

CENTRE ON PHILANTHROPY

Financial Statements

(With Independent Auditors' Report Thereon)

June 30, 2006





KPMG

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the balance sheet of Centre on Philanthropy as at June 30, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at June 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

The comparative figures for June 30, 2005 were reported on by another firm of chartered accountants.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive script.

Chartered Accountants
Hamilton, Bermuda
September 8, 2006

CENTRE ON PHILANTHROPY

Balance Sheet

June 30, 2006

(Expressed in Bermuda Dollars)

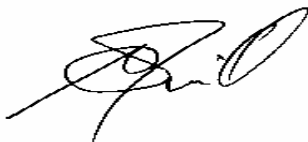
	<u>2006</u>	<u>2005</u>
Assets		
Current assets		
Cash and cash equivalents (Note 9)	\$ 181,276	\$ 7,682
Contributions receivable (Note 3)	<u>180,000</u>	<u>158,525</u>
	361,276	166,207
Investments, at cost (Notes 4 and 7)	89,647	89,647
Capital assets (Note 5)	<u>3,347</u>	<u>362</u>
 Total assets	 \$ 454,270	 \$ 256,216
	<u><u> </u></u>	<u><u> </u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 16,833	\$ 9,158
Deferred contributions (Note 6)	<u>266,125</u>	<u>77,668</u>
 Total liabilities	 282,958	 86,826
	<u> </u>	<u> </u>
Net assets		
Restricted net assets	156,875	148,418
Net assets invested in capital assets	3,347	362
Unrestricted net assets	<u>11,090</u>	<u>20,610</u>
	171,312	169,390
	<u> </u>	<u> </u>
 Total liabilities and net assets	 \$ 454,270	 \$ 256,216
	<u><u> </u></u>	<u><u> </u></u>

See accompanying notes to financial statements

Signed on behalf of the Board



Director



Director

CENTRE ON PHILANTHROPY

Statement of Operations

Year Ended June 30, 2006

(Expressed in Bermuda Dollars)

	<u>2006</u>	<u>2005</u> (Note 11)
Revenues		
Contributions		
Unrestricted donations (Note 10)	\$ 268,985	\$ 208,676
Deferred contributions realized (Note 6)	56,968	228,292
Contributed goods and services	<u>12,000</u>	<u>13,650</u>
	<u>337,953</u>	<u>450,618</u>
Programs		
Workshops and seminars	2,451	1,055
Website	<u>1,500</u>	<u>5,808</u>
	<u>3,951</u>	<u>6,863</u>
Other revenues		
Membership dues	7,925	5,475
Investment income	1,120	3,629
Other	<u>115</u>	<u>7,737</u>
	<u>9,160</u>	<u>16,841</u>
Total revenues	<u>351,064</u>	<u>474,322</u>
Expenses		
Programs		
Website development and maintenance	1,500	3,850
Workshops and seminars	1,053	4,068
Strategic development and public awareness	1,035	299,190
Portrait of charities	<u>—</u>	<u>43,540</u>
	3,588	350,648
Wages and benefits	182,082	62,527
Professional fees	98,555	33,804
Occupancy	39,676	2,188
General and administrative	23,982	7,281
Amortization	<u>1,259</u>	<u>1,120</u>
Total expenses	<u>349,142</u>	<u>457,568</u>
Excess of revenues over expenses	1,922	16,754
Net assets – beginning of year	<u>169,390</u>	<u>152,636</u>
Net assets – end of year	<u>\$ 171,312</u>	<u>\$ 169,390</u>

See accompanying notes to financial statements

CENTRE ON PHILANTHROPY

Statement of Changes in Net Assets

Year Ended June 30, 2006

(Expressed in Bermuda Dollars)

	Restricted net assets					Invested in capital assets	Unrestricted net assets	Total
	(Note 7) Endowment	Public awareness	Staffing	Website development	Total			
2005								
Balance at beginning of year	\$ 100,000	\$ 71,625	\$ –	\$ 2,271	\$ 173,896	\$ 1,482	\$ (22,742)	\$ 152,636
Public awareness donations	–	29,136	–	–	29,136	–	–	29,136
Excess (deficiency) of revenues over expenses	–	(54,614)	–	–	(54,614)	(1,120)	43,352	(12,382)
	–	(25,478)	–	–	(25,478)	(1,120)	43,352	16,754
Balance at end of year	\$ 100,000	\$ 46,147	\$ –	\$ 2,271	\$ 148,418	\$ 362	\$ 20,610	\$ 169,390
2006								
Balance at beginning of year	\$ 100,000	\$ 46,147	\$ –	\$ 2,271	\$ 148,418	\$ 362	\$ 20,610	\$ 169,390
Purchase of capital assets	–	–	–	–	–	4,244	(4,244)	–
Restricted donations	–	–	30,000	4,500	34,500	–	–	34,500
Excess (deficiency) of revenues over expenses	–	(17,436)	(7,107)	(1,500)	(26,043)	(1,259)	(5,276)	(32,578)
	–	(17,436)	22,893	3,000	8,457	2,985	(9,520)	1,922
Balance at end of year	\$ 100,000	\$ 28,711	\$ 22,893	\$ 5,271	\$ 156,875	\$ 3,347	\$ 11,090	\$ 171,312

See accompanying notes to financial statements

CENTRE ON PHILANTHROPY

Statement of Cash Flows

Year Ended June 30, 2006

(Expressed in Bermuda Dollars)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ 1,922	\$ 16,754
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities:		
Amortization	1,259	1,120
Change in non-cash operating working capital:		
Increase in contributions receivable	(21,475)	(93,525)
Increase (decrease) in accounts payable and accrued liabilities	7,675	(2,294)
Increase (decrease) in deferred contributions	<u>188,457</u>	<u>(75,478)</u>
Net cash provided by (used in) operating activities	<u>177,838</u>	<u>(153,423)</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(4,244)</u>	<u>–</u>
Net cash used in investing activity	<u>(4,244)</u>	<u>–</u>
Net increase (decrease) in cash and cash equivalents	173,594	(153,423)
Cash and cash equivalents – beginning of year	<u>7,682</u>	<u>161,105</u>
Cash and cash equivalents – end of year	<u>\$ 181,276</u>	<u>\$ 7,682</u>

See accompanying notes to financial statements

CENTRE ON PHILANTHROPY

Notes to Financial Statements

June 30, 2006

1. Purpose of the organization

Centre on Philanthropy (the "Centre") was established on May 28, 1992 as an unincorporated association, and registered on October 23, 1992 as a charitable organization in accordance with The Bermuda Charities Act of 1978. The Centre operates as a not-for-profit coalition of corporations, foundations, associations, organizations, voluntary groups and individuals whose mission is to strengthen the philanthropic spirit of thoughtful and responsible volunteering, charitable giving and non-profit initiatives shared throughout the community.

On February 25, 2000 the Centre's assets, liabilities and operations were combined into a new corporate entity, the Centre on Philanthropy, a company limited by guarantee.

2. Significant accounting policies

The accounting policies of the Centre are in accordance with generally accepted accounting principles as applied in Bermuda and Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from the estimates. The following are the significant account policies adopted by the Centre:

a) Revenue recognition

The Centre follows the deferral method of accounting for contributions under which restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from sales of publications are recognized at the time of sale. Seminar and workshop fees are recognized as revenue when the seminars are held. Membership fees are recognized as revenue in the year in which they are received. All other income is recognized on an accruals basis when earned.

b) Investments

Investments are carried at cost. Decline in market values, which are identified as permanent, are recognized in income during the period in which the impairments occur.

c) Capital assets

Purchased are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, which for office equipment is five years and for computer equipment is three years. Leasehold improvements are amortized over the term of the lease.

d) Contributed goods and services

Contributed goods and services are recorded at their fair value. Because of the difficulty of determining their fair value, contributed services of volunteers are not recognized in these financial statements.

CENTRE ON PHILANTHROPY

Notes to Financial Statements

June 30, 2006

3. Contributions receivable

Contributions receivable represent unrestricted commitments from corporations confirmed prior to the year end with proceeds received subsequent to the year end.

4. Investments

The Centre holds an investment in an HSBC Solutions Global Bond Portfolio. The market value of this investment at June 30, 2006 was \$97,780 (2005 - \$99,629).

5. Capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2006 net</u>	<u>2005 net</u>
Computer equipment	\$ 8,010	\$ 5,984	\$ 2,026	\$ -
Office equipment	1,953	632	1,321	362
Leasehold improvements	<u>3,758</u>	<u>3,758</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,721</u>	<u>\$ 10,374</u>	<u>\$ 3,347</u>	<u>\$ 362</u>

6. Deferred contributions

Deferred contributions represent externally restricted unspent resources to fund the following:

- Bermudians pursuing studies in the field of philanthropy.
- Strategic development and public awareness initiatives.
- Ongoing development and maintenance of the Centre's website.

Changes in the deferred contributions balance are as follows:

	<u>2006</u>	<u>2005</u>
Balance at beginning of year	\$ 77,668	\$ 153,146
Amount received relating to the current year	245,425	152,814
Amount recognized as revenue in the year	<u>(56,968)</u>	<u>(228,292)</u>
Balance at end of year	<u>\$ 266,125</u>	<u>\$ 77,668</u>

CENTRE ON PHILANTHROPY

Notes to Financial Statements

June 30, 2006

7. **Restricted assets**

Restricted assets include a gift of \$100,000 received in 1997 to be used for the purpose of establishing an endowment fund, with any investment income earned to be applied for general operating purposes.

8. **Financial instruments**

The estimated fair values of the Centre's cash and cash equivalents, contributions receivable, accounts payable and accrued liabilities, and deferred contributions approximate their carrying values due to their short term nature. The fair value of the Centre's investment approximates to market value (Note 4).

9. **Concentration of credit risk**

The Centre's cash and cash equivalents are held by a single financial institution in Bermuda.

10. **Related party transactions**

The Centre received donations from the members of the Board of Directors amounting to \$71,340 in 2006 (2005 - \$111,676).

The related party transactions are in the normal course of business operations.

11. **Comparative figures**

Certain comparative figures have been reclassified to conform with current year financial statement presentation.
