

Charity Intelligence Canada

Financial Statements
For the year ended June 30, 2012

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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, 2012, 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

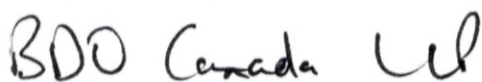
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2012 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
October 30, 2012

Charity Intelligence Canada Statement of Financial Position

June 30	2012	2011
Assets		
Current		
Cash and cash equivalents (Note 1)	\$ 81,917	\$ 107,319
Accounts receivable	21,521	9,000
Prepaid expenses	5,150	2,650
	\$ 108,588	\$ 118,969

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued liabilities	\$ 68,906	\$ 17,891
Deferred donations payable	-	63,600
	68,906	81,491
Commitments (Note 4)		
Net assets		
Unrestricted	39,682	37,478
	\$ 108,588	\$ 118,969

On behalf of the Board:

Karl Buhner Director

Director

Charity Intelligence Canada Statement of Operations and Net Assets

For the year ending June 30	2012	2011
Revenue	\$ 246,496	\$ 200,717
Donations from individuals (Note 2)	151,529	125,535
Donations from foundations	398,025	326,252
	80,873	39,515
Donor designated donations	31,863	45,412
Fees for donor services	300	137
Interest income	10,701	12,265
Other income	521,762	423,581
Gifts to Charities	113,229	101,931
Donations to recommended charities	80,873	39,515
Donor designated donations	194,102	141,446
Net revenues	327,660	282,135
Expenditures		
Research	195	31,397
Consulting	124,000	56,674
Wages, benefits	124,195	88,071
Total research wages, benefits and consulting	72	4,953
Internal	4,377	17,047
Other research expenses	13,410	11,969
Report production and printing	142,054	122,040
Donor Services	69,976	56,451
Wages and benefits	1,474	4,775
Client development and mailings	863	4,170
Events	72,313	65,396
Public relations	15,297	13,249
IT consulting and website development	24,851	13,136
Fundraising	15,751	6,497
Administrative expenses	2,634	10,791
Capital expenditures (Note 6)	30,233	29,950
Rent (Note 4)	4,735	4,710
Insurance	5,100	5,446
Bookkeeping and audit fees	5,067	5,868
Office supplies	519	514
Brokerage fees and bank charges	6,902	5,827
Utilities and communication	55,190	63,106
Total expenditures	325,456	283,424
Excess of revenue over expenditures (expenditures over revenue)	2,204	(1,289)
Net assets, beginning of year	37,478	38,767
Net assets, end of year	\$ 39,682	\$ 37,478

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	2012	2011
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures (expenditures over revenue)\$	2,204	\$ (1,289)
Changes in non-cash working capital balances		
Accounts receivable	(12,522)	(5,967)
Prepaid expenses	(2,500)	(5)
Accounts payable and accrued liabilities	51,015	11,723
HST payable	-	805
Deferred donations payable	(63,600)	(45,500)
	(25,403)	(40,233)
Decrease in cash and cash equivalents during the year		
Cash and cash equivalents, beginning of the year	107,319	147,552
Cash and cash equivalents, end of the year	\$ 81,916	\$ 107,319

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, 2012

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 (see Note 9).

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 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.

Charity Intelligence Canada Summary of Significant Accounting Policies

June 30, 2012

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.

Donated Services

The organization relies upon the contributed services of volunteers, which management estimated at 4,494 hours during the year (2011 – 3,326 hours). The value of this volunteer time, if estimated at \$15 per hour, would total \$67,410 (2011 - \$49,890) 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 Summary of Significant Accounting Policies

June 30, 2012

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

Future for Not-For-Profit Organizations (NPO)

In December 2010, the Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB) each issued the accounting and financial reporting requirements for Not-for-Profit Organizations (NPOs).

As a Not-for-Profit Organization (NPO), the organization will be required to transition to the Accounting Standards for Private Enterprises (ASPE) plus the current Section 4400 series of standards (with minor modifications) for year ends beginning on or after January 1, 2012. The organization is currently assessing the impact of this new standard.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2012

1. Cash and Cash Equivalents

In the prior year, the organization held GICs in the amount of \$24,864, bearing interest rates of 0.4% to 0.8%. These investments matured in the current year.

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 2012, \$69,492 (2011 - \$40,212) was received from these individuals. This represented 13% (2011 - 9%) of the organization's 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 (see Note 9).

4. Commitments

The organization entered into a lease agreement for rental of office space in April 2012 with a one year term. The total lease commitment is \$30,000.

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.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2012

6. Capital Expenditures

During the year, the organization purchased computer software at a cost of \$2,579 (2011 - \$10,791).

7. 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 \$15,160 (2011 - \$6,497). Administrative costs totaled \$56,690 (2011 - \$63,106). There are no salary or staffing costs within administrative expenses.

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
 - Annually submit an application to the Canadian Donner Awards as part of the annual evaluation and accountability process.
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9. Subsequent Event

On September 24, 2012, subsequent to the year end, the organization was informed by the Canada Revenue Agency (CRA) that the organization's charity status was being revoked due to failure to file regulatory returns. Subsequently, the organization filed the required returns on September 26, 2012 and has re-applied for charity status. A decision from the CRA is expected in January of 2013.
