

CANADAHELPS CANADON
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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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, 2017 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, 2017 and the results of its operations 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.

Toronto, Ontario
November 9, 2017



Chartered Professional Accountants
Licensed Public Accountants

CANADAHELPS CANADON
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	2017	2016
ASSETS		
Current assets		
Cash	\$ 243,711	\$ 352,587
Short term deposits (<i>note 2</i>)	1,373,672	857,334
Harmonized sales tax recoverable	63,307	51,367
Prepaid expenses	66,311	51,791
	1,747,001	1,313,079
Capital assets (<i>note 3</i>)	365,619	397,005
Trust assets - cash (<i>note 4</i>)	3,453,377	3,735,570
	5,565,997	5,445,654
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	178,073	104,125
Deferred revenue (<i>note 5</i>)	93,672	74,784
Current portion of long-term debt (<i>note 6</i>)	3,500	3,500
	275,245	182,409
Long term debt (<i>note 6</i>)	24,500	28,000
Trust liabilities (<i>notes 4 and 9</i>)	3,453,377	3,735,570
	3,753,122	3,945,979
NET ASSETS		
Unrestricted net assets	547,256	352,670
Operating reserve	900,000	750,000
Invested in capital assets	365,619	397,005
	1,812,875	1,499,675
	\$ 5,565,997	\$ 5,445,654

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

_____, Director _____, Director

CANADAHELPS CANADON

STATEMENT OF OPERATIONS

YEAR ENDED JUNE 30, 2017

	2017	2016
Donations collected on behalf of other charities <i>(note 7)</i>	\$ 138,209,486	\$ 114,787,568
Revenues		
Transaction fees	5,022,541	4,095,658
Other donations	436,666	414,738
Ontario Trillium Foundation grant <i>(note 5)</i>	136,312	142,016
Corporate donations and sponsorships <i>(note 8)</i>	119,362	105,982
Undisbursable funds <i>(note 9)</i>	106,902	95,772
Grants from foundations	-	60,000
Other income	74,981	40,905
Interest	40,962	24,185
Charity education	7,110	8,190
	5,944,836	4,987,446
Expenses		
Staffing costs	2,363,339	1,882,287
Bank charges and credit card fees	2,105,173	1,713,006
Consulting and other professional fees <i>(note 8)</i>	293,835	243,035
Amortization of capital assets	222,050	190,500
Marketing and charity education	262,965	188,628
Rent and occupancy costs	109,492	128,186
Office supplies and expense	136,663	104,353
Other expenses	91,025	78,831
Legal, audit and insurance	47,094	50,643
	5,631,636	4,579,469
Excess of revenues over expenses for the year	\$ 313,200	\$ 407,977

The accompanying notes are an integral part of these financial statements

CANADAHELPS CANADON
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017

	2017				2016
	Unrestricted Net Assets	Operating Reserve	Invested in Capital Assets	Total	Total
Balance - at beginning of year	\$ 352,670	\$ 750,000	\$ 397,005	\$ 1,499,675	\$ 1,091,698
Excess of revenues over expenses for the year	313,200	-	-	313,200	407,977
Inter-fund transfers representing:					
Purchase of property and equipment	(117,005)	-	117,005	-	-
Purchase and development of intangible assets	(73,659)	-	73,659	-	-
Amortization of capital assets	222,050	-	(222,050)	-	-
Transfer to operating reserve (<i>note 1</i>)	(150,000)	150,000	-	-	-
Balance - at end of year	\$ 547,256	\$ 900,000	\$ 365,619	\$ 1,812,875	\$ 1,499,675

The accompanying notes are an integral part of these financial statements

CANADAHELPS CANADON

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

	2017	2016
Cash flows from operating activities		
Donations received on behalf of other charities	\$ 138,209,486	\$ 114,787,568
Donations, sponsorships and transaction fees of CanadaHelps	5,865,395	4,908,771
Cash paid to employees and suppliers	(5,304,736)	(4,269,661)
Disbursements to other charities and transaction fees to CanadaHelps	(138,491,675)	(113,752,937)
Interest received	36,555	20,578
	315,025	1,694,319
Cash flows from financing activity		
Repayment of loan	(3,500)	(3,500)
Cash flows from investing activities		
Purchase of guaranteed investment certificates	(511,931)	(666,495)
Purchase of property and equipment	(117,005)	(29,687)
Purchase and development of intangible assets	(73,659)	(184,292)
	(702,595)	(880,474)
Change in cash during the year	(391,070)	810,345
Cash - at beginning of year	4,088,157	3,277,812
Cash - at end of year	3,697,087	4,088,157
Cash is represented by:		
Current assets - cash	243,711	352,587
Trust assets - cash	3,453,377	3,735,570
	\$ 3,697,088	\$ 4,088,157

The accompanying notes are an integral part of these financial statements

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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 2017 fiscal year, the Board of Directors approved a transfer of \$150,000 (2016 - \$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 (except for cash and trust assets - cash which are measured at fair value) and financial liabilities 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.

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, 2017

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 2017.

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.

CanadaHelps follows the deferral method of accounting for contributions. Contributions include 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.

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, 2017

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>2017</i>	<i>2016</i>
\$ 100,000	Bank of Montreal GIC - 1.35%, due August 1, 2017	\$ 103,742	\$ 102,350
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	-
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
		\$ 1,373,672	\$ 857,334

3. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>Net Book Value</i>	
			<i>2017</i>	<i>2016</i>
<i>Property and Equipment</i>				
Furniture and fixtures	\$ 31,521	\$ 13,378	\$ 18,143	\$ 14,226
Office equipment	33,940	22,960	10,980	13,756
Computer hardware	147,471	92,801	54,670	7,920
Leasehold improvements	41,397	767	40,630	1,633
	254,329	129,906	124,423	37,535
<i>Intangible Assets</i>				
Software	155,043	147,340	7,703	7,716
Website development costs	642,158	408,665	233,493	351,754
	797,201	556,005	241,196	359,470
<i>Total Capital Assets</i>	\$ 1,051,530	\$ 685,911	\$ 365,619	\$ 397,005

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

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

4. TRUST ASSETS AND LIABILITIES

The trust assets and liabilities balances represent donations collected and not yet remitted to the designated charities. 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 \$182,296, (2016 - \$66,793). 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 and CanadaHelps transaction fees are based on the proceeds at the time of sale.

5. DEFERRED REVENUE

Details of the activity in deferred revenue is as follows:

	2017	2016
Balance - beginning of year	\$ 74,784	\$ 62,300
Ontario Trillium Foundation		
Funds received	144,400	154,500
Recognized as revenue	(136,312)	(142,016)
Aviva Canada Inc.	10,800	-
Balance - end of year	\$ 93,672	\$ 74,784

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, 2017 \$82,871 (2016 - \$74,784) remains unused and is included in deferred revenue. Any amounts not used for designated purposes at the end of the contract will be returned to OTF.

On July 14, 2016, CanadaHelps entered into a sponsorship agreement with Aviva Canada Inc. ("Aviva"). Terms of the agreement include participation in the 2016 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, 2017 \$10,800 contributions are expected to be credited to the charities account no later than 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 THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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 installments over the term of the loan, which is ten years from the first advance.

Details of the loan payable are as follows:

	<u>2017</u>	<u>2016</u>
Balance - beginning of year	\$ 31,500	\$ 35,000
Repayments during the year	(3,500)	(3,500)
	<u>28,000</u>	31,500
Less: current portion	(3,500)	(3,500)
Long-term portion	<u>\$ 24,500</u>	<u>\$ 28,000</u>

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

Fiscal year ending June 30,	2018	\$ 3,500
	2019	3,500
	2020	3,500
	2021	3,500
	2022	3,500
	Thereafter	7,000
		<u>\$ 24,500</u>

Interest expense for the year amounted to \$490 (\$551 - 2016).

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 \$57,366 (\$66,974 - 2016). These services are included in corporate donations and sponsorships in the Statement of Operations.

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

9. UNDISBURSABLE FUNDS

Undisbursable funds recorded as revenue in the Statement of Operations was \$106,902 (\$95,772 - 2016). In accordance with the accounting 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 \$91,205 of undisbursable funds will be recognized as revenue on July 1, 2017.

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,	2018	\$	105,000
	2019		108,000
	2020		108,000
	2021		27,000
			<hr/>
			\$ 348,000

In addition to the base rent, CanadaHelps was obligated to pay its proportionate share of operating costs and taxes, which were \$32,000 in 2016 (\$24,000 - 2016). The operating costs under the new lease which commenced on October 1, 2015 are included in the above rental payments.

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

CANADAHELPS CANADON

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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.