

Charity Intelligence Canada
Financial Statements
For the Year Ended June 30, 2024

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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, 2024, 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, 2024, 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 28, 2024

Charity Intelligence Canada Statement of Financial Position

June 30	2024	2023
Assets		
Current		
Cash and cash equivalents	\$ 688,072	\$ 535,347
Short-term investments (Note 2)	-	50,112
Accounts receivable	15,407	16,656
HST recoverable	3,335	5,600
Prepaid expenses	-	10,123
	<u>\$ 706,814</u>	<u>\$ 617,838</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 14,590	\$ 8,694
Payroll source deductions payable	18,690	28,608
	<u>33,280</u>	<u>37,302</u>
Net Assets		
Unrestricted	<u>673,534</u>	<u>580,536</u>
	<u>\$ 706,814</u>	<u>\$ 617,838</u>

On behalf of the Board:

_____ Director

_____ Director

Charity Intelligence Canada
Statement of Changes in Net Assets

For the year ended June 30	2024	2023
Balance, beginning of the year	\$ 580,536	\$ 551,366
Excess of revenues over expenses	<u>92,998</u>	<u>29,170</u>
Balance, end of the year	<u>\$ 673,534</u>	<u>\$ 580,536</u>

Charity Intelligence Canada Statement of Operations

For the year ended June 30	2024	2023
Revenue (Note 7)		
Donations from foundations	\$ 757,728	\$ 621,173
Donations from individuals (Note 6)	47,329	41,688
Government assistance - subsidies (Note 5)	4,015	4,283
Interest income	17,306	13,080
	<u>826,378</u>	<u>680,224</u>
Donor designated donations (Note 4 and 6)	207,400	32,400
	<u>1,033,778</u>	<u>712,624</u>
Gifts to charities		
Donor designated donations (Note 4)	207,400	32,400
	<u>207,400</u>	<u>32,400</u>
Net revenues	<u>826,378</u>	<u>680,224</u>
Expenses (Note 5 and 7)		
Research		
Charity ratings	293,110	192,076
Impact analysis	329,217	354,203
IT consulting and website development	10,095	10,490
Legal	2,483	1,910
Marketing and social media communications	8,818	29,340
Occupancy costs	9,645	10,405
Other research costs	4,013	1,825
	<u>657,381</u>	<u>600,249</u>
Fundraising		
Fundraising costs	8,033	1,200
	<u>8,033</u>	<u>1,200</u>
Administrative		
Audit fees	13,344	8,204
Consulting	13,166	13,444
Financial controller	9,851	8,906
Insurance	1,535	-
Office and general	4,820	4,051
Wages and benefits	25,250	15,000
	<u>67,966</u>	<u>49,605</u>
Total expenses	<u>733,380</u>	<u>651,054</u>
Excess of revenues over expenses	<u>\$ 92,998</u>	<u>\$ 29,170</u>

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

Charity Intelligence Canada Statement of Cash Flows

For the year ended June 30	2024	2023
Cash flows from operating activities		
Excess of revenues over expenses	\$ 92,998	\$ 29,170
Changes in non-cash working capital:		
Accounts receivable	1,249	42
HST recoverable	2,265	(3,154)
Prepaid expenses	10,123	(10,123)
Accounts payable and accrued liabilities	5,896	(3,375)
Payroll source deductions payable	(9,918)	16,984
Donor designated payable	-	(35,987)
	102,613	(6,443)
Cash flows from investing activities		
Redemption of investments	50,112	39,029
Net increase in cash	152,725	32,586
Cash, beginning of the year	535,347	502,761
Cash, end of the year	\$ 688,072	\$ 535,347

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

Charity Intelligence Canada Notes to Financial Statements

June 30, 2024

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.
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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.
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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.
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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, 2024

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>

2. Investments

	2024	2023
Guaranteed Investment Certificate, interest at 1.50%, due June 2023	\$ -	\$ 50,112

Charity Intelligence Canada Notes to Financial Statements

June 30, 2024

3. Financial Instruments

Credit risk

Credit risk is the risk that one part 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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Charity Intelligence Canada is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Charity Intelligence Canada to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The Charity Intelligence Canada's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

The Charity Intelligence Canada mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the risk from the prior year.

Charity Intelligence Canada Notes to Financial Statements

June 30, 2024

4. Donor Designated Donations

During the year, the Charity received donations designated to be disbursed to other registered charities. In 2024, \$207,400 was received and disbursed to 24 other registered charities (\$32,400 was received and \$32,400 was disbursed in 2023).

Designated donations distributed to other registered charities in 2024 were as follows:

Doctors Without Borders	\$ 175,000
All Saints Anglican	5,000
Dorothy Ley Hospice	5,000
Sleeping Children Around the World	2,000
Stepstones for Youth	2,000
St. George's Church on the Hill	2,000
Street Health	2,000
Embrace	1,400
Mississauga Animal Services	1,400
Toronto Animal Services	1,400
Story Book Farm Primate Sanctuary	1,300
Mississauga Humane Society	1,200
Bruce Trail Conservancy	1,000
Eva's Initiatives	1,000
JUMP Math	1,000
Ontario Nature	1,000
Salvation Army	1,000
Wildlife Preservation	1,000
Others	1,700
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	\$ 207,400

Charity Intelligence Canada Notes to Financial Statements

June 30, 2024

5. Schedule of Expenses

	2024	2023
Salaries and benefits	\$ 655,610	\$ 562,479
Rent and communications	9,645	10,405
Advertising and promotion	9,138	4,878
Insurance	1,535	-
Interest and bank charges	1,405	501
Office supplies	7,107	4,685
Professional fees - Audit	13,344	8,204
- Legal	2,483	1,910
- Finance and bookkeeping	9,851	8,906
- IT developers	10,096	10,490
- Consulting	13,166	13,443
- Communications	-	25,153
	<u>\$ 733,380</u>	<u>\$ 651,054</u>

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.

	2024	2023
Donations	\$ 15,215	\$ 10,000

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

	2024	2023
Wages and benefits	\$ 222,250	\$ 192,500

Charity Intelligence Canada Notes to Financial Statements

June 30, 2024

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 \$425,226 (2023 - \$325,092) and charity ratings is \$248,310 (2023 - \$255,444).

	Impact Analysis	Charity Ratings	2024
Revenue			
Donations	\$ 453,877	\$ 351,180	\$ 805,057
Government assistance - wage subsidy	-	4,015	4,015
Interest income	8,653	8,653	17,306
Total revenues	462,530	363,848	826,378
Expenses			
Research			
Impact analysis salaries (i)	329,217	-	329,217
Charity ratings salaries (i)	-	293,110	293,110
Occupancy costs	-	9,645	9,645
Marketing and social media communications	4,409	4,409	8,818
Other research costs	155	3,858	4,013
IT consulting and website developments	5,047	5,048	10,095
Legal	-	2,483	2,483
	338,828	318,553	657,381
Fundraising			
Fundraising costs (i)	1,200	6,833	8,033
Administrative			
Management allocation (i)	7,500	17,750	25,250
Insurance	768	767	1,535
Financial controller	4,925	4,926	9,851
Audit fees	6,672	6,672	13,344
Consulting	93	13,073	13,166
Office and general	2,410	2,410	4,820
	22,368	45,598	67,966
Total expenses	362,396	370,984	733,380
Excess (deficiency) of revenue over expenses	\$ 100,134	\$ (7,136)	\$ 92,998

(i) Total compensation paid in fiscal year 2024 is \$655,610 (2022 - \$562,479), which represents 89% (2023 - 86%) of the Charity's total spending. This includes \$97,500 (2023 - \$85,291) for summer interns and part-time employees. In fiscal year 2024, Charity Intelligence had seven (2023 - seven) full time employees and fourteen (2023 - twelve) summer interns.