

Charity Intelligence Canada
Financial Statements
For the Year Ended June 30, 2021

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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, 2021, 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, 2021, 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.

BDO Canada LLP

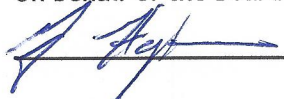
Chartered Professional Accountants, Licensed Public Accountants

Newmarket, Ontario
November 14, 2021

Charity Intelligence Canada Statement of Financial Position

June 30	2021	2020
Assets		
Current		
Cash and cash equivalents	\$ 616,968	\$ 422,305
Accounts receivable	16,000	4,690
HST recoverable	2,197	3,265
	\$ 635,165	\$ 430,260
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 28,854	\$ 11,591
Payroll source deductions payable	8,078	5,164
	36,932	16,755
Government Loan - CEBA (Note 2)	40,000	-
	76,932	16,755
Uncertainty due to COVID-19 (Note 7)		
Net Assets		
Unrestricted	558,233	413,505
	\$ 635,165	\$ 430,260

On behalf of the Board:

 Director

 Director

Charity Intelligence Canada
Statement of Changes in Net Assets

<u>For the year ended June 30</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of the year	\$ 413,505	\$ 84,702
Excess of revenues over expenses	<u>144,728</u>	<u>328,803</u>
Balance, end of the year	<u>\$ 558,233</u>	<u>\$ 413,505</u>

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

Charity Intelligence Canada Statement of Operations

For the year ended June 30	2021	2020
Revenue		
Donations from foundations	\$ 459,064	\$ 654,922
Donations from individuals (Note 6)	57,117	136,587
Fees for service and others	15,324	6,529
Government assistance - wage subsidy (Note 2)	12,591	4,488
Government assistance - CEBA (Note 2 and 7)	20,000	-
	564,096	802,526
Donor designated donations (Note 4 and 6)	56,764	57,977
	620,860	860,503
Gifts to charities		
Donor designated donations (Note 4)	56,764	57,977
	564,096	802,526
Net revenues		
	564,096	802,526
Expenses (Note 5)		
Research		
Impact analysis	244,015	222,713
Charity ratings	84,876	136,791
Results reporting	8,130	8,405
Marketing and social media communications	28,969	1,724
Other research costs	4,060	7,923
Occupancy costs	1,996	25,262
IT consulting and website development	13,069	12,655
Legal	4,802	-
	389,917	415,473
Fundraising		
Fundraising costs	1,200	19,977
Administrative		
Wages and benefits	7,500	21,989
Occupancy costs	182	2,807
Financial controller	5,955	5,014
Audit fees	7,441	6,613
Insurance	2,087	-
Office and general	5,086	1,850
	28,251	38,273
Total expenses	419,368	473,723
Excess of revenues over expenses	\$ 144,728	\$ 328,803

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

Charity Intelligence Canada
Statement of Cash Flows

For the year ended June 30	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 144,728	\$ 328,803
Changes in non-cash working capital:		
Accounts receivable	(11,310)	(4,690)
HST recoverable	1,068	1,816
Prepaid expenses	-	5,535
Accounts payable and accrued liabilities	17,263	(31,310)
Payroll source deductions payable	2,914	440
	<u>154,663</u>	<u>300,594</u>
Cash flows from financing activities		
Advance of government loan - CEBA	40,000	-
	<u>40,000</u>	<u>-</u>
Net increase in cash	194,663	300,594
Cash, beginning of the year	422,305	121,711
	<u>422,305</u>	<u>121,711</u>
Cash, end of the year	\$ 616,968	\$ 422,305

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

Charity Intelligence Canada

Notes to Financial Statements

June 30, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>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.</p> <p>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.</p> <p>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.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>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.</p> <p>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.</p> <p>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.</p>

Charity Intelligence Canada Notes to Financial Statements

June 30, 2021

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, 2021

2. Government Loan - CEBA

In 2021, the Company received a \$60,000 Canada Emergency Business Account (CEBA) loan to finance qualifying non-deferrable expenses during COVID. The loan is non-interest bearing with no scheduled payments until December 31, 2022. If \$40,000 of the loan has been repaid by that date, the remaining \$20,000 will be forgiven. If the \$40,000 in loan payments have not been made by December 31, 2022, the full outstanding balance will be converted to a 5% interest-bearing loan to be repaid in monthly installments over a three-year period ending December 31, 2025. The \$20,000 forgivable portion has been recorded as government assistance in 2021. The remaining \$40,000 has been recorded at its fair value at the date the loan was received. The fair value is being amortized on a straight-line basis over the interest free period ended December 31, 2022.

3. Financial Instruments

Credit risk

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

There have been no changes to this 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.

There have been no changes to this risk from the prior year.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2021

4. Donor Designated Donations

During the year, the Organization received donations designated to be disbursed to other registered charities. In 2021, \$56,764 was received and \$56,764 disbursed to other registered charities (\$36,680 was received and \$57,977 was disbursed in 2020).

Designated donations distributed to other registered charities in 2021 were as follows:

St. Andrew's Presbyterian Church	\$ 9,700
Dorothy Ley Hospice	5,800
Doctors Without Borders	4,000
Windmill Microlending	1,000
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	1,000
Dying with Dignity Canada	1,500
Interim Place	1,200
Portland Place	1,000
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
West Muskoka Food Bank	1,000
Dom Lipa Slovenian Linden Foundation	1,000
Toronto Animal Services	1,200
Farley Foundation	1,100
Mississauga Animal Services	1,200
Others	<u>13,064</u>
	<u>\$ 56,764</u>

Charity Intelligence Canada Notes to Financial Statements

June 30, 2021

5. Schedule of Expenses

	2021	2020
Salaries and benefits	\$ 345,721	\$ 398,591
Professional fees paid to IT developers	10,796	10,528
Rent and communications	2,178	28,069
Legal	4,802	-
Finance and bookkeeping	5,955	5,014
Auditing costs	7,441	6,613
Fundraising	-	11,284
Insurance	2,087	-
Interest and bank charges	1,197	1,265
Office supplies	7,775	3,509
Licenses, memberships and dues	29,143	1,724
IT website hosting and software	2,273	2,126
Professional fees for research	-	5,000
	\$ 419,368	\$ 473,723

6. 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.

	2021	2020
Donations	\$ 8,159	\$ 61,868
Donor designated donations	13,700	13,877
	\$ 21,859	\$ 75,745

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

	2021	2020
Wages and benefits	\$ 107,500	\$ 204,000

Charity Intelligence Canada Notes to Financial Statements

June 30, 2021

.7 Uncertainty due to COVID-19

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 Organization, its funders and donors. 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 Government wage subsidy and received a total of \$12,591 (2020 - \$4,488). The Organization applied for and received the \$60,000 Canadian Emergency Business Account Loan (CEBA). The \$20,000 forgivable portion has been recorded as income in 2021. The remaining \$40,000 has been recorded at its fair value at the date the loan was received. The loan is non-interest bearing with no scheduled payments until 2022.

8. Comparative Figures

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