

Charity Intelligence Canada

Financial Statements
For the year ended June 30, 2013

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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
Notes to Financial Statements	6 - 10



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 statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011 and the statement of operations and net assets, and cash flows for the years ended June 30, 2013 and June 30, 2012, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 in our audits 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, 2013, June 30, 2012 and July 1, 2011 and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

Alliston, Ontario
November 27, 2013

**Charity Intelligence Canada
Statement of Financial Position**

	June 30, 2013	June 30, 2012	July 1, 2011 (Note 2)
Assets			
Current			
Cash and cash equivalents	\$ 56,336	\$ 81,917	\$ 107,319
HST and accounts receivable	5,151	21,521	8,195
Prepaid expenses	2,573	5,150	2,650
	\$ 64,060	\$ 108,588	\$ 118,164

Liabilities and Net Assets

Current Liabilities			
Accounts payable and accrued liabilities	\$ 50,444	\$ 68,906	\$ 17,086
Deferred donations payable	-	-	63,600
	50,444	68,906	80,686
Net Assets			
Unrestricted	13,616	39,682	37,478
	\$ 64,060	\$ 108,588	\$ 118,164

On behalf of the Board:

_____ Director

Kell Bohan
_____ Director

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

Charity Intelligence Canada Statement of Operations and Net Assets

For the year ending June 30	2013	2012
Revenue		
Donations from individuals (Note 3)	\$ 153,156	\$ 246,496
Donations from foundations	113,252	151,529
	<u>266,408</u>	<u>398,025</u>
Donor designated donations	23,162	80,873
Fees for donor services	35,000	31,863
Interest income	-	300
Other income	19,798	10,701
	<u>344,368</u>	<u>521,762</u>
Gifts to Charities		
Donations to recommended charities	92,161	113,229
Donor designated donations	23,162	80,873
	<u>115,323</u>	<u>194,102</u>
Net revenues	<u>229,045</u>	<u>327,660</u>
Expenditures		
Research		
Consulting	-	195
Wages, benefits	139,104	124,000
	<u>139,104</u>	<u>124,195</u>
Total research wages, benefits and consulting	139,104	124,195
Other research expenses	6,135	4,449
Report production and printing	529	13,410
	<u>145,768</u>	<u>142,054</u>
Donor Services		
Wages and benefits	53,493	69,976
Client development and mailings	1,349	1,474
Events	-	863
	<u>54,842</u>	<u>72,313</u>
Public relations	600	15,297
IT consulting and website development	195	24,851
Fundraising	-	15,751
Administrative expenses		
Capital expenditures (Note 6)	-	2,634
Rent	30,930	30,233
Insurance	4,411	4,735
Bookkeeping and audit fees	8,975	5,100
Office supplies	3,248	5,067
Brokerage fees and bank charges	175	519
Utilities and communication	5,967	6,902
	<u>53,706</u>	<u>55,190</u>
Total expenditures	<u>255,111</u>	<u>325,456</u>
Excess of revenue over expenditures (expenditures over revenue)	(26,066)	2,204
Net assets, beginning of year	<u>39,682</u>	<u>37,478</u>
Net assets, end of year	\$ 13,616	\$ 39,682

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

**Charity Intelligence Canada
Statement of Cash Flows**

For the year ended June 30	2013	2012
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures (expenditures over revenue)	\$ (26,066)	\$ 2,204
Changes in non-cash working capital balances		
HST and accounts receivable	16,370	(12,522)
Prepaid expenses	2,577	(2,500)
Accounts payable and accrued liabilities	(18,462)	51,015
Deferred donations payable	-	(63,600)
Decrease in cash and cash equivalents during the year	(25,581)	(25,403)
Cash and cash equivalents, beginning of the year	81,916	107,319
Cash and cash equivalents, end of the year	\$ 56,335	\$ 81,916

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

Charity Intelligence Canada

Notes to Financial Statements

June 30, 2013

1. Significant Accounting Policies

Nature 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 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. Effective July 1, 2013, the Organization has been granted operating charity status.

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.

Basis of Accounting The financial statements have been prepared in accordance with 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 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.

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2013

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are reported at cost or amortized cost less impairment, if applicable.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

Donated Services

The Organization relies upon the contributed services of volunteers, which management estimated at 3,565 hours during the year (2012 - 4,494 hours). The value of this volunteer time, if estimated at \$15 per hour, would total \$53,475 (2012 - \$67,410) but has not been recognized in the financial statements.

Property, Plant and Equipment

It is the practice of the Organization to write off the cost of additions to and replacements of capital assets as they are incurred through the Statement of Operations and Net Assets.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2013

2. First-time Adoption of Accounting Standards for Not-for-Profit Organizations

Effective July 1, 2012, the Organization adopted the requirements of the new accounting framework: Canadian Accounting Standards for Not-for-Profit Organization (ASNPO), which is Part III of the CICA Handbook - Accounting. These are the Organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time adoption by not-for-profit organizations have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended June 30, 2013, the comparative information presented in these financial statements for the year ended June 30, 2012 and in the preparation of an opening ASNPO statement of financial position at the date of transition of July 1, 2011.

The Organization issued financial statements for the year ended June 30, 2012 using Canadian generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover accounting standards. The adoption of ASNPO had no impact on the previously reported assets, liabilities, excess of revenues over expenses, net assets and cash flows of the Organization. Accordingly, no adjustments have been recorded in the comparative statements of financial position, of operations and changes in net assets and the statement of cash flows. Certain of the Organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNPO.

The following exemption was used at the date of transition to ASNPO:

Financial instruments - The Organization has designated cash and cash equivalents and HST and accounts receivable to be measured at fair value.

3. Donations

Individuals, known as "insiders", that work for Charity Intelligence Canada as staff members, Board members and volunteers occasionally donate to the Organization. In 2013, \$126,300 (2012 - \$69,492) was received from these individuals. This represented 38% (2012 - 13%) of the Organization's total revenues.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2013

4. 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.

5. 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.

6. Capital Expenditures

During the year, the Organization purchased computer software at a cost of \$NIL (2012 - \$2,579).

7. Fundraising and Administrative Costs

The majority of Charity Intelligence Canada's fundraising activities are undertaken by volunteers. Total fundraising costs for the year were \$NIL (2012 - \$15,160). Administrative costs totaled \$53,706 (2012 - \$55,190). There are no salary or staffing costs within administrative expenses.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2013

8. 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
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