

THE CENTRE ON PHILANTHROPY

Financial Statements

(With Independent Auditors' Report Thereon)

June 30, 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the balance sheet of The Centre on Philanthropy (the "Centre") as at June 30, 2007 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, 2007 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
Hamilton, Bermuda
October 26, 2007

THE CENTRE ON PHILANTHROPY

Balance Sheet

June 30, 2007

(Expressed in Bermuda Dollars)

	<u>2007</u>	<u>2006</u>
Assets		
Current assets		
Cash and cash equivalents (Note 3)	\$ 315,666	\$ 181,276
Contributions receivable (Note 4)	120,000	180,000
Prepaid expenses	<u>874</u>	<u>—</u>
	436,540	361,276
Investments, at cost (Note 5)	89,647	89,647
Capital assets (Note 6)	<u>10,627</u>	<u>3,347</u>
 Total assets	 \$ 536,814	 \$ 454,270
	<u><u> </u></u>	<u><u> </u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 27,105	\$ 16,833
Deferred contributions (Note 7)	82,343	266,125
Membership fees received in advance	<u>74,300</u>	<u>—</u>
 Total liabilities	 <u>183,748</u>	 <u>282,958</u>
	<u> </u>	<u> </u>
Net assets		
Restricted net assets (Note 8)	133,092	156,875
Net assets invested in capital assets	10,627	3,347
Unrestricted net assets	<u>209,347</u>	<u>11,090</u>
	353,066	171,312
	<u> </u>	<u> </u>
 Total liabilities and net assets	 \$ 536,814	 \$ 454,270
	<u><u> </u></u>	<u><u> </u></u>

See accompanying notes to financial statements

Signed on behalf of the Board



Director



Director

THE CENTRE ON PHILANTHROPY

Statement of Operations

Year ended June 30, 2007

(Expressed in Bermuda Dollars)

	<u>2007</u>	<u>2006</u>
Revenues		
Contributions		
Unrestricted donations (Note 10)	\$ 447,599	\$ 268,985
Contributed goods and services	92,983	12,000
Deferred contributions realized (Note 7)	<u>183,782</u>	<u>56,968</u>
	<u>724,364</u>	<u>337,953</u>
Programs		
Workshops and seminars	42,825	2,451
Website	<u>–</u>	<u>1,500</u>
	<u>42,825</u>	<u>3,951</u>
Other revenues		
Sponsorship	222,995	–
Other	23,254	115
Investment income	10,059	1,120
Membership dues	<u>3,398</u>	<u>7,925</u>
	<u>259,706</u>	<u>9,160</u>
Total revenues	<u>1,026,895</u>	<u>351,064</u>
Expenses		
Programs		
Conference	127,608	–
Website development and maintenance	34,103	1,500
Volunteer public relations and database	22,890	–
Strategic development and public awareness	13,851	1,035
Workshops and seminars	9,273	1,053
Forums	<u>285</u>	<u>–</u>
	208,010	3,588
Wages and benefits	347,830	182,082
Professional fees	182,570	98,555
General and administrative	65,416	23,982
Occupancy	39,325	39,676
Amortization	<u>1,990</u>	<u>1,259</u>
Total expenses	<u>845,141</u>	<u>349,142</u>
Excess of revenues over expenses	181,754	1,922
Net assets – beginning of year	<u>171,312</u>	<u>169,390</u>
Net assets – end of year	\$ 353,066	\$ 171,312

See accompanying notes to financial statements

THE CENTRE ON PHILANTHROPY

Statement of Changes in Net Assets

Year ended June 30, 2007

(Expressed in Bermuda Dollars)

	<u>Restricted net assets</u>					Invested in capital assets	Unrestricted net assets	Current year total	Previous year total
	(Note 8) <u>Endowment</u>	Public <u>awareness</u>	<u>Staffing</u>	Website <u>development</u>	<u>Total</u>				
Balance at beginning of year	\$ 100,000	\$ 28,711	\$ 22,893	\$ 5,271	\$ 156,875	\$ 3,347	\$ 11,090	\$ 171,312	\$ 169,390
Purchase of capital assets	–	–	–	–	–	9,270	(9,270)	–	–
Restricted donations	–	–	–	–	–	–	–	–	34,500
Excess (deficiency) of revenues over expenses	–	–	(22,893)	(890)	(23,783)	(1,990)	207,527	181,754	(32,578)
Balance at end of year	<u>\$ 100,000</u>	<u>\$ 28,711</u>	<u>\$ –</u>	<u>\$ 4,381</u>	<u>\$ 133,092</u>	<u>\$ 10,627</u>	<u>\$ 209,347</u>	<u>\$ 353,066</u>	<u>\$ 172,312</u>

See accompanying notes to financial statements

THE CENTRE ON PHILANTHROPY

Statement of Cash Flows

Year ended June 30, 2007

(Expressed in Bermuda Dollars)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ 181,754	\$ 1,922
Adjustments for:		
Amortization	1,990	1,259
Change in non-cash operating working capital:		
Increase in prepaid expenses	(874)	–
Decrease (increase) in contributions receivable	60,000	(21,475)
Increase in accounts payable and accrued liabilities	10,272	7,675
(Decrease) increase in deferred contributions	(183,782)	188,457
Increase in membership fees received in advance	<u>74,300</u>	<u>–</u>
Net cash provided by operating activities	<u>143,660</u>	<u>177,838</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(9,270)</u>	<u>(4,244)</u>
Net cash used in investing activities	<u>(9,270)</u>	<u>(4,244)</u>
Net increase in cash and cash equivalents	134,390	173,594
Cash and cash equivalents – beginning of year	<u>181,276</u>	<u>7,682</u>
Cash and cash equivalents – end of year	<u>\$ 315,666</u>	<u>\$ 181,276</u>

See accompanying notes to financial statements

THE CENTRE ON PHILANTHROPY

Notes to Financial Statements

June 30, 2007

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 financial statements of the Centre have been prepared 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 period. Actual results could differ from those estimates. The following are the significant accounting 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 dues are recognized as revenue in the year in which they are received. All other income is recognized on an accrual basis when earned.

b) Investments

Investments are carried at cost. Declines in market value, which are identified as other than temporary, are recognized in income during the period in which the impairments occur.

c) Capital assets

Purchased capital assets 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 the estimated useful lives of the assets, which for office equipment is five years and for computer equipment is three years. Leasehold improvements are amortized over the term of the lease.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

THE CENTRE ON PHILANTHROPY

Notes to Financial Statements

June 30, 2007

2. Significant accounting policies (continued)

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.

3. Cash and cash equivalents

Included in cash and cash equivalents is a restricted amount of \$2,775 held by the Centre on behalf of the Bermuda Council on Ageing ("BDACA"). A corresponding amount due to BDACA is included in accounts payable.

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

4. Contributions receivable

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

5. Investments

The Centre holds an investment in an HSBC Solutions Global Bond Portfolio, established as an endowment fund (Note 7). The market value of this investment at June 30, 2007 was \$98,593 (2006 - \$97,780).

6. Capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2007 Net</u>	<u>2006 Net</u>
Computer equipment	\$ 17,280	\$ 7,583	\$ 9,697	\$ 2,026
Office equipment	1,953	1,023	930	1,321
Leasehold improvements	<u>3,758</u>	<u>3,758</u>	<u>—</u>	<u>—</u>
	<u>\$ 22,991</u>	<u>\$ 12,364</u>	<u>\$ 10,627</u>	<u>\$ 3,347</u>

The cost and accumulated amortization of capital assets at June 30, 2006 were \$13,721 and \$10,374 respectively.

THE CENTRE ON PHILANTHROPY

Notes to Financial Statements

June 30, 2007

7. **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>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 266,125	\$ 77,668
Amounts received relating to the current year	-	245,425
Amounts recognized as revenue in the year	<u>(183,782)</u>	<u>(56,968)</u>
Balance at end of year	<u>\$ 82,343</u>	<u>\$ 266,125</u>

8. **Restricted net assets**

Restricted net 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.

9. **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 investments approximates to market value (Note 5).

The estimates of fair values presented herein are subjective in nature and not necessarily indicative of the amounts that the Centre would actually realize in a current market exchange. However any differences would not be expected to be material. Certain items such as prepaid expenses and capital assets are excluded from fair value disclosure. Thus the carrying amounts of all items in the balance sheet cannot be aggregated to determine the underlying fair value of the Centre.

10. **Related party transactions**

The Centre received donations from the members of the Board of Directors amounting to \$119,288 in 2007 (2006 - \$71,340). These related party transactions are in the normal course of business operations.

11. **Pension**

The Centre operates a defined contribution pension scheme for employees in which it contributes 5% (2006 - 5%) of the employee's pensionable earnings. The pension expense for the current year amounted to \$6,313 (2006 - \$14,967).

12. **Subsequent event**

On July 1, 2007 the Donor Forum dissolved their unincorporated association and combined with the Centre. The Donor Forum will continue to exist as a member forum of the Centre. As part of the combination approximately \$56,000 will be contributed to the Centre as a restricted grant.
