

The Centre on Philanthropy

Financial Statements

June 30, 2005

(expressed in Bermuda dollars)

November 1, 2005

Auditors' Report

To the Directors of The Centre on Philanthropy

We have audited the statement of financial position of **The Centre on Philanthropy** (the "Centre") as at June 30, 2005 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, 2005 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.



Chartered Accountants

The Centre on Philanthropy

Statement of Financial Position

As at June 30, 2005

(expressed in Bermuda dollars)

	2005 \$	2004 \$
Assets		
Cash and short-term deposits	7,682	161,105
Investment, at cost (note 3)	89,647	89,647
Contributions receivable (note 4)	158,525	65,000
Capital assets, net (note 5)	362	1,482
	<u>256,216</u>	<u>317,234</u>
Liabilities		
Accounts payable and accrued liabilities	9,158	11,452
Deferred contributions (note 6)	77,668	153,146
	<u>86,826</u>	<u>164,598</u>
Net assets		
Restricted net assets	148,418	173,896
Net assets invested in capital assets	362	1,482
Unrestricted net assets (liabilities)	20,610	(22,742)
	<u>169,390</u>	<u>152,636</u>
	<u>256,216</u>	<u>317,234</u>

Approved by the Board of Directors

_____ Director

_____ Director

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

The Centre on Philanthropy

Statement of Operations

For the year ended June 30, 2005

(expressed in Bermuda dollars)

	2005 \$	2004 \$
Revenues		
Contributions		
Unrestricted donations	112,676	113,750
Deferred contributions realized (note 6)	228,292	55,626
Contributed goods and services	13,650	12,000
	<u>354,618</u>	<u>181,376</u>
Programs		
Website	5,808	-
Workshops and seminars	1,055	125
	<u>6,863</u>	<u>125</u>
Other revenues		
Membership dues	101,475	63,825
Investment income	3,629	2,544
Other	7,737	1,378
	<u>112,841</u>	<u>67,747</u>
Total revenues	<u>474,322</u>	<u>249,248</u>
Expenses		
Programs		
Website development and maintenance	3,850	-
Portrait of Charities	43,540	-
Strategic development and public awareness	299,190	57,188
Workshops and seminars	4,068	1,179
	<u>350,648</u>	<u>58,367</u>
Wages and benefits	62,527	83,430
Occupancy	2,188	42,512
General and administrative	7,281	22,613
Depreciation	1,120	2,999
Professional fees	33,804	28,210
	<u>457,568</u>	<u>238,131</u>
Total expenses	<u>457,568</u>	<u>238,131</u>
Excess of revenues over expenses	16,754	11,117
Net assets - Beginning of year	<u>152,636</u>	<u>141,519</u>
Net assets - End of year	<u>169,390</u>	<u>152,636</u>

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

The Centre on Philanthropy

Statement of Changes in Net Assets

For the year ended June 30, 2005

(expressed in Bermuda dollars)

	Restricted net assets			Total	Invested in capital assets	Unrestricted net assets	Total
	(note 7) Endowment	Public Awareness	Website development				
2004	\$	\$	\$	\$	\$	\$	\$
Balance - Beginning of year	100,000	7,251	2,271	109,522	3,877	28,120	141,519
Purchase of capital assets	-	-	-	-	604	(604)	-
Public awareness donations	-	64,374	-	64,374	-	-	64,374
Deficiency of revenues over expenses	-	-	-	-	(2,999)	(50,258)	(53,257)
	-	64,374	-	64,374	(2,395)	(50,862)	11,117
Balance - End of year	100,000	71,625	2,271	173,896	1,482	(22,742)	152,636
2005							
Balance - 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 - End of year	100,000	46,147	2,271	148,418	362	20,610	169,390

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

The Centre on Philanthropy

Statement of Cash Flows

For the year ended June 30, 2005

(expressed in Bermuda dollars)

	2005 \$	2004 \$
Cash flows from operating activities		
Excess of revenues over expenses	16,754	11,117
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities:		
Depreciation	1,120	2,999
Changes in assets and liabilities		
Increase in contributions receivable	(93,525)	(28,501)
Decrease in prepayments	-	17,290
Decrease in accountable receivable	-	2,901
Increase (decrease) in accounts payable and accrued liabilities	(2,294)	5,796
Decrease in deposits from subtenants	-	(2,052)
Increase (decrease) in deferred contributions	(75,478)	114,374
Net cash provided by (used in) operating activities	(153,423)	123,924
Cash flow from investing activity		
Purchase of capital assets	-	(604)
Net cash used in investing activity	-	(604)
Net increase (decrease) in cash	(153,423)	123,320
Cash - Beginning of year	161,105	37,785
Cash - End of year	7,682	161,105

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

The Centre on Philanthropy

Notes to Financial Statements

June 30, 2005

(expressed in Bermuda dollars)

1. *Purpose of the organization*

The 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. Actual results could differ from the estimates. Outlined below are those policies considered particularly significant:

(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 and 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 fees are recognized as revenue when the seminars are held. Membership fees are recognized as revenue in the year they are received.

(b) **Investment valuation**

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

(c) **Capital assets**

Purchased capital assets are recorded at cost. 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.

The Centre on Philanthropy

Notes to Financial Statements

June 30, 2005

(expressed in Bermuda dollars)

(e) **Fair values of financial instruments**

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying values.

3. *Investment*

The Centre holds an investment in an HSBC Investment Solutions Global Bond Portfolio. The market value of this investment at June 30, 2005 was \$99,629 (2004 - \$97,503).

4. *Contributions receivable*

Contributions receivable represent unrestricted commitments from corporations received subsequent to the year end.

5. *Capital assets, net*

Capital assets comprise the following:

	Cost	Accumulated	2005	2004
	\$	amortization	Net	Net
		\$	\$	\$
Computer equipment	5,115	5,115	-	999
Office equipment	604	242	362	483
Leasehold improvements	3,758	3,758	-	-
	<u>9,477</u>	<u>9,115</u>	<u>362</u>	<u>1,482</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:

	2005	2004
	\$	\$
Beginning balance	153,146	38,772
Amount received relating to the current year	152,814	170,000
Amount recognized as revenue in the year	<u>(228,292)</u>	<u>(55,626)</u>
Ending balance	<u>77,668</u>	<u>153,146</u>

The Centre on Philanthropy

Notes to Financial Statements

June 30, 2005

(expressed in Bermuda dollars)

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 assets and liabilities*

The estimated fair values of the Centre's cash and short-term deposits, contributions receivable, accounts receivable, accounts payable and accrued liabilities and deferred contributions approximate their carrying values.