

Charity Intelligence Canada
Financial Statements
For the Year Ended June 30, 2023

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Independent Auditor's Report

To the Members of Charity Intelligence Canada

Opinion

We have audited the financial statements of Charity Intelligence Canada (the Charity), which comprise the statement of financial position as at June 30, 2023, the statement 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 Charity as at June 30, 2023, and its financial performance and 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 Charity 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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 Charity'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 Charity'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 Charity 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.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
December 22, 2023

Charity Intelligence Canada Statement of Financial Position

June 30	2023	2022
Assets		
Current		
Cash and cash equivalents	\$ 535,347	\$ 502,761
Short-term investments (Note 2)	50,112	39,029
Accounts receivable	16,656	16,698
HST recoverable	5,600	2,446
Prepaid expenses	10,123	-
	617,838	560,934
Long-term investments (Note 2)	-	50,112
	\$ 617,838	\$ 611,046
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 8,694	\$ 12,069
Payroll source deductions payable	28,608	11,624
Donor designated payable (Note 4)	-	35,987
	37,302	59,680
Net Assets		
Unrestricted	580,536	551,366
	\$ 617,838	\$ 611,046

On behalf of the Board:

_____ Director

_____ Director

Charity Intelligence Canada
Statement of Changes in Net Assets

For the year ended June 30	2023	2022
Balance, beginning of the year	\$ 551,366	\$ 558,233
Excess of revenues over expenses	<u>29,170</u>	<u>(6,867)</u>
Balance, end of the year	<u>\$ 580,536</u>	<u>\$ 551,366</u>

The accompanying notes are an integral part of these financial statements.

Charity Intelligence Canada Statement of Operations

For the year ended June 30	2023	2022
Revenue (Note 7)		
Donations from foundations	\$ 621,173	\$ 454,022
Donations from individuals (Note 6)	41,688	32,483
Fees for service and others	-	16,358
Government assistance - subsidies (Note 5)	4,283	20,344
Interest income	13,080	-
	680,224	523,207
Donor designated donations (Note 4 and 6)	32,400	64,623
	712,624	587,830
Gifts to charities		
Donor designated donations (Note 4)	32,400	64,623
	680,224	523,207
Net revenues	680,224	523,207
Expenses (Note 5 and 7)		
Research		
Charity ratings	192,076	138,176
Impact analysis	354,203	283,599
IT consulting and website development	10,490	5,142
Legal	1,910	1,803
Marketing and social media communications	29,340	29,824
Occupancy costs	10,405	-
Other research costs	1,825	9,702
Results reporting	-	12,277
	600,249	480,523
Fundraising		
Fundraising costs	1,200	17,778
Administrative		
Audit fees	8,204	8,012
Consulting	13,444	-
Financial controller	8,906	7,927
Insurance	-	1,898
Occupancy costs	-	309
Office and general	4,051	6,127
Wages and benefits	15,000	7,500
	49,605	31,773
Total expenses	651,054	530,074
Excess (deficiency) of revenues over expenses	\$ 29,170	\$ (6,867)

The accompanying notes are an integral part of these financial statements.

Charity Intelligence Canada Statement of Cash Flows

For the year ended June 30	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 29,170	\$ (6,867)
Changes in non-cash working capital:		
Accounts receivable	42	(698)
HST recoverable	(3,154)	(249)
Prepaid expenses	(10,123)	-
Accounts payable and accrued liabilities	(3,375)	(7,821)
Payroll source deductions payable	16,984	3,546
Donor designated payable	(35,987)	27,023
	(6,443)	14,934
Cash flows from investing activities		
Redemption (purchase) of investments	39,029	(89,141)
Cash flows from financing activities		
Repayment of government loan - CEBA	-	(40,000)
	-	(40,000)
Net increase (decrease) in cash	32,586	(114,207)
Cash, beginning of the year	502,761	616,968
Cash, end of the year	\$ 535,347	\$ 502,761

The accompanying notes are an integral part of these financial statements.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2023

1. Significant Accounting Policies

Nature and Purpose of Organization Charity Intelligence Canada researches and analyses Canadian charities and posts this research on the website www.charityintelligence.ca to help Canadians make informed and intelligent giving decisions.

Charity Intelligence Canada (the Charity) was federally incorporated under the Corporations Act in July 2007. The Charity is registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue tax donation receipts for income tax purposes, under Registration Number 80340 7956 RR001.

In order to maintain its status as a charitable organization under the Act, the Charity must meet certain requirements within the Act. These requirements include annual return filings.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition The Charity follows the deferral method of accounting for donations and donor designated donations. Donations are recognized as revenue when the amount is received unless deferred for specific future use.

The Charity is requested by certain individuals and organizations to receive and disburse funds on behalf of the donor to other registered charities. Funds that have not been disbursed at year end are recorded as designated donations payable.

The Charity regularly receives donations of publicly listed securities from donors to fund other charities. The securities are tax receipted and recognized as revenue in the amount of the listed market value at the date the donation was received in the Charity's broker account.

Charity Intelligence Canada

Notes to Financial Statements

June 30, 2023

1. Significant Accounting Policies (continued)

Financial Instruments	<p>Financial instruments are recorded at fair value when acquired or issued.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>
Tangible Capital Assets	<p>It is the practice of the Charity to expense the cost of additions to and replacements of capital assets as they are incurred through the Statement of Operations and Net Assets.</p>
Donated Services	<p>The Charity relies upon the contributed services of volunteers. Since these services are not normally purchased by the Charity and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.</p>

Charity Intelligence Canada Notes to Financial Statements

June 30, 2023

2. Investments

	<u>2023</u>	<u>2022</u>
Guaranteed Investment Certificate, interest at 1.50%, due June 2023	\$ -	\$ 39,029
Guaranteed Investment Certificate, interest at 4.09%, due June 2024	50,112	50,112
	<u>50,112</u>	<u>89,141</u>
Less: Current portion of investments	(50,112)	(39,029)
	<u>\$ -</u>	<u>\$ 50,112</u>

3. Financial Instruments

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. The Charity's financial instrument that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The Charity is also exposed to credit risk as its cash and investments are held at major financial institutions and deposits are only insured up to \$100,000.

There have been no changes to this risk from the prior year.

Liquidity risk

Liquidity risk is the risk that Charity will encounter difficulty in meeting its obligations associated with financial liabilities. The Charity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and payroll source deductions payable.

The Charity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

There have been no changes to this risk from the prior year.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2023

4. Donor Designated Donations

During the year, the Charity received donations designated to be disbursed to other registered charities. In 2023, \$32,400 was received and disbursed to 25 other registered charities (\$64,623 was received and \$64,623 was disbursed in 2022).

Designated donations distributed to other registered charities in 2023 were as follows:

Dorothy Ley Hospice	\$ 6,300
Doctors Without Borders	4,500
Stepstones for Youth	2,000
St. George's Church on the Hill	2,000
Sleeping Children Around the World	2,000
Street Health	2,000
Toronto Animal Services	1,250
Mississauga Animal Services	1,250
Interim Places	1,100
Mississauga Humane Society	1,000
Bruce Trail Conservancy	1,000
Eva's Initiatives	1,000
JUMP Math	1,000
Women's Habitat of Etobicoke	1,000
Story Book Farm Primate Sanctuary	1,000
Others	4,000
	<hr/>
	\$ 32,400

Charity Intelligence Canada Notes to Financial Statements

June 30, 2023

5. Schedule of Expenses

	2023	2022
Salaries and benefits	\$ 562,479	\$ 442,753
Rent and communications	10,405	309
Advertising and promotion	4,878	10,127
Training and education	-	2,500
Insurance	-	1,898
Interest and bank charges	501	809
Office supplies	4,685	6,127
Professional fees - Audit	8,204	8,012
- Legal	1,910	1,803
- Fundraising	-	16,576
- Finance and bookkeeping	8,906	7,927
- IT developers	10,490	5,142
- Consulting	13,443	-
- Social ventures	-	4,418
- Communications	25,153	21,673
	\$ 651,054	\$ 530,074

6. Related Party Transactions

As part of the Charity's normal business activities, it both receives and disburses funds to some of its Directors.

Donations in the following amounts were received from Directors of the Charity.

	2023	2022
Donations	\$ 10,000	\$ 10,000

The following amounts were paid to Directors of the Charity as wages.

	2023	2022
Wages and benefits	\$ 192,500	\$ 150,000

Charity Intelligence Canada Notes to Financial Statements

June 30, 2023

7. Allocation of Revenues and Expenses

Charity Intelligence's programs are allocated between two main programs: Impact Analysis and Charity Ratings. Impact analysis is specialized research that calculates a charity's social return on investment. Charity ratings is more general research that reports on a charity's financial transparency, results reporting and financial metrics.

The portion of the unrestricted net assets relating to impact analysis program is \$325,092 (2022 - \$237,382) and charity ratings is \$255,444 (2022 - \$313,984).

	Impact Analysis	Charity Ratings	2023
Revenue			
Donations	\$ 476,903	\$ 185,958	\$ 662,861
Government assistance - wage subsidy	-	4,283	4,283
Interest income	6,540	6,540	13,080
Total revenues	483,443	196,781	680,224
Expenses			
Research			
Impact analysis salaries (i)	354,203	-	354,203
Charity ratings salaries (i)	-	192,076	192,076
Occupancy costs	-	10,405	10,405
Marketing and social media communications	14,670	14,670	29,340
Other research costs	765	1,060	1,825
IT consulting and website developments	5,245	5,245	10,490
Legal	-	1,910	1,910
	374,883	225,366	600,249
Fundraising			
Fundraising costs (i)	600	600	1,200
Administrative			
Management allocation (i)	7,500	7,500	15,000
Financial controller	4,453	4,453	8,906
Audit fees	4,102	4,102	8,204
Consulting	3,444	10,000	13,444
Office and general	751	3,300	4,051
	20,250	29,355	49,605
Total expenses	395,733	255,321	651,054
Excess (deficiency) of revenue over expenses	\$ 87,710	\$ (58,540)	\$ 29,170

(i) Total compensation paid in fiscal year 2023 is \$562,479 (2022 - \$442,753), which represents 86% (2022 - 84%) of the Charity's total spending. This includes \$85,291 (2022 - \$91,596) for summer interns and part-time employees. In fiscal year 2023, Charity Intelligence had seven (2022 - six) full time employees and twelve (2022 - eleven) summer interns.