

CanadaHelps CanadaDon

Financial Statements

For the Year Ended June 30, 2018



INDEPENDENT AUDITORS' REPORT

To the Members of CanadaHelps CanaDon

We have audited the accompanying financial statements of CanadaHelps CanaDon which comprise the statement of financial position as at June 30, 2018 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 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 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Report on Other Legal and Regulatory Requirements

In accordance with the Canada Not-for-Profit Corporations Act, we report that the Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding year.

Other matter

The financial statement of CanadaHelps CanaDon for the year ended June 30, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 9, 2017.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
November 5, 2018
Toronto, Ontario

CanadaHelps CanaDon
Statement of Financial Position
As at June 30, 2018

	2018	2017
Assets		
Current		
Cash	\$ 77,294	\$ 243,711
Short-term deposits (Note 4)	1,297,629	1,373,672
Harmonized sales tax recoverable	79,308	63,307
Prepaid expenses and other current assets	113,239	66,311
	1,567,470	1,747,001
Capital assets (Note 5)	515,378	365,619
Deposit on long term asset (Note 14)	100,000	-
Trust assets - cash (Note 6)	4,423,468	3,453,377
	\$ 6,606,316	\$ 5,565,997

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 111,055	\$ 178,073
Deferred contributions (Note 7)	18,000	93,672
Current portion of long-term debt (Note 9)	3,500	3,500
	132,555	275,245
Long-term debt (Note 9)	21,000	24,500
Trust liabilities (Notes 6 and 11)	4,423,468	3,453,377
	4,577,023	3,753,122

Net Assets

Unrestricted net assets	513,915	547,256
Operating reserve	900,000	900,000
Invested in capital assets	615,378	365,619
	2,029,293	1,812,875
	\$ 6,606,316	\$ 5,565,997

Lease commitments (Note 12)

Subsequent events (Note 14)

Approved by the Board

 Director

 Director

CanadaHelps CanaDon
Statement of Operations
Year Ended June 30, 2018

	2018	2017 (restated)
Revenue		
Donations of cash and securities	\$ 157,032,711	\$ 137,772,820
Other donations (Note 8)	581,499	436,666
Event transaction fees	201,591	156,756
Ontario Trillium Foundation grant (Note 7)	134,972	136,312
Undisbursable funds (Note 11)	91,457	106,902
Corporate donations and sponsorships (Note 10)	86,772	119,362
Other income	86,547	74,981
Interest	67,910	40,962
Charity education	1,665	7,110
	158,285,124	138,851,871
Expenses		
Donations to charities	151,286,203	132,907,035
Staffing costs	3,044,960	2,363,339
Bank charges and credit card fees	2,413,616	2,105,173
Marketing and charity education	366,566	262,965
Amortization of capital assets	289,217	222,050
Consulting and other professional fees (Note 10)	255,128	293,835
Office supplies and expense	153,801	136,663
Rent and occupancy costs	127,115	109,492
Other expenses	70,077	91,025
Legal, audit and insurance	62,023	47,094
	158,068,706	138,538,671
Excess of revenues over expenses for the year	\$ 216,418	\$ 313,200

CanadaHelps CanaDon
Statement of Changes in Net Assets
Year Ended June 30, 2018

	2018				2017
	Unrestricted Net Assets	Operating Reserve	Invested in Capital Assets	Total	Total
Balance - at beginning of year	\$ 547,256	\$ 900,000	\$ 365,619	\$ 1,812,875	\$ 1,499,675
Excess of revenues over expenses for the year	216,418	-	-	216,418	313,200
Inter-fund transfers representing:					
Purchase of property and equipment	(21,033)	-	21,033	-	-
Purchase and development of intangible assets	(417,943)	-	417,943	-	-
Amortization of capital assets	289,217	-	(289,217)	-	-
Deposit on long term asset	(100,000)	-	100,000	-	-
Balance - at end of year	\$ 513,915	\$ 900,000	\$ 615,378	\$ 2,029,293	\$ 1,812,875

CanadaHelps CanaDon
Statement of Cash Flows
Year Ended June 30, 2018

	2018	2017 (restated)
Cash provided by (used in)		
Operations		
Donations received	\$157,032,711	\$137,772,820
Donations paid	(151,286,203)	(132,907,035)
Fees, sponsorships and other contributions to CanadaHelps	2,223,583	717,421
Cash paid to employees and suppliers	(6,779,005)	(5,304,736)
Interest received	67,910	36,555
	1,258,996	315,025
Investing		
Proceeds from sale of guaranteed investment certificates	1,373,672	-
Purchase of guaranteed investment certificates	(1,286,518)	(511,931)
Purchase of property and equipment	(21,033)	(117,005)
Purchase and development of intangible assets	(417,943)	(73,659)
Deposit on pending purchase of building (Note 14)	(100,000)	-
	(451,822)	(702,595)
Financing		
Repayment of loan	(3,500)	(3,500)
Net change in cash	803,674	(391,070)
Cash, beginning of year	3,697,088	4,088,158
Cash, end of year	\$ 4,500,762	\$ 3,697,088

Cash is represented by

Current assets - cash	\$ 77,294	\$ 243,711
Trust assets - cash	4,423,468	3,453,377
	\$ 4,500,762	\$ 3,697,088

1. ORGANIZATION

CanadaHelps CanaDon ("CanadaHelps") is a non-profit corporation without share capital incorporated under the Canada Not-for-Profit Corporations Act and is a registered charity under the Income Tax Act (Canada) and, as such, is generally exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, CanadaHelps must meet certain requirements within the Act.

CanadaHelps' purpose is to inform, inspire and connect donors and charities and to democratize access to effective technology and education in the charitable sector.

For donors, CanadaHelps offers a one-stop shop for donating or fundraising for any registered Canadian charity on-line. For charities, CanadaHelps provides open access to its affordable on-line fundraising platform and training so they can better connect with the people who support them.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Operations

Unrestricted net assets represents cumulative net earnings that are not restricted and available for general use by CanadaHelps. The operating reserve was established by the Board of Directors to provide working capital for operating costs. The objective is to obtain a minimum operating reserve amount of approximately six months of average operating expenses. During the 2018 fiscal year, the Board of Directors approved a transfer of \$Nil (2017 - \$150,000) from the unrestricted net assets to the operating reserve.

Financial Assets and Liabilities

CanadaHelps initially measures its financial assets and liabilities at fair value. CanadaHelps subsequently measures all its financial assets (except for cash and trust assets - cash which are measured at fair value) and financial liabilities (except for trust liabilities - cash which are measured at fair value) at amortized cost.

Financial assets and liabilities measured at amortized cost include short term deposits, accounts payable and accrued liabilities, long term debt and trust liabilities.

Short-term Deposits

Short-term deposits are comprised of guaranteed investment certificates and are recorded at amortized cost plus accrued interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital Assets

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

<u>Property and Equipment</u>	
Furniture and fixtures	- 20% declining balance basis
Office equipment	- 5 years straight-line basis
Computer hardware	- 2 years straight-line basis
Leasehold improvements	- over the term of the lease
<u>Intangible Assets</u>	
Software	- 2 years straight-line basis
Website development costs	- 3 years straight-line basis

The above rates are reviewed annually to ensure they are still appropriate. Any changes are adjusted for on a prospective basis. When a capital asset no longer contributes to CanadaHelps' ability to provide services, its carrying amount is written down to its residual value.

Revenue Recognition

CanadaHelps follows the deferral method of accounting for contributions. Contributions include donations of cash and securities, corporate and other donations and sponsorships. Unrestricted contributions are recorded as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

Undisbursable funds represent cheques and electronic fund transfers that are deemed undisbursable after reasonable attempts to contact the charity and/or the donor. These also include gift cards that have not been redeemed after 18 months. These funds are included in the trust liabilities in the Statement of Financial Position. The Board of Directors approved the policy that any donation that is deemed undisbursable shall be used to support CanadaHelps' programs and services on an annual basis. Notwithstanding the policy, CanadaHelps will always honour and redeem any and all gift cards, even if they were declared undisbursable.

Interest and other income is recorded as earned.

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

Donations to charities

CanadaHelps recognizes the trust liability for the donations to charities when there is an obligation to pay the donee and there are no conditions or a future event that the commitment is contingent upon.

Donated Goods and Services

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 financial statements).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 these financial statements.

Use of Estimates

The preparation of CanadaHelps' financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are uncertain, include, among others, useful lives for amortization of capital assets and accrued liabilities. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

3. CHANGE IN ACCOUNTING POLICY

During the year, CanadaHelps changed its accounting policy for the treatment of revenue recognition for donations of cash and securities. In previous periods, only the transaction fee associated with donations to other charities collected through CanadaHelps' website was recognized as CanadaHelps revenue. CanadaHelps has now decided to treat the full amount of the donations as revenue, with the related disbursements to charities as a donation expense. Management has determined that the new policy is preferable as it provides a more relevant and transparent reflection of the substance of the donation activities.

This change in accounting policy has no impact on the net assets, excess of revenue over expenses, or cash flow from operations for the years ended June 30, 2018 and 2017.

CanadaHelps CanaDon
Notes to Financial Statements
Year Ended June 30, 2018

4. SHORT-TERM DEPOSITS

Details of short-term deposits are as follows:

	2018	2017
\$ 100,000 Bank of Montreal GIC - 1.35%, due August 1, 2017	\$ -	\$ 103,742
\$ 50,000 Bank of Montreal GIC - 0.90%, due September 5, 2017	-	50,905
\$ 65,647 Bank of Montreal GIC - 1.30%, due October 25, 2017	-	66,236
\$ 36,029 Bank of Montreal GIC - 1.35%, due February 12, 2018	-	36,220
\$ 500,000 Bank of Montreal GIC - 1.35%, due February 12, 2018	-	502,663
\$ 609,000 Bank of Montreal GIC - 1.35%, due February 20, 2018	-	613,906
\$ 350,000 Royal Bank of Canada GIC - 1.90%, due March 5, 2019	354,472	-
\$ 900,000 Royal Bank of Canada GIC - 1.55%, due March 5, 2019	902,132	-
\$ 36,518 Bank of Montreal GIC - 0.09%, due February 14, 2019	41,025	-
	\$ 1,297,629	\$ 1,373,672

5. CAPITAL ASSETS

Details of capital assets are as follows:

Property and Equipment

	Cost	Accumulated Amortization	Net 2018	Net 2017
Furniture and fixtures	\$ 33,870	\$ 17,242	\$ 16,628	\$ 18,143
Office equipment	37,503	25,989	11,514	10,980
Computer hardware	162,594	132,942	29,652	54,670
Leasehold improvements	41,397	18,677	22,720	40,630
	\$ 275,364	\$ 194,850	\$ 80,514	\$ 124,423

Intangible Assets

	Cost	Accumulated Amortization	Net 2018	Net 2017
Software	\$ 159,361	\$ 155,071	\$ 4,290	\$ 7,703
Website development costs	1,055,782	625,208	430,574	233,493
	\$ 1,215,143	\$ 780,279	\$ 434,864	\$ 241,196
	\$ 1,490,507	\$ 975,129	\$ 515,378	\$ 365,619

Amortization is recorded on the website development costs when they are put in use.

6. TRUST ASSETS AND LIABILITIES

The trust assets and liabilities balances represent donations collected and not yet remitted to the designated charities. CanadaHelps remits the donations received to the designated charities every week, by electronic funds transfer. Where a charity does not permit electronic funds transfer, the donations are remitted by cheque on a monthly basis. Included in the trust assets are restricted donations of equity securities which have not been liquidated and distributed to the appropriate charity. The fair market value of these securities at year end is \$129,987 (2017 - \$182,296). Since the assets are held in trust for the designated charities, any gains or losses as a result of change in the fair market value of equity securities at the time of disposition is not recognized in the statement of operations. The disbursement to the designated charities is based on the proceeds at the time of sale.

7. DEFERRED CONTRIBUTIONS

Details of the activity in deferred contributions is as follows:

	2018	2017
Balance - beginning of year	\$ 93,672	\$ 74,784
Ontario Trillium Foundation		
Funds received	52,100	144,400
Recognized as revenue	(134,972)	(136,312)
Aviva Canada Inc.		
Funds received	18,000	10,800
Recognized as revenue	(10,800)	-
Muttart Foundation		
Funds received	10,000	-
Recognized as revenue	(10,000)	-
Balance - end of year	\$ 18,000	\$ 93,672

The Ontario Trillium Foundation ("OTF") approved a grant to CanadaHelps in the amount of \$413,300 over three years, beginning in 2015, to develop tools to engage donors and provide charitable organizations with research and analysis into giving practices. As at June 30, 2018 \$Nil (2017 - \$82,871) remains unused and is included in deferred contributions.

On June 24, 2017, CanadaHelps entered into a sponsorship agreement with Aviva Canada Inc. ("Aviva"). Terms of the agreement include participation in the 2017 Aviva Community Fund ("ACF") campaign and part of the contributions received by CanadaHelps will be distributed to the ACF winners identified by Aviva. The charities awarded as ACF winners are eligible to purchase services from CanadaHelps including reimbursement of standard CanadaHelps donation processing fees up to \$1,200. As at June 30, 2018, \$18,000 (2017 - \$10,800) in contributions are expected to be credited to the charities account no later than February 15, 2019 (2017 - February 15, 2018) and any remaining or unused portion of the contributions may be used by CanadaHelps for other legal charitable purposes.

CanadaHelps CanaDon
Notes to Financial Statements
Year Ended June 30, 2018

8. OTHER DONATIONS

Other donations include donations of cash and securities received solely to be used by CanadaHelps to further its charitable objectives.

9. LONG-TERM DEBT

During the 2015 fiscal year, CanadaHelps entered into a loan facility agreement with The Muttart Foundation to help finance costs related to its technology and product road map. CanadaHelps has available a loan facility of up to \$455,000. In January 2015, CanadaHelps had drawn \$35,000 from the loan facility. Interest is payable at 3.5% per annum and the principal is payable in equal installments over the term of the loan, which is ten years from the first advance. On April 17, 2018, the purpose and term of the loan was amended such that the loan can also be used to finance the purchase of real property and will be payable until December 31, 2028.

Details of the loan payable are as follows:

	2018	2017
Balance - beginning of year	\$ 28,000	\$ 31,500
Repayments during the year	(3,500)	(3,500)
	24,500	28,000
Less: current portion	(3,500)	(3,500)
Long-term portion	\$ 21,000	\$ 24,500

Principal payments due in the next five years and thereafter are as follows:

2019	\$ 3,500
2020	3,500
2021	3,500
2022	3,500
2023	3,500
Thereafter	7,000
	\$ 24,500

10. DONATED SERVICES

During the year, CanadaHelps received professional and consulting services which if not donated, would have been purchased, amounting to \$39,651 (2017 - \$57,366). These services are included in corporate donations and sponsorships in the Statement of Operations.

11. UNDISBURSABLE FUNDS

Undisbursable funds recorded as revenue in the Statement of Operations was \$91,457 (2017 - \$106,902). In accordance with the accounting policy (see Note 2), undisbursable funds will be recognized as operating revenue at the beginning of each fiscal year. As a result, an amount of \$112,944 of undisbursable funds will be recognized as revenue on July 1, 2018.

12. LEASE COMMITMENTS

CanadaHelps is committed to annual rental payments under an operating lease for office premises, expiring September 30, 2020, as follows:

2019	\$	108,000
2020		108,000
2021		27,000
		<hr/>
		\$ 243,000

13. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

CanadaHelps is exposed to various risks through its financial instruments. The following analysis provides a measure of CanadaHelps risk exposure at the statement of financial position date.

Liquidity Risk

Liquidity risk is the risk that CanadaHelps will encounter difficulty in meeting obligations associated with financial liabilities. CanadaHelps is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, long term debt and lease commitments. CanadaHelps expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The short term deposits bear interest at a fixed rate of interest, and as such are subject to changes in fair value from market fluctuations in interest rates. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. CanadaHelps is not significantly exposed to market risks.

14. SUBSEQUENT EVENTS

On May 9, 2018, CanadaHelps entered into a Purchase Agreement with Stafford Rossland Ltd. to purchase 188 Spadina Ave, Units 1 to 5, for \$1,300,000. A deposit of \$20,000 was paid upon signing of the agreement, with another \$80,000 deposit paid on June 19, 2018.

On June 19, 2018, the purchase price was amended to \$1,225,000, with a closing date on September 28, 2018. The total deposit of \$100,000 will be credited toward the purchase price upon closing of the sale.

To fund the purchase, the Organization drew down on the credit facility with The Muttart Foundation in the amount of \$306,250 and obtained bank financing in the amount of \$918,750. The Board of Directors also approved the transfer of up to \$450,000 from the operating reserve to fund future renovation costs.

The Organization obtained a line of credit in the amount of \$500,000.