

Charity Intelligence Canada

Financial Statements
For the year ended June 30, 2010

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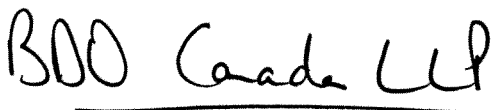
Auditors' Report

To the Stakeholders of Charity Intelligence Canada

We have audited the statement of financial position of Charity Intelligence Canada as at June 30, 2010 and the statements of operations and net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the company'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 the company as at June 30, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Alliston, Ontario
August 17, 2010

**Charity Intelligence Canada
Statement of Financial Position**

June 30 **2010** **2009**

Assets

Current

Cash and cash equivalents (Note 1)	\$	147,552	\$	20,621
Accounts receivable		-		4,500
GST receivable		3,033		1,360
Prepaid expenses		2,645		-
		\$ 153,230		\$ 26,481

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	5,363	\$	2,000
Deferred revenue		109,100		-
		114,463		2,000

Commitments (Note 4)

Net assets

Unrestricted		38,767		24,481
		\$ 153,230		\$ 26,481

On behalf of the Board:

_____ Director

_____ Director

Charity Intelligence Canada Statement of Operations and Retained Earnings

For the year ending June 30	2010	2009
Revenue		
Donations (Notes 2 and 5)	\$ 583,687	\$ 210,903
Donor designated donations	72,675	29,037
Other income	7,689	2,852
	<u>664,051</u>	<u>242,792</u>
Gifts to Charities		
Donations to recommended charities (Note 5)	368,172	50,896
Donor designated donations	72,675	29,037
Support and promotion	1,188	1,434
	<u>442,035</u>	<u>81,367</u>
Net revenues	<u>222,016</u>	<u>161,425</u>
Expenditures		
Research		
Wages, benefits and consulting fees	82,869	39,009
Subscriptions	-	630
Internal research	3,134	4,394
Report production and printing	45,961	20,473
	<u>131,964</u>	<u>64,506</u>
Donor Services		
Wages and benefits	41,001	24,026
Client development and mailings	2,457	991
Events	259	2,650
	<u>43,717</u>	<u>27,667</u>
Advertising and promotion	<u>5,626</u>	<u>1,879</u>
Website development	<u>800</u>	<u>17,714</u>
Administrative expenses		
Capital expenditures (Note 7)	6,734	246
Office supplies	3,469	4,451
Rent	8,590	3,900
Legal fees	-	2,920
Bookkeeping and audit fees	5,325	2,470
License fees	-	531
Brokerage fees and bank charges	1,505	349
Technical support	-	2,083
	<u>25,623</u>	<u>16,950</u>
Total expenditures	<u>207,730</u>	<u>128,716</u>
Excess of revenue over expenditures	<u>14,286</u>	<u>32,709</u>
Net assets (deficiency), beginning of year	<u>24,481</u>	<u>(8,228)</u>
Net assets, end of year	<u>\$ 38,767</u>	<u>\$ 24,481</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	2010	2009
Cash provided by (used in)		
Operating activities		
Excess revenue over expenses	\$ 14,286	\$ 32,709
Changes in non-cash working capital balances		
Accounts receivable	4,500	(4,500)
GST receivable	(1,673)	(1,360)
Prepaid expenses	(2,645)	-
Accounts payable and accrued liabilities	3,363	(10,762)
Deferred revenue	109,100	-
	126,931	16,087
Increase in cash and cash equivalents during the year	126,931	16,087
Cash and cash equivalents, beginning of the year	20,621	4,534
Cash and cash equivalents, end of the year	\$ 147,552	\$ 20,621

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, 2010

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, 2009. On January 22, 2010 Canada Revenue Agency reported that for the year ended June 30, 2009 the Organization had a disbursement quota excess of \$139,587. The calculated disbursement quota for the 2010 year end was \$189,552, which management believes has been fulfilled with disbursements to charities of \$442,035.

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, 2010

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 GST receivable. These instruments are carried in the statement of financial position sheet at fair value with changes in fair value recognized in the income statement. 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. This liability is 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 4,099 hours during the year (2009 – 3,040 hours). The value of this volunteer time, if estimated at \$15 per hour, would total \$61,485 (2009 - \$45,600) but has not been recognized in the financial statements.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2010

1. Cash and Cash Equivalents

Within cash and cash equivalents is a \$61,837 GIC, bearing interest at 0.75% that matures on June 17, 2011.

2. Donations

Individuals, know as "insiders", that work for Charity Intelligence Canada as staff members, Board members and volunteers occasionally donate to the Organization. In 2010, a total of \$126,505 (2009 - \$122,351) was received from these individuals. This represented 19% (2009 - 50%) 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 2010 with a one year term. The total lease commitment is \$29,940.

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 a private foundation that, as a result of a funding request, donated \$100,000 directly to a charity. 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, 2010

6. Comparative Figures

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

7. Capital Expenditures

During the year, the Organization purchased and installed a multi-line telephone system at a cost of \$3,826 and office furniture at a cost of \$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 \$11,012 (2009 - \$4,857) for advertising and promotional costs, client development and dinner events. Administrative costs totaled \$25,623 (2009 - \$16,950). There are no salary or staffing costs within administrative expenses.

9. Governance Policies

Charity Intelligence 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.