

CANADAHELPS CANADON
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S 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, 2014 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, 2014 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.

Clarke Henning LLP

Toronto, Ontario
November 15, 2014

CHARTERED ACCOUNTANTS
Licensed Public Accountants

CANADAHELPS CANADON
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

	2014	2013
ASSETS		
Current assets		
Cash	\$ 220,486	\$ 746,002
Short term deposits (<i>note 2</i>)	187,195	35,000
Harmonized sales tax recoverable	70,340	54,561
Prepaid expenses	22,796	21,381
	500,817	856,944
Capital assets (<i>note 3</i>)	336,457	126,560
Trust assets - cash (<i>note 4</i>)	2,042,422	1,694,297
	2,879,696	2,677,801
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	85,351	71,068
Deferred lease inducement (<i>note 5</i>)	9,222	16,603
Trust liabilities (<i>notes 4 and 8</i>)	2,042,422	1,694,297
	2,136,995	1,781,968
NET ASSETS		
Unrestricted net assets	406,244	769,273
Invested in capital assets	336,457	126,560
	742,701	895,833
	\$ 2,879,696	\$ 2,677,801

Approved on behalf of the Board:

_____, Director

_____, Director

CANADAHELPS CANADON

STATEMENT OF OPERATIONS

YEAR ENDED JUNE 30, 2014

	2014	2013
Donations collected on behalf of other charities <i>(note 6)</i>	\$ 83,362,471	\$ 71,998,994
Revenues		
Transaction fees <i>(note 6)</i>	3,267,479	2,813,890
Other donations	278,520	233,592
Corporate donations and sponsorships <i>(note 7)</i>	39,363	9,221
Grants from foundations	-	95,000
MyCharityConnects program	9,000	-
Undisbursable funds <i>(note 8)</i>	172,300	-
Interest	33,280	34,230
Other income	41,367	48,288
	3,841,309	3,234,221
Expenses		
Bank charges and credit card fees	1,729,329	1,547,013
Staffing costs	1,693,932	1,037,732
Marketing and MyCharityConnects program	122,781	48,972
Professional and consulting fees <i>(note 7)</i>	131,958	187,867
Rent and occupancy costs	127,017	112,434
Office supplies and expense	80,665	88,058
Other expenses	33,136	38,300
Amortization of capital assets	75,623	53,124
	3,994,441	3,113,500
Excess (deficiency) of revenues over expenses for the year	\$ (153,132)	\$ 120,721

CANADAHELPS CANADON

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2014

	2014			2013
	Unrestricted Net Assets	Invested in Capital Assets	Total	Total
Balance - at beginning of year	\$ 769,273	\$ 126,560	\$ 895,833	\$ 775,112
Excess (deficiency) of revenues over expenses for the year	(153,132)	-	(153,132)	120,721
Inter-fund transfers representing:				
Capital assets purchased	(285,520)	285,520	-	-
Amortization of capital assets	75,623	(75,623)	-	-
Balance - at end of year	\$ 406,244	\$ 336,457	\$ 742,701	\$ 895,833

CANADAHELPS CANADON

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

	2014	2013
Cash flows from operating activities		
Donations received on behalf of other charities	\$ 83,362,471	\$ 71,998,994
Donations, sponsorships and transaction fees of CanadaHelps	3,769,262	3,097,315
Cash paid to employees and suppliers	(3,890,343)	(3,068,995)
Disbursements to other charities and transaction fees to CanadaHelps	(83,014,346)	(71,293,944)
Interest received	31,085	34,230
	258,129	767,600
Cash flows from financing activity		
Purchase of guaranteed investment certificate	(150,000)	(35,000)
Cash flows from investing activity		
Purchase of capital assets	(285,520)	(84,481)
Change in cash during the year	(177,391)	648,119
Cash - at beginning of year	2,440,299	1,792,180
Cash - at end of year	2,262,908	2,440,299
Cash is represented by:		
Current assets - cash	220,486	746,002
Trust assets - cash	2,042,422	1,694,297
	\$ 2,262,908	\$ 2,440,299

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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.

For donors, CanadaHelps offer 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.

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 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. In the opinion of management, these requirements have been met.

1. SUMMARY OF 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:

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 measured at amortized cost include cash, short term deposits, trust assets - cash, accounts payable and accrued liabilities and trust liabilities.

Short Term Deposits

Short term deposits are comprised of guaranteed investment certificates and are recorded at amortized cost which approximates 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
Website	- 3 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

The above rates are reviewed annually to ensure they are still appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the capital assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2014.

Deferred Lease Inducement

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

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 7 for donated services recorded in the accounts).

Cheques, electronic funds transfer and gift cards that have not been redeemed after 18 months of reasonable attempts to contact the donor or the recipient/charity are deemed as undisbursable. These funds are included in trust liabilities in the Statement of Financial Position. The Board of Directors acting in its capacity as charitable trustees shall designate the use of undisbursable funds to an alternate charitable purpose. 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.

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 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 depreciation and amortization of capital assets. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

2. SHORT TERM DEPOSITS

Details of short term deposits are as follows:

<i>Face Value</i>	<i>Security</i>	<i>2014</i>	<i>2013</i>
\$ 150,000	Bank of Montreal GIC - 1.50%, due July 10, 2014	\$ 152,195	\$ -
35,000	Bank of Montreal GIC - 1%, due February 6, 2015	35,000	35,000
		\$ 187,195	\$ 35,000

The GIC for \$35,000 is held by the bank as collateral for corporate credit cards.

3. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>Net Book Value</i>	
			<i>2014</i>	<i>2013</i>
Furniture and fixtures	\$ 12,501	\$ 6,999	\$ 5,502	\$ 3,810
Office equipment	24,142	16,617	7,525	9,406
Computer equipment and software	204,558	156,279	48,279	43,401
Website development	257,798	10,724	247,074	28,873
Leasehold improvements	64,963	36,886	28,077	41,070
	\$ 563,962	\$ 227,505	\$ 336,457	\$ 126,560

Amortization is recorded on the website development costs when they are put in use. Phase One of the website development was completed and put in use in August 2014 and Phase Two is expected to be completed by February 2015.

4. TRUST ASSETS AND LIABILITIES

Trust assets - cash represents donations collected and not yet remitted to the designated charities.

5. 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:

	<i>2014</i>	<i>2013</i>
Balance - at beginning of year	\$ 16,603	\$ 23,984
Amortization of lease inducement	(7,381)	(7,381)
Balance - at end of year	\$ 9,222	\$ 16,603

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

6. 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.

7. DONATED SERVICES

During the year, CanadaHelps received professional and consulting services which if not donated, would have been purchased, amounting to \$38,768 (\$7,676 in 2013). These services are recorded as revenues and expenses in the Statement of Operations.

8. UNDISBURSABLE FUNDS

In accordance with the policy (see note 1 for details), the Board of Directors approved a transfer of undisbursable funds in the amount of \$172,300 (2013 - \$NIL) to be used for an alternate charitable purpose. This amount is recorded as revenue in the Statement of Operations.

Effective July 1, 2014, the Board of Directors approved a change in policy with respect to undisbursable funds in that any donation that is deemed undisbursable shall be used to support CanadaHelps' programs and services on an annual basis and will be recognized as operating revenue at the beginning of each fiscal year. This change in policy will be accounted prospectively and an amount of \$302,800 of undisbursable funds will be recognized as revenue on July 1, 2014 in accordance with this policy.

9. LEASE COMMITMENT

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

Fiscal year ending June 30,	2015	\$	56,800
	2016		14,200
			<hr/>
			\$ 71,000

In addition to the base rent, CanadaHelps is obligated to pay its proportionate share of operating costs and taxes, which were \$77,700 (\$69,000 in 2013) in 2014.

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

10. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. CanadaHelps is not exposed to any significant credit risk.

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 and 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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. CanadaHelps is not significantly exposed to any such risks.

11. 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.

12. COMPARATIVE FIGURES

Certain of the comparative figures in the Statement of Financial Position and Statement of Cash Flows have been restated to conform with the financial statement presentation adopted for the current year.