

CANADAHELPS CANADON
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CANADAHHELPS 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, 2012, and the statements of operations, changes in 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, 2012, 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
November 9, 2012

CHARTERED ACCOUNTANTS
Licensed Public Accountants

CANADAHELPS CANADON
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

	2012	2011
ASSETS		
Current assets		
Cash and short-term deposit (<i>note 3</i>)	\$ 802,932	\$ 697,226
Accounts receivable	2,754	27,439
Harmonized sales tax recoverable	41,843	29,587
Prepaid expenses	29,770	13,917
	877,299	768,169
Capital assets (<i>note 4</i>)	95,203	81,416
Trust assets - cash (<i>note 5</i>)	989,248	1,166,285
	1,961,750	2,015,870
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	78,406	55,793
Deferred revenue (<i>note 6</i>)	95,000	52,500
	173,406	108,293
Deferred lease inducement (<i>note 7</i>)	23,984	31,365
Trust liability (<i>note 5</i>)	989,248	1,166,285
	1,186,638	1,305,943
NET ASSETS		
Unrestricted net assets	644,909	628,511
Invested in capital assets	95,203	81,416
Internally restricted reserve fund (<i>note 2</i>)	35,000	-
	775,112	709,927
	\$ 1,961,750	\$ 2,015,870

Approved on behalf of the Board:

_____, Director _____, Director

CANADAHELPS CANADON

STATEMENT OF OPERATIONS

YEAR ENDED JUNE 30, 2012

	2012	2011
Donations collected on behalf of other charities <i>(note 8)</i>	\$ 62,505,607	\$ 54,080,283
Revenues		
Transaction fees <i>(note 8)</i>	2,453,394	2,124,741
Other donations	254,311	220,686
Corporate donations and sponsorships <i>(note 9)</i>	34,866	59,457
Grants from foundations	20,000	-
MyCharityConnects program	111,511	117,971
Interest	16,696	923
Other income	33,310	29,826
	2,924,088	2,553,604
Expenses		
Bank charges and credit card fees	1,333,889	1,155,154
Staffing costs	890,843	610,685
Marketing and MyCharityConnects program	177,104	120,045
Professional and consulting fees <i>(note 9)</i>	182,627	112,253
Rent and occupancy costs	119,761	109,894
Office supplies and expense	83,036	85,252
Other expenses	37,086	23,581
Amortization of capital assets	34,557	18,498
	2,858,903	2,235,362
Excess of revenues over expenses for the year	\$ 65,185	\$ 318,242

CANADAHELPS CANADON

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2012

	2012				2011
	<i>Unrestricted Net Assets</i>	<i>Invested in Capital Assets</i>	<i>Internally Restricted Reserve Fund</i>	<i>Total</i>	<i>Total</i>
Balance - at beginning of year	\$ 628,511	\$ 81,416	\$ -	\$ 709,927	\$ 391,685
Excess of revenues over expenses for the year	65,185	-	-	65,185	318,242
Inter-fund transfers representing:					
Capital assets purchased	(48,344)	48,344	-	-	-
Amortization	34,557	(34,557)	-	-	-
Other (note 2)	(35,000)	-	35,000	-	-
Balance - at end of year	\$ 644,909	\$ 95,203	\$ 35,000	\$ 775,112	\$ 709,927

CANADAHELPS CANADON

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2012

	2012	2011
Cash flows from operating activities		
Donations received on behalf of other charities	\$ 62,505,607	\$ 54,080,283
Donations, sponsorships and transaction fees of CanadaHelps	2,929,321	2,600,204
Cash paid to employees and suppliers	(2,791,966)	(2,226,840)
Disbursements to other charities and transaction fees to CanadaHelps	(62,682,645)	(54,398,312)
Interest received	16,696	923
	(22,987)	56,258
Cash flows from investing activity		
Purchase of capital assets	(48,344)	(50,722)
Change in cash during the year	(71,331)	5,536
Cash - at beginning of year	1,863,511	1,857,975
Cash - at end of year	1,792,180	1,863,511
Cash is represented by:		
Current assets - cash and short-term deposit (<i>note 3</i>)	802,932	697,226
Trust assets - cash	989,248	1,166,285
	\$ 1,792,180	\$ 1,863,511

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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 generally exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

Deferred Lease Inducement

The deferred lease inducement is amortized on a straight line basis over the term of the lease.

Reserve Fund

During the year, the Board of Directors established an internally restricted reserve fund for the purpose of building a humanitarian disaster relief website and transferred \$35,000 from unrestricted net assets to this reserve fund.

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 from volunteers are not recognized in the financial statements.

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 9 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 are recognized as revenue in the year they are awarded and collection is reasonably assured. 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.

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 \$20,711 (\$20,517 - 2011), bearing a variable interest rate at bank prime minus 2.05%, maturing in May 2013. 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>2012</i>	<i>2011</i>
Furniture and fixtures	\$ 9,774	\$ 5,012	\$ 4,762	\$ 3,802
Office equipment	24,142	12,384	11,758	15,479
Computer equipment and software	106,987	68,973	38,014	16,427
Leasehold improvements	53,058	12,389	40,669	45,708
	\$ 193,961	\$ 98,758	\$ 95,203	\$ 81,416

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

5. TRUST ASSETS AND LIABILITY

Trust assets - cash represents donations collected and not yet remitted to the designated charities as at June 30, 2012.

6. DEFERRED REVENUE

Deferred revenue consists of a grant of \$95,000 (\$47,500 in 2011) from the Ontario Trillium Foundation ("OTF") to plan the business and technical aspects of a new ticketing service for the not-for-profit sector that will allow charities to plan and deliver ticketed events more efficiently and at a lower cost.

The grant was over a period of twelve months ending November 2011. OTF has agreed to extend the grant to December 31, 2012.

No expenses were incurred on this project during the year.

7. DEFERRED LEASE INDUCEMENT

CanadaHelps received a lease inducement in the form of leasehold improvements from the landlord in 2011. The changes in deferred lease inducement are as follows:

	2012	2011
Balance - at beginning of year	\$ 31,365	\$ -
Lease inducement received	-	36,899
Amortization of lease inducement	(7,381)	(5,534)
Balance - at end of year	\$ 23,984	\$ 31,365

8. 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.

9. DONATED SERVICES

During the year, CanadaHelps received professional and consulting services which if not donated, would have been purchased, amounting to \$33,000 (\$8,900 in 2011). These services are recorded as revenues and expenses in the Statement of Operations.

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

10. COMMITMENTS

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

Fiscal year ending June 30,	2013	\$	56,800
	2014		56,800
	2015		56,800
	2016		14,200
		\$	184,600

In addition to the base rent, CanadaHelps is obligated to pay its proportionate share of operating costs and taxes, which were \$60,400 (\$50,000 in 2011).

11. FINANCIAL INSTRUMENTS

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

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

12. CAPITAL MANAGEMENT

CanadaHelps' net assets is 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. In addition, the need for sufficient cash resources is considered in the preparation of the annual budget and in monitoring cash flows and operating results compared to the budget.

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

13. 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.

14. 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.

Alternatively, a not-for-profit organization can choose to apply International Financial Reporting Standards, which is Part 1 of the Handbook, for the fiscal year beginning on or after January 1, 2012.

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

15. COMPARATIVE FIGURES

Certain 2011 comparative figures in the Statement of Financial Position and Statement of Operations have been reclassified to conform with the financial statement presentation adopted for the current year.