

**CANADAHELPS CANADON**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

Independent Auditor's Report	Page 1
Statement of Financial Position	2
Statement of Revenues, Expenses and Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 to 9



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CANADAHELPS CANADON

### **Report on Financial Statements**

We have audited the accompanying financial statements of CanadaHelps CanaDon, which comprise the statement of financial position as at June 30, 2011, and the statements of revenues, expenses and net assets and 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 CanadaHelps CanaDon as at June 30, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Canada Corporations Act, we report that the Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

*Clarke Henning LLP*

Toronto, Ontario  
December 6, 2011

CHARTERED ACCOUNTANTS  
Licensed Public Accountants

**CANADAHELPS CANADON**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2011**

	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Current assets		
Cash and short-term deposit ( <i>note 3</i> )	\$ <b>697,226</b>	\$ 373,661
Accounts receivable	<b>57,026</b>	60,949
Prepaid expenses	<b>13,917</b>	10,091
	<b>768,169</b>	444,701
Capital assets ( <i>note 4</i> )	<b>81,416</b>	12,293
Trust assets - cash ( <i>note 5</i> )	<b>1,166,285</b>	1,484,314
	<b>2,015,870</b>	1,941,308
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	<b>55,793</b>	65,309
Deferred revenue ( <i>note 6</i> )	<b>52,500</b>	-
	<b>108,293</b>	65,309
Deferred lease inducement ( <i>note 7</i> )	<b>31,365</b>	-
Trust liability ( <i>note 5</i> )	<b>1,166,285</b>	1,484,314
	<b>1,305,943</b>	1,549,623
<b>NET ASSETS (<i>note 8</i>)</b>	<b>709,927</b>	391,685
	<b>\$ 2,015,870</b>	<b>\$ 1,941,308</b>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

# CANADAHELPS CANADON

## STATEMENT OF REVENUES, EXPENSES AND NET ASSETS

YEAR ENDED JUNE 30, 2011

	2011	2010
Donations collected on behalf of other charities ( <i>note 9</i> )	\$ 54,080,283	\$ 47,166,022
Revenues		
Transaction fees ( <i>note 9</i> )	2,124,741	1,440,460
Other donations	220,686	188,689
Corporate donations and sponsorships ( <i>note 10</i> )	59,457	93,235
MyCharityConnects program	117,971	82,728
Other income	30,749	26,576
Grants from foundations	-	15,512
	2,553,604	1,847,200
Expenses		
Bank charges and credit card fees	1,155,154	1,008,417
Staffing costs	610,685	427,341
Marketing and MyCharityConnects program	120,045	68,683
Professional and consulting fees ( <i>note 10</i> )	112,253	147,733
Rent and occupancy costs	109,894	49,524
Office supplies and expense	85,252	36,425
Other expenses	23,581	29,654
Amortization of capital assets	18,498	23,475
	2,235,362	1,791,252
Excess of revenues over expenses for the year	318,242	55,948
Net assets - at beginning of year	391,685	335,737
Net assets - at end of year	\$ 709,927	\$ 391,685

# CANADAHELPS CANADON

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2011

	2011	2010
Cash flows from operating activities		
Donations received on behalf of other charities	\$ 54,080,283	\$ 47,166,022
Donations, sponsorships and transaction fees of CanadaHelps	2,601,127	1,800,826
Cash paid to employees and suppliers	(2,226,840)	(1,738,384)
Disbursements to other charities and transaction fees to CanadaHelps	(54,398,312)	(46,679,590)
	56,258	548,874
Cash flows from investing activity		
Purchase of capital assets (net of leasehold contribution received)	(50,722)	(5,964)
Change in cash during the year	5,536	542,910
Cash - at beginning of year	1,857,975	1,315,065
Cash - at end of year	1,863,511	1,857,975
Cash is represented by:		
Current assets - cash and short-term deposit (note 3)	697,226	373,661
Trust assets - cash	1,166,285	1,484,314
	\$ 1,863,511	\$ 1,857,975

# CANADAHELPS CANADON

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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### 1. PURPOSE AND ORGANIZATION

CanadaHelps CanaDon ("CanadaHelps") engages Canadians in the charitable sector, providing accessible and affordable online technology to both donors and charities to promote, and ultimately increase, charitable giving in Canada.

CanadaHelps operates an online portal for giving to all Canadian charities. For donors, CanadaHelps is a one-stop-shop for easy and secure online charitable giving. For charities, CanadaHelps is an online solution that allows charities to accept donations over the internet, making online fundraising affordable, easy and secure.

CanadaHelps is a non-profit corporation without share capital incorporated under the laws of Canada and a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Revenue Recognition*

Donations designated for specific charities are collected through CanadaHelps website and remitted to the designated charity, subject to a deduction of a transaction fee. Transaction fees are recognized as revenue when the transaction is completed and payment has been made to the Charity.

Corporate and other donations and sponsorships are recorded when received. Donated goods and services are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods and services can be readily determined (see note 10 for donated services recorded in the accounts).

Interest and other income is recorded as earned.

Revenues and expenses from conferences are recorded in the period in which the event occurs.

Operating grants, grants for specific purposes and revenues from sponsorships are recorded as revenue in the year in which the related expenses are incurred. Grants approved, but not yet received, at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

#### *Contributed Services*

Volunteers contribute significant amounts of time to assist CanadaHelps in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

#### *Financial Instruments*

Cash and short-term deposit are classified as held for trading and are stated at fair value. Accounts receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities and trust liabilities are classified as other financial liabilities which are measured at amortized cost.

#### *Short Term Deposit*

Short-term deposit is comprised of a guaranteed investment certificate and is recorded at fair value.

# CANADAHELPS CANADON

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED JUNE 30, 2011

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *Capital Assets*

Capital assets are recorded at cost and amortized over their estimated useful lives at the following annual rates:

Computer equipment and software	- 2 years straight-line basis
Furniture and fixtures	- 20% declining balance basis
Office Equipment	- 5 years straight-line basis
Leasehold improvements	- over the term of the lease

##### *Use of Estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates, the impact of which will be recorded in future periods.

#### 3. CASH AND SHORT TERM DEPOSIT

Cash and short term deposit includes a guaranteed investment certificate ("GIC") in the amount of \$20,517 (\$20,308 - 2010), bearing a variable interest rate at bank prime minus 2.05%, maturing on May 23, 2012. This GIC is held by the bank as collateral for a corporate credit card.

#### 4. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>Net Book Value</i>	
			<i>2011</i>	<i>2010</i>
Furniture and fixtures	\$ 7,862	\$ 4,060	\$ 3,802	\$ 3,583
Office equipment	24,142	8,663	15,479	2,344
Computer equipment and software	65,263	48,836	16,427	3,473
Leasehold improvements	48,349	2,641	45,708	2,893
	<b>\$ 145,616</b>	<b>\$ 64,200</b>	<b>\$ 81,416</b>	<b>\$ 12,293</b>

#### 5. TRUST ASSETS AND LIABILITY

Trust assets - cash represents donations collected and not yet remitted to the designated charities as at June 30, 2011.

# CANADAHELPS CANADON

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

### 6. DEFERRED REVENUE

The Ontario Trillium Foundation has approved a grant to CanadaHelps in the amount of \$95,000 over a period of twelve months, expiring in November 2011 to plan the business and technical aspects of a new ticketing service for the not-for-profit sector that will allow the charities to plan and deliver ticketed events more efficiently and at a lower cost.

During the year, an amount of \$47,500 was received for the above grant and is included in deferred revenue as no expenses were incurred for the project.

### 7. DEFERRED LEASE INDUCEMENT

During the year, CanadaHelps entered into a new lease for office premises and received a lease inducement in the form of leasehold improvements from the landlord. This inducement has been deferred and is being amortized on a straight line basis over the term of the lease. The changes in deferred lease inducement are as follows:

Lease inducement received	\$	36,899
Amortization of lease inducement		5,534
Balance - at end of year	\$	31,365

### 8. NET ASSETS

Net assets include an amount invested in capital assets and an unrestricted balance. Changes in these amounts during the year are as follows:

	<i>Invested in Capital Assets</i>		<i>Total</i>	
			<i>2011</i>	<i>2010</i>
Balance - at beginning of year	\$	12,293	\$	379,392
Excess of revenues over expenses for the year		-	\$	318,242
Transfers representing				
Capital assets purchased		87,621		(87,621)
Amortization		(18,498)		18,498
Balance - at end of year	\$	81,416	\$	628,511

### 9. DONATIONS COLLECTED

Donations designated for specific Canadian charities are collected through the CanadaHelps website and remitted to the designated charity, subject only to a deduction of a transaction fee to cover credit card charges and other transfer costs. CanadaHelps uses good faith efforts to disburse donations by electronic funds transfer on a weekly basis or by cheque on a monthly basis.



# CANADAHELPS CANADON

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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### 10. DONATED SERVICES

During the year, CanadaHelps received professional and consulting services which if not donated, would have been purchased, amounting to \$8,900 (\$3,500 in 2010). These services are recorded as revenues and expenses in accounts.

### 11. COMMITMENTS

CanadaHelps is committed to annual rental payments under long-term lease for office premises, expiring September 30, 2015 as follows:

Fiscal year	2012	\$	56,800
	2013		56,800
	2014		56,800
	2015		56,800
	2016		14,200
			<hr/>
			241,400
			<hr/>

In addition to the base rent, CanadaHelps is obligated to pay its proportionate share of operating costs and taxes, which were \$50,000 in 2011.

### 12. FINANCIAL INSTRUMENTS

CanadaHelps' financial instruments consist of cash, short-term deposit, accounts receivable, accounts payable and trust liabilities. It is management's opinion that CanadaHelps is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Management estimates that the fair value of these financial instruments approximates their carrying values.

### 13. CAPITAL MANAGEMENT

CanadaHelps considers its net assets to be its capital. CanadaHelps' objective when managing capital is to safeguard its ability to continue as a going concern and ensure that it has sufficient resources to meet its objective, which is to provide accessible and affordable online technology to both donors and charities to promote, and ultimately increase, charitable giving in Canada. CanadaHelps manages and adjusts its capital in response to general economic conditions, working capital requirements and risk characteristics of its underlying assets. In order to maintain its capital, CanadaHelps budgets its operations to achieve a nominal surplus.

# CANADAHELPS CANADON

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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### *14. GUARANTEES AND INDEMNITIES*

CanadaHelps has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions, in which they are sued as a result of their involvement with CanadaHelps, if they acted honestly and in good faith with a view to the best interest of CanadaHelps. The nature of the indemnity prevents CanadaHelps from reasonably estimating the maximum exposure. CanadaHelps has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions.

In the normal course of business, CanadaHelps has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and purchase contracts. In these agreements, CanadaHelps agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of CanadaHelps. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

### *15. RECENT CANADIAN ACCOUNTING PRONOUNCEMENTS*

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) has approved the incorporation of the standards set out in Part III of the CICA Handbook (Handbook) as the accounting standards applicable to not-for-profit organizations. First-time adoption of this Part of the Handbook is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012. A not-for-profit organization that prepares its financial statements in accordance with this Part of the Handbook states that they have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. A not-for-profit organization applying this Part of the Handbook also applies the standards for private enterprises in Part II of the Handbook to the extent that the Part II standards address topics not addressed in this Part.

Management is in the process of assessing the impact of these standards on its financial statements.