

**CANADAHELPS CANADON**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

Independent Auditor's Report	Page 1
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 to 11



## 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, 2016 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, 2016 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  
October 29, 2016

CHARTERED ACCOUNTANTS  
Licensed Public Accountants

**CANADAHELPS CANADON**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2016**

	<b>2016</b>	2015
<b>ASSETS</b>		
Current assets		
Cash	\$ 352,587	\$ 576,873
Short term deposits (note 2)	857,334	187,232
Harmonized sales tax recoverable	51,367	46,454
Prepaid expenses	51,791	80,542
	<b>1,313,079</b>	891,101
Capital assets (note 3)	<b>397,005</b>	375,445
Trust assets - cash (note 4)	<b>3,735,570</b>	2,700,939
	<b>5,445,654</b>	3,967,485
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	104,125	75,707
Deferred revenue (note 5)	74,784	62,300
Current portion of long-term debt (note 6)	3,500	3,500
	<b>182,409</b>	141,507
Long term debt (note 6)	<b>28,000</b>	31,500
Deferred lease inducement	-	1,841
Trust liabilities (notes 4 and 9)	<b>3,735,570</b>	2,700,939
	<b>3,945,979</b>	2,875,787
<b>NET ASSETS</b>		
Unrestricted net assets	<b>352,670</b>	716,253
Operating reserve	<b>750,000</b>	-
Invested in capital assets	<b>397,005</b>	375,445
	<b>1,499,675</b>	1,091,698
	<b>\$ 5,445,654</b>	\$ 3,967,485

Approved on behalf of the Board:

\_\_\_\_\_, Director      \_\_\_\_\_, Director

# CANADAHELPS CANADON

## STATEMENT OF OPERATIONS

YEAR ENDED JUNE 30, 2016

	2016	2015
Donations collected on behalf of other charities <i>(note 7)</i>	<b>\$ 114,787,568</b>	\$ 97,230,625
Revenues		
Transaction fees	<b>4,095,658</b>	3,759,071
Other donations	<b>414,738</b>	346,931
Ontario Trillium Foundation grant <i>(note 5)</i>	<b>142,016</b>	-
Corporate donations and sponsorships <i>(note 8)</i>	<b>105,982</b>	70,418
Undisbursable funds <i>(note 9)</i>	<b>95,772</b>	302,800
Grants from foundations	<b>60,000</b>	55,050
Other income	<b>40,905</b>	24,459
Interest	<b>24,185</b>	29,826
Charity education	<b>8,190</b>	15,975
	<b>4,987,446</b>	4,604,530
Expenses		
Staffing costs	<b>1,882,287</b>	1,722,132
Bank charges and credit card fees	<b>1,713,006</b>	1,894,239
Consulting and other professional fees <i>(note 8)</i>	<b>243,035</b>	82,677
Amortization of capital assets	<b>190,500</b>	116,403
Marketing and charity education	<b>188,628</b>	123,622
Rent and occupancy costs	<b>128,186</b>	131,018
Office supplies and expense	<b>104,353</b>	81,897
Other expenses	<b>78,831</b>	51,081
Legal, audit and insurance	<b>50,643</b>	52,464
	<b>4,579,469</b>	4,255,533
Excess of revenues over expenses for the year	<b>\$ 407,977</b>	\$ 348,997

# CANADAHELPS CANADON

## STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2016

	2016				2015
	Unrestricted Net Assets	Operating Reserve	Invested in Capital Assets	Total	Total
Balance - at beginning of year	\$ 716,253	\$ -	\$ 375,445	\$ 1,091,698	\$ 742,701
Excess of revenues over expenses for the year	407,977	-	-	407,977	348,997
Inter-fund transfers representing:					
Purchase of property and equipment	(29,687)	-	29,687	-	-
Purchase and development of intangible assets	(184,292)	-	184,292	-	-
Amortization of capital assets	190,500	-	(190,500)	-	-
Write off of capital assets	1,919	-	(1,919)	-	-
Transfer to operating reserve ( <i>note 1</i> )	(750,000)	750,000	-	-	-
Balance - at end of year	\$ 352,670	\$ 750,000	\$ 397,005	\$ 1,499,675	\$ 1,091,698

# CANADAHELPS CANADON

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	2016	2015
Cash flows from operating activities		
Donations received on behalf of other charities	\$ 114,787,568	\$ 97,230,625
Donations, sponsorships and transaction fees of CanadaHelps	4,908,771	4,573,083
Cash paid to employees and suppliers	(4,269,661)	(4,126,445)
Disbursements to other charities and transaction fees to CanadaHelps	(113,752,937)	(96,572,108)
Interest received	20,578	30,140
	<b>1,694,319</b>	1,135,295
Cash flows from financing activities		
Repayment of loan	(3,500)	-
Proceeds of loan	-	35,000
	<b>(3,500)</b>	35,000
Cash flows from investing activities		
Purchase of guaranteed investment certificates	(666,495)	-
Purchase of property and equipment	(29,687)	(10,926)
Purchase and development of intangible assets	(184,292)	(144,465)
	<b>(880,474)</b>	(155,391)
Change in cash during the year	<b>810,345</b>	1,014,904
Cash - at beginning of year	<b>3,277,812</b>	2,262,908
Cash - at end of year	<b>4,088,157</b>	3,277,812
Cash is represented by:		
Current assets - cash	352,587	576,873
Trust assets - cash	3,735,570	2,700,939
	<b>\$ 4,088,157</b>	<b>\$ 3,277,812</b>

# CANADAHELPS CANADON

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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CanadaHelps CanaDon ("CanadaHelps") is a non-profit corporation without share capital incorporated under the Canada Not-for-Profit Corporations Act 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.

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.

### 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:

#### *Operations*

Unrestricted net assets reflect the day-to-day activities of CanadaHelps. The operating reserve was established by the Board of Directors to provide working capital for operating costs. The minimum operating reserve amount shall be approximately six months of average operating expenses. During the 2016 fiscal year, the Board of Directors approved a transfer of \$750,000 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 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, 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 which approximates fair value.

#### *Capital Assets*

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

##### *Property and Equipment*

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

##### *Intangible Assets*

Software	- 2 years straight-line basis
Website development costs	- 3 years straight-line basis

**CANADAHELPS CANADON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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*1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

*Capital Assets (continued)*

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 2016.

*Deferred Lease Inducement*

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

*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.

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.

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.

*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 8 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 the financial statements.



# CANADAHELPS CANADON

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 and accrued liabilities. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

### 2. SHORT TERM DEPOSITS

Details of short term deposits are as follows:

<i>Face Value</i>	<i>Security</i>	<i>2016</i>	<i>2015</i>
\$ 50,000	Bank of Montreal GIC - 1.05%, due September 2, 2016	\$ 50,433	\$ -
65,000	Bank of Montreal GIC - 1.00%, due October 25, 2016	65,438	-
35,705	Bank of Montreal GIC - 0.90%, due February 10, 2017	35,829	-
600,000	Bank of Montreal GIC - 1.50%, due February 17, 2017	603,284	-
100,000	Bank of Montreal GIC - 1.15%, due August 1, 2017	102,350	101,049
50,000	Bank of Montreal GIC - 1.50%, due August 4, 2015	-	50,684
35,350	Bank of Montreal GIC - 1.00%, due February 8, 2016	-	35,499
		<b>\$ 857,334</b>	<b>\$ 187,232</b>

### 3. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>Net Book Value</i>	
			<i>2016</i>	<i>2015</i>
<i>Property and Equipment</i>				
Furniture and fixtures	\$ 24,008	\$ 9,782	\$ 14,226	\$ 4,402
Office equipment	33,941	20,185	13,756	6,020
Computer hardware	77,376	69,456	7,920	12,081
Leasehold improvements	2,000	367	1,633	8,321
	<b>137,325</b>	<b>99,790</b>	<b>37,535</b>	<b>30,824</b>
<i>Intangible Assets</i>				
Software	149,110	141,394	7,716	11,771
Website development costs	574,432	222,678	351,754	332,850
	<b>723,542</b>	<b>364,072</b>	<b>359,470</b>	<b>344,621</b>
<i>Total Capital Assets</i>	<b>\$ 860,867</b>	<b>\$ 463,862</b>	<b>\$ 397,005</b>	<b>\$ 375,445</b>

Amortization is recorded on the website development costs when they are put in use. Phase Three of the website development was completed and put in use during the year.

# CANADAHELPS CANADON

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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### 4. TRUST ASSETS AND LIABILITIES

The trust assets and liabilities balances represents donations collected and not yet remitted to the designated charities.

### 5. ONTARIO TRILLIUM FOUNDATION GRANT

The Ontario Trillium Foundation has 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.

CanadaHelps has received \$216,800 to date from the Ontario Trillium Foundation of which \$142,016 has been expended and recognized as revenue. The remaining funds of \$74,784 is included in deferred revenue at June 30, 2016.

### 6. 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. The loan is due ten years from the date the first advance was taken. Interest is payable at 3.5% per annum and the principal is payable in equal instalments over the term of the loan, which is ten years from the first advance.

Details of the loan payable are as follows:

	<i>2016</i>	<i>2015</i>
Balance - beginning of year	\$ 35,000	\$ -
Loan advances during the year	-	35,000
Repayments during the year	(3,500)	-
	<b>31,500</b>	35,000
Less: current portion	(3,500)	-
Long-term portion	<b>\$ 28,000</b>	<b>\$ 35,000</b>

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

Fiscal year ending June 30,	2017	\$ 3,500
	2018	3,500
	2019	3,500
	2020	3,500
	2021	3,500
	Thereafter	14,000
		<b>\$ 31,500</b>

Interest expense for the year amounted to \$551 (\$612 - 2015).

**CANADAHHELPS CANADON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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*7. 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.

*8. DONATED SERVICES*

During the year, CanadaHelps received professional and consulting services which if not donated, would have been purchased, amounting to \$66,974 (\$63,922 - 2015). These services are recorded as revenues and expenses in the Statement of Operations.

*9. UNDISBURSABLE FUNDS*

Undisbursable funds recorded as revenue in the Statement of Operations was \$95,772 (\$302,800 - 2015). In accordance with the policy (see note 1), undisbursable funds will be recognized as operating revenue at the beginning of each fiscal year, as a result, an amount of \$106,902 of undisbursable funds will be recognized as revenue on July 1, 2016.

*10. LEASE COMMITMENT*

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

Fiscal year ending June 30,	2017	\$	98,000
	2018		105,000
	2019		108,000
	2020		108,000
	2021		27,000
			<hr/>
			\$ 446,000

In addition to the base rent, CanadaHelps was obligated to pay its proportionate share of operating costs and taxes, which were \$24,000 in 2016 (\$81,000 - 2015). The operating costs under the new lease which commenced on October 1, 2015 are included in the above rental payments.

**CANADAHELPS CANADON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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*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.

*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 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, long term debt 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 market risks.

*12. 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.