905 898 1221
Fax: 905-898-1221
Toll-free: 1-866-275-8836
www.bdo.ca

BDO Canada LLP
17310 Yonge Street, Unit 11
Newmarket, Ontario, L3Y 7R9

Independent Auditor's Report

To the Members of Charity Intelligence Canada

Opinion

We have audited the financial statements of Charity Intelligence Canada (the Organization), which comprise the statement of financial position as at June 30, 2020, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2020, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Newmarket, Ontario
December 7, 2020

Charity Intelligence Canada
Statement of Financial Position

| June 30 | 2020 | 2019 |
|--|------------|------------|
| Assets | | |
| Current | | |
| Cash | \$ 422,305 | \$ 121,711 |
| Accounts receivable | 4,690 | - |
| HST recoverable | 3,265 | 5,081 |
| Prepaid expenses | - | 5,535 |
| | \$ 430,260 | \$ 132,327 |
| Liabilities and Net Assets | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 11,591 | \$ 42,901 |
| Payroll source deductions payable | 5,164 | 4,724 |
| | 16,755 | 47,625 |
| Net Assets | | |
| Unrestricted | 413,505 | 84,702 |
| | \$ 430,260 | \$ 132,327 |

On behalf of the Board:

_____ Director

_____ Director

Charity Intelligence Canada
Statement of Changes in Net Assets

| For the year ended June 30 | 2020 | 2019 |
|----------------------------------|-------------------|------------------|
| Balance, beginning of the year | \$ 84,702 | \$ 64,614 |
| Excess of revenues over expenses | <u>328,803</u> | <u>20,088</u> |
| Balance, end of the year | <u>\$ 413,505</u> | <u>\$ 84,702</u> |

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

Charity Intelligence Canada Statement of Operations

| For the year ended June 30 | 2020 | 2019 |
|---|------------|------------|
| Revenue | | |
| Donations from foundations | \$ 654,922 | \$ 312,327 |
| Donations from individuals (Note 7) | 136,587 | 69,985 |
| Fees for service and others | 6,529 | 5,409 |
| Government funding - GOC youth internship | - | 11,123 |
| Government funding - CEWS | 4,488 | - |
| | 802,526 | 398,844 |
| Donor designated donations (Note 3 and 7) | 57,977 | 36,680 |
| | 860,503 | 435,524 |
| Gifts to charities | | |
| Donor designated donations (Note 7) | 57,977 | 36,680 |
| | 802,526 | 398,844 |
| Net revenues | | |
| | 802,526 | 398,844 |
| Expenses (Note 4) | | |
| Research | | |
| Impact analysis (Note 4) | 222,713 | 172,464 |
| Charity ratings | 136,791 | 91,318 |
| Results reporting | 8,405 | 9,416 |
| Other research costs | 9,647 | 607 |
| Occupancy costs | 25,262 | 25,910 |
| IT consulting and website development | 12,655 | 29,349 |
| Legal | - | 19,619 |
| | 415,473 | 348,683 |
| Fundraising | | |
| Fundraising costs | 19,977 | 7,313 |
| | 19,977 | 7,313 |
| Administrative | | |
| Wages and benefits | 21,989 | 7,500 |
| Occupancy costs | 2,807 | 2,758 |
| Financial controller | 5,014 | 4,651 |
| Audit fees | 6,613 | 4,158 |
| Insurance | - | 1,966 |
| Office and general | 1,850 | 1,727 |
| | 38,273 | 22,760 |
| | 473,723 | 378,756 |
| Total expenses | 473,723 | 378,756 |
| Excess of revenues over expenses | \$ 328,803 | \$ 20,088 |

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

Charity Intelligence Canada
Statement of Cash Flows

| For the year ended June 30 | 2020 | 2019 |
|--|------------|------------|
| Cash flows from operating activities | | |
| Excess of revenues over expenses | \$ 328,803 | \$ 20,088 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (4,690) | - |
| HST recoverable | 1,816 | (1,574) |
| Prepaid expenses | 5,535 | (1,035) |
| Accounts payable and accrued liabilities | (31,310) | (4,220) |
| Payroll source deductions payable | 440 | 2,553 |
| | 300,594 | 15,812 |
| Net increase in cash | 300,594 | 15,812 |
| Cash, beginning of the year | 121,711 | 105,899 |
| Cash, end of the year | \$ 422,305 | \$ 121,711 |

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

Charity Intelligence Canada Notes to Financial Statements

June 30, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization Charity Intelligence Canada researches and analyses Canadian charities and posts this research on the website www.charityintelligence.ca to help Canadians make informed and intelligent giving decisions.

Charity Intelligence Canada (the Organization) was federally incorporated under the Corporations Act in July 2007. The Organization is a charity 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 RR001.

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.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

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 registered 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 the donation was received in the Organization's broker account.

Fees for donor services are recognized when the payment for the services is received.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2020

1. Significant Accounting Policies (continued)

| | |
|-------------------------|--|
| Financial Instruments | <p>Financial instruments are recorded at fair value when acquired or issued.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p> |
| Tangible Capital Assets | <p>It is the practice of the Organization to expense the cost of additions to and replacements of capital assets as they are incurred through the Statement of Operations and Net Assets.</p> |
| Donated Services | <p>The Organization relies upon the contributed services of volunteers. Since these services are not normally purchased by the Organization and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.</p> |

Charity Intelligence Canada Notes to Financial Statements

June 30, 2020

2. Financial Instruments

Credit risk

Charity Intelligence Canada is exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that Charity Intelligence Canada will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, Charity Intelligence Canada will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Charity Intelligence Canada is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and payroll source deductions payable.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2020

3. Donor Designated Donations

During the year, the Organization received donations designated to be disbursed to other registered charities. In 2020, \$57,977 was received and \$57,977 disbursed to other registered charities (\$36,680 was received and \$36,680 was disbursed in 2019).

Designated donations distributed to other registered charities in 2020 were as follows:

| | |
|------------------------------------|-----------|
| Canadian Foodgrains Bank | \$ 11,000 |
| St. Andrew's Presbyterian Church | 6,800 |
| Dorothy Ley Hospice | 5,800 |
| Doctors Without Borders | 4,000 |
| Windmill Microlending | 3,000 |
| St. George's Church on the Hill | 2,000 |
| Sleeping Children Around the World | 2,000 |
| Street Health | 2,000 |
| YouthLink | 2,000 |
| Evangel Hall Mission | 1,577 |
| Dying with Dignity Canada | 1,500 |
| Interim Place | 1,500 |
| Portland Place | 1,500 |
| Bruce Trail Conservancy | 1,000 |
| Eva's Initiatives | 1,000 |
| JUMP Math | 1,000 |
| Royal St. George's College | 1,000 |
| Women's Habitat of Etobicoke | 1,000 |
| Others | 8,300 |
| | <hr/> |
| | \$ 57,977 |

Charity Intelligence Canada Notes to Financial Statements

June 30, 2020

4. Schedule of Expenses

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Salaries and benefits | \$ 398,591 | \$ 297,292 |
| Professional fees paid to IT developers | 10,528 | 17,130 |
| Rent and communications | 28,069 | 28,669 |
| Legal | - | 19,619 |
| Finance and bookkeeping | 5,014 | 4,651 |
| Auditing costs | 6,613 | 4,158 |
| Fundraising | 11,284 | 2,313 |
| Insurance | - | 1,966 |
| Interest and bank charges | 1,265 | 865 |
| Office supplies | 3,509 | 1,199 |
| Licenses, memberships and dues | 1,724 | 270 |
| IT website hosting and software | 2,126 | 624 |
| Professional fees for research | 5,000 | - |
| | <u>\$ 473,723</u> | <u>\$ 378,756</u> |

5. Comparative Figures

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

6. COVID-19 Uncertainty

On January 30, 2020 the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global exposure.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, there could be further impact on the Foundation, its funders and donors. Canada estimates that in 2020 COVID-19 will decrease individual givings to charities between 13%-27%, in which the Organization is reliant on. The Organization is actively monitoring the effect on its financial condition, liquidity, and operations. The full impact on the Organization will not be known with certainty for months to come.

In order to mitigate the effects of COVID-19, the Organization applied for the Temporary Wage Subsidy for Employers (TWS) and received a total of \$4,488 for the period of March 18, 2020 to June 19, 2020. The Organization applied for and received the \$40,000 Canadian Emergency Business Account Loan (CEBA) subsequent to year end.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2020

7. Related Party Transactions

As part of the Organization's normal business activities, it both receives and disburses funds to some of its directors.

Donations in the following amounts were received from Directors of the organization.

| | <u>2020</u> | | <u>2019</u> |
|----------------------------|------------------|-----------|---------------|
| Donations | \$ 61,868 | \$ | 27,175 |
| Donor designated donations | 13,877 | | 13,491 |
| | <u>\$ 75,745</u> | <u>\$</u> | <u>40,666</u> |

The following amounts were paid to Directors of the organization as wages.

| | <u>2020</u> | | <u>2019</u> |
|--------------------|-------------|----|-------------|
| Wages and benefits | \$ 204,000 | \$ | 150,000 |
