

CanadaHelps CanadaDon

Financial Statements

For the Year Ended June 30, 2023



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, 2023 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, 2023, 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.

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 27, 2023
Toronto, Ontario

CanadaHelps CanaDon
Statement of Financial Position
As at June 30, 2023

	2023	2022
Assets		
Current		
Cash	\$ 1,517,950	\$ 1,061,944
Restricted cash	847,345	1,945,390
Restricted short-term deposits (Note 3)	3,652,655	2,554,610
Harmonized sales tax receivable	78,631	117,568
Prepaid expenses and other current assets	450,515	538,780
Designated cash (Notes 6 and 9)	8,874,105	7,576,450
	15,421,201	13,794,742
Capital assets (Note 4)	3,092,477	3,242,398
Intangible assets (Note 5)	2,439,016	1,860,800
	\$ 20,952,694	\$ 18,897,940
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 770,986	\$ 567,386
Deferred revenue	1,005,873	673,439
Current portion of long-term debt (Note 7)	840,538	58,695
Contributions due to designated charities (Notes 6 and 9)	8,874,105	7,576,450
	11,491,502	8,875,970
Long-term debt (Note 7)	131,370	971,433
	11,622,872	9,847,403
Net Assets		
Unrestricted net assets	245,734	452,964
Operating reserve	4,500,000	4,500,000
Invested in intangible and capital assets	4,584,088	4,097,573
	9,329,822	9,050,537
	\$ 20,952,694	\$ 18,897,940

Approved by the Board

DocuSigned by:

Anita Ferrari

Director

DocuSigned by:

Sonya von Heyking

Director

CanadaHelps CanaDon
Statement of Operations
Year Ended June 30, 2023

	2023	2022
Revenue		
Donations of cash and securities (Note 8)	\$419,121,247	\$436,549,171
Donor management system	1,243,898	835,823
Interest	613,356	106,822
Event transaction fees	523,854	336,436
Corporate donations and sponsorships	366,574	301,577
Undisbursable funds (Note 9)	309,513	92,270
Licensing	225,645	329,523
	422,404,087	438,551,622
Expenses		
Donations to charities	401,527,441	418,696,953
Staffing costs	10,752,642	9,833,486
Bank charges and credit card fees	6,020,982	6,223,699
Amortization of capital assets and intangible assets	1,160,200	916,495
Marketing and charity education	881,239	1,063,126
Office supplies and expense	844,520	766,922
Consulting and other professional fees	316,708	360,919
Rent and occupancy costs	310,196	352,375
Legal, audit and insurance	241,987	215,796
Travel and conferences	68,887	29,540
	422,124,802	438,459,311
Excess of revenues over expenses for the year	\$ 279,285	\$ 92,311

CanadaHelps CanaDon
Statement of Changes in Net Assets
Year Ended June 30, 2023

	2023			2022	
	Unrestricted Net Assets	Operating Reserve	Invested in Intangible and Capital Assets	Total	Total
Balance - at beginning of year	\$ 452,964	\$ 4,500,000	\$ 4,097,573	\$ 9,050,537	\$ 8,958,226
Excess of revenues over expenses for the year	279,285	-	-	279,285	92,311
Inter-fund transfers representing:					
Purchase of capital assets	(11,394)	-	11,394	-	-
Purchase and development of intangible assets	(1,577,101)	-	1,577,101	-	-
Amortization of capital and intangible assets	1,160,200	-	(1,160,200)	-	-
Loan repayments	(58,220)	-	58,220	-	-
Balance - at end of year	\$ 245,734	\$ 4,500,000	\$ 4,584,088	\$ 9,329,822	\$ 9,050,537

CanadaHelps CanaDon
Statement of Cash Flows
Year Ended June 30, 2023

	2023	2022
Cash provided by (used in)		
Operations		
Donations received	\$419,121,247	\$436,549,171
Donations paid	(400,229,786)	(420,630,183)
Fees, sponsorships and other contributions to CanadaHelps	2,669,484	1,895,629
Cash paid to employees and suppliers	(18,888,437)	(18,490,325)
Interest received	613,356	106,822
	3,285,864	(568,886)
Investing		
Proceeds from sale of short-term deposits	2,554,610	2,533,551
Purchase of short-term deposits	(3,538,143)	(2,531,918)
Purchase of capital assets	(11,394)	(212,069)
Purchase and development of intangible assets	(1,577,101)	(1,252,159)
	(2,572,028)	(1,462,595)
Financing		
Repayment of loan	(58,220)	(57,387)
Net change in cash	655,616	(2,088,868)
Cash, beginning of year	10,583,784	12,672,652
Cash, end of year	\$ 11,239,400	\$ 10,583,784
Cash is represented by		
Cash	\$ 1,517,950	\$ 1,061,944
Restricted cash	847,345	1,945,390
Designated cash	8,874,105	7,576,450
	\$ 11,239,400	\$ 10,583,784

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.

CanadaHelps offers donors e-commerce solutions for fundraising or donating to any registered Canadian Charity. CanadaHelps provides charities 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. A matching amount of cash and short-term deposits has been internally restricted to fund the operating reserve.

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>	
Office condominium	- 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

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. Externally 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 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.

Donor management system revenue includes subscription fees that are billed annually and the revenue is deferred and recognized in the month in which the performance obligation is satisfied.

Interest and other income is recorded as earned.

CanadaHelps CanaDon
Notes to Financial Statements
Year Ended June 30, 2023

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

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 of estimates made by management include useful lives for amortization of capital and intangible assets. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

3. RESTRICTED SHORT-TERM DEPOSITS

Details of restricted short-term deposits are as follows:

	2023	2022
\$1,688,143 GIC - 4.30%, due August 1, 2023	\$ 1,754,568	\$ -
\$ 500,000 GIC - 4.30%, due August 14, 2023	518,967	-
\$ 350,000 GIC - 5.50%, due March 15, 2024	355,590	-
\$1,000,000 GIC - 4.45%, due December 19, 2023	1,023,530	-
\$1,669,776 GIC - 1.1%, due July 20, 2022	-	1,687,137
\$ 362,143 GIC - 1.55%, due March 12, 2023	-	363,834
\$ 500,000 GIC - 0.77%, due July 20, 2022	-	503,639
	\$ 3,652,655	\$ 2,554,610

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Office condominium	\$ 3,277,518	\$ 289,409	\$ 2,988,109	\$ 3,070,419
Furniture and fixtures	108,913	59,576	49,337	61,699
Office equipment	75,587	44,582	31,005	40,441
Computer hardware	380,588	356,562	24,026	69,839
	\$ 3,842,606	\$ 750,129	\$ 3,092,477	\$ 3,242,398

CanadaHelps CanaDon
Notes to Financial Statements
Year Ended June 30, 2023

5. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Software	\$ 202,453	\$ 202,453	\$ -	\$ 12,340
Website development costs	4,793,791	2,879,698	1,914,093	1,442,307
Donor Management System (DMS)	1,119,335	594,412	524,923	406,153
	\$ 6,115,579	\$ 3,676,563	\$ 2,439,016	\$ 1,860,800

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 \$292,087 (2022 - \$68,652). 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 2023, \$6,308,174 (July 2022 - \$5,104,061) 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, maturing in 2024, for \$918,750 to purchase the office condominium. Interest is payable at 4.06% over the period of 5 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, 2023. CanadaHelps repaid the mortgage in September 2023.

CanadaHelps CanaDon
Notes to Financial Statements
Year Ended June 30, 2023

7. LONG-TERM DEBT (Cont'd)

Details of the long-term debt are as follows:

	2023	2022
Balance - beginning of year	\$ 1,030,128	\$ 1,087,515
Repayments during the year	(58,220)	(57,387)
	971,908	1,030,128
Less: current portion	(840,538)	(58,695)
Long-term portion	\$ 131,370	\$ 971,433

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

2024	\$ 840,538
2025	33,075
2026	33,075
2027	33,075
Thereafter	32,145
	\$ 971,908

8. DONATIONS OF CASH AND SECURITIES

Included in the donations of cash and securities is \$2,023,718 (2022 - \$1,785,778) donated to CanadaHelps to be used solely to further its charitable objectives.

9. UNDISBURSABLE FUNDS

Undisbursable funds recorded as revenue in the Statement of Operations was \$309,513 (2022 - \$92,270). 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 \$497,481 of undisbursable funds will be recognized as revenue on July 1, 2023.

10. 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.