

CanadaHelps CanadaDon

Financial Statements

For the Year Ended June 30, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of CanadaHelps CanaDon

Opinion

We have audited the financial statements of CanadaHelps CanaDon, (the "Organization"), which comprise the statement of financial position as at June 30, 2020 and 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, 2020, and results of its operations and its 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.

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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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
November 16, 2020
Toronto, Ontario

CanadaHelps CanaDon
Statement of Financial Position
As at June 30, 2020

	2020	2019
Assets		
Current		
Cash	\$ 2,624,527	\$ 156,068
Short-term deposits (Note 3)	897,029	903,631
Harmonized sales tax recoverable	147,665	66,548
Prepaid expenses and other current assets	91,823	123,625
Designated cash (Notes 6 and 10)	13,917,056	5,067,208
	17,678,100	6,317,080
Capital assets (Note 4)	1,903,251	1,946,109
Intangible assets (Note 5)	1,271,658	898,135
	\$ 20,853,009	\$ 9,161,324
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 299,531	\$ 180,447
Deferred contributions	62,747	48,827
Current portion of long-term debt (Note 7)	56,700	55,761
Contributions due to designated charities (Notes 6 and 10)	13,917,056	5,067,208
	14,336,034	5,352,243
Long-term debt (Note 7)	1,088,128	1,144,428
	15,424,162	6,496,671
Net Assets		
Unrestricted net assets	874,265	546,098
Operating reserve	2,500,000	450,000
Invested in intangible and capital assets	2,054,582	1,668,555
	5,428,847	2,664,653
	\$ 20,853,009	\$ 9,161,324

COVID-19 (Note 12)

Approved by the Board  
 Director Director

CanadaHelps CanaDon
Statement of Operations
Year Ended June 30, 2020

	2020	2019
Revenue		
Donations of cash and securities (Note 8)	\$301,373,871	\$190,360,840
Event transaction fees	237,325	298,410
Licensing	179,754	39,110
Undisbursable funds (Note 10)	144,993	112,944
Interest	82,881	103,004
Corporate donations and sponsorships (Note 9)	82,755	71,111
	302,101,579	190,985,419
Expenses		
Donations to charities	288,909,515	182,787,285
Staffing costs	4,413,368	3,348,468
Bank charges and credit card fees	4,266,845	2,897,596
Amortization of capital assets	480,568	304,780
Marketing and charity education	394,851	317,507
Consulting and other professional fees (Note 9)	253,082	127,818
Office supplies and expense	237,558	183,978
Rent and occupancy costs	170,788	213,720
Legal, audit and insurance	140,298	89,695
Travel and conferences	70,512	79,212
	299,337,385	190,350,059
Excess of revenues over expenses for the year	\$ 2,764,194	\$ 635,360

CanadaHelps CanaDon
Statement of Changes in Net Assets
Year Ended June 30, 2020

	2020			2019	
	Unrestricted Net Assets	Operating Reserve	Invested in Intangible and Capital Assets	Total	Total
Balance - at beginning of year	\$ 546,098	\$ 450,000	\$ 1,668,555	\$ 2,664,653	\$ 2,029,293
Excess of revenues over expenses for the year	2,764,194	-	-	2,764,194	635,360
Inter-fund transfers representing:					
Purchase of capital assets	(47,961)	-	47,961	-	-
Purchase and development of intangible assets	(763,927)	-	763,927	-	-
Amortization of capital assets	480,568	-	(480,568)	-	-
Write-off of capital assets	654	-	(654)	-	-
Transfer to operating reserve	(2,050,000)	2,050,000	-	-	-
Loan repayments	(55,361)	-	55,361	-	-
Balance - at end of year	\$ 874,265	\$ 2,500,000	\$ 2,054,582	\$ 5,428,847	\$ 2,664,653

CanadaHelps CanaDon
Statement of Cash Flows
Year Ended June 30, 2020

	2020	2019
Cash provided by (used in)		
Operations		
Donations received	\$ 301,373,871	\$ 190,360,840
Donations paid	(280,059,667)	(182,787,285)
Fees, sponsorships and other contributions to CanadaHelps	619,826	1,217,106
Cash paid to employees and suppliers	(9,847,880)	(7,212,681)
Interest received	82,881	103,004
	12,169,031	1,680,984
Investing		
Proceeds from sale of guaranteed investment certificates	903,631	1,297,629
Purchase of guaranteed investment certificates	(887,606)	(893,498)
Purchase of capital assets	(47,961)	(1,863,594)
Purchase and development of intangible assets	(763,927)	(674,696)
Proceeds on disposition of capital assets	500	-
	(795,363)	(2,134,159)
Financing		
Advancement of loan	-	1,225,000
Repayment of loan	(55,361)	(49,311)
	(55,361)	1,175,689
Net change in cash	11,318,307	722,514
Cash, beginning of year	5,223,276	4,500,762
Cash, end of year	\$ 16,541,583	\$ 5,223,276
Cash is represented by		
Cash	\$ 2,624,527	\$ 156,068
Designated cash	13,917,056	5,067,208
	\$ 16,541,583	\$ 5,223,276

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:

Fund Accounting

Unrestricted net assets represents cumulative excess of revenue over expenses 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 future operating costs. The objective of the operating reserve is to obtain a minimum operating reserve amount of approximately six months of average operating expenses. During the 2020 fiscal year, the Board of Directors approved a transfer of \$2,050,000 from unrestricted net assets to the operating reserve (2019 - \$450,000).

Invested in intangible and capital assets represents the net book value of all intangible and capital assets, less any related debt.

Financial Assets and Liabilities

CanadaHelps initially measures its financial assets and liabilities at fair value. CanadaHelps subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities include cash, short-term deposits, designated cash, accounts payable and accrued liabilities, long-term debt and contributions due to designated charities.

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>	
Building	- 40 years straight-line basis
Furniture and fixtures	- 20% declining balance basis
Office equipment	- 5 years straight-line basis
Computer hardware	- 2 years straight-line basis

Intangible Assets

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

<u>Intangible Assets</u>	
Software	- 2 years straight-line basis
Website development costs	- 3 years straight-line basis
Donor Management System	- 3 years straight-line basis

Impairment

On July 1, 2019, CanadaHelps adopted the new accounting standards ASNPO 4433 - Tangible capital assets held by not-for-profits organizations and ASNPO 4434 - Intangible assets held by not-for-profit organizations. These standards are applied on a prospective basis. As a result of the implementation of this new standard, CanadaHelps has updated their policy as it relates to the impairment of intangible and capital assets as follows:

When conditions indicate an intangible or capital asset is impaired, the carrying value of the asset is written down to the asset's fair value or replacement cost. The write down is recorded as an expense in the statement of revenue and expenses. A write-down shall not be reversed.

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.

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

Revenue Recognition (Cont'd)

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 contributions due to designated charities 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.

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 9 for donated services recorded in the financial statements).

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.

CanadaHelps CanaDon
Notes to Financial Statements
Year Ended June 30, 2020

3. SHORT-TERM DEPOSITS

Details of short-term deposits are as follows:

	2020	2019
\$ 500,000 GIC - 1.40%, due July 20, 2020	\$ 506,616	\$ -
\$ 37,606 GIC - 1.60%, due February 22, 2021	37,822	-
\$ 350,000 GIC - 2.45%, due March 12, 2021	352,591	-
\$ 500,000 GIC - 1.55%, due July 22, 2019	-	507,282
\$ 36,848 GIC - 1.45%, due February 18, 2020	-	37,047
\$ 356,650 GIC - 2.32%, due March 5, 2020	-	359,302
	\$ 897,029	\$ 903,631

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Building	\$ 1,851,416	\$ 75,882	\$ 1,775,534	\$ 1,821,953
Furniture and fixtures	85,790	21,837	63,953	41,389
Office equipment	82,665	37,673	44,992	52,812
Computer hardware	205,621	186,849	18,772	29,955
	\$ 2,225,492	\$ 322,241	\$ 1,903,251	\$ 1,946,109

5. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Software	\$ 169,192	\$ 161,589	\$ 7,603	\$ 360
Website development costs	2,078,067	1,220,519	857,548	773,461
Donor Management System (DMS)	406,507	-	406,507	124,314
	\$ 2,653,766	\$ 1,382,108	\$ 1,271,658	\$ 898,135

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

6. DESIGNATED CASH AND CONTRIBUTIONS DUE TO DESIGNATED CHARITIES

Designated cash and contributions due to designated charities represent funds set aside by CanadaHelps policy for immediate payment to 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 designated cash 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 \$418,939 (2019 - \$162,511). Since the assets are designated for the 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. During July 2020, \$12,053,669 (July 2019 - \$4,030,677) of the designated cash and contributions due to designated charities were processed through electronic funds transfer and cheque.

7. 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. 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. In the 2019 fiscal year, CanadaHelps drew a further \$306,250 from the loan facility for a remaining principal of \$330,750, prior to the annual principal payment of \$33,075. Interest is payable at 3.5% per annum and the principal is payable in equal installments over the term of the loan.

In the 2019 fiscal year, CanadaHelps entered into a mortgage agreement for \$918,750 to purchase the new office building. Interest is payable at 4.06% over the period of 25 years. There is an overdraft limit at a chartered bank in the amount of \$500,000. Covenants imposed by the bank require that CanadaHelps maintain a debt service coverage ratio (earnings before interest, depreciation, and amortization divided by current portion of long term debt and interest expense) of 1:1 at all times. CanadaHelps is materially in compliance with its covenant requirements as at June 30, 2020.

Details of the loan payables are as follows:

	2020	2019
Balance - beginning of year	\$ 1,200,189	\$ 24,500
Additions during the year	-	1,225,000
Repayments during the year	(55,361)	(49,311)
	1,144,828	1,200,189
Less: current portion	(56,700)	(55,761)
Long-term portion	\$ 1,088,128	\$ 1,144,428

CanadaHelps CanaDon
Notes to Financial Statements
Year Ended June 30, 2020

7. LONG-TERM DEBT (Cont'd)

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

2021	\$	56,700
2022		57,677
2023		58,695
2024		59,754
2025		60,858
Thereafter		851,144
		<hr/>
		\$ 1,144,828

8. OTHER DONATIONS

Other donations include donations of cash and securities received solely to be used by CanadaHelps to further its charitable objectives. Included in the donations of cash and securities is \$1,492,647 (2019 - \$638,225) that is designated for CanadaHelps.

9. DONATED SERVICES

During the year, CanadaHelps received professional and consulting services which if not donated, would have been purchased, amounting to \$22,043 (2019 - \$10,755). These services are included in corporate donations and sponsorships in the Statement of Operations.

10. UNDISBURSABLE FUNDS

Undisbursable funds recorded as revenue in the Statement of Operations was \$144,993 (2019 - \$112,944). 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 \$120,789 of undisbursable funds will be recognized as revenue on July 1, 2020.

11. 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.

12. COVID-19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Ontario declared an emergency under s 7.0.0 (1) of the Emergency Management and Civil Protection Act on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent of which COVID-19 impacts CanadaHelps' results will depend on future developments, which are highly uncertain and cannot be predicted, and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain the virus or its impact, among others.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Excess of revenue over expenses has not been affected by these reclassifications.