

Financial statements of

**CHIMP: Charitable Impact  
Foundation (Canada)**

July 31, 2014

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# **CHIMP: Charitable Impact Foundation (Canada)**

July 31, 2014

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## **Independent Auditor's Report**

To the Board of  
CHIMP: Charitable Impact Foundation (Canada)

We have audited the accompanying financial statements of CHIMP: Charitable Impact Foundation (Canada), which comprise the statement of financial position as at July 31, 2014, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of CHIMP: Charitable Impact Foundation (Canada) as at July 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Other Matters**

The financial statements of CHIMP: Charitable Impact Foundation (Canada) for the year ended July 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on January 17, 2014.

Deloitte LLP

Chartered Accountants  
January 26, 2015  
Vancouver, British Columbia

# CHIMP: Charitable Impact Foundation (Canada)

Statement of operations  
year ended July 31, 2014

	2014	2013
	\$	\$
<b>Revenue</b>		
Donations of cash and securities	20,081,969	4,634,308
Interest and other investment income	27,698	4,070
Unrealized loss on revaluation of donated securities (Note 4)	(312,000)	(516,000)
Realized loss on sale of securities	(4,965)	(2,083)
	<b>19,792,702</b>	<b>4,120,295</b>
<b>Expenses</b>		
Disbursements to charities	6,221,900	2,900,790
Technology services (Note 7)	681,701	158,540
Payroll	226,426	77,172
Legal and compliance	61,002	53,681
Contractor fees	52,006	54,225
Bank, interest and credit card processing charges	50,187	19,262
Audit fees	24,623	16,102
Office and administration	20,348	19,983
Amortization	3,171	1,545
Director's and officer's insurance	1,550	1,550
	<b>7,342,914</b>	<b>3,302,850</b>
<b>Excess of revenues over expenses</b>	<b>12,449,788</b>	<b>817,445</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# CHIMP: Charitable Impact Foundation (Canada)

Statement of financial position  
as at July 31, 2014

	2014	2013
	\$	\$
<b>Assets</b>		
Current assets		
Cash (Note 3)	2,850,701	2,327,831
Donated securities (Note 4)	12,424,273	510,000
Amounts recoverable from government authorities	30,294	12,698
Prepaid expenses	1,550	-
	<b>15,306,818</b>	<b>2,850,529</b>
Insurance policies	24,000	-
Equipment (Note 5)	4,240	3,233
	<b>15,335,058</b>	<b>2,853,762</b>
<b>Liabilities</b>		
Current liabilities		
Accrued liabilities	58,810	27,302
<b>Net assets</b>	<b>15,276,248</b>	<b>2,826,460</b>
	<b>15,335,058</b>	<b>2,853,762</b>

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# CHIMP: Charitable Impact Foundation (Canada)

Statement of changes in net assets  
year ended July 31, 2014

	Unrestricted	2014 Total	2013 Total
	\$	\$	\$
Balance, beginning of the year	2,826,460	2,826,460	2,009,015
Excess of revenues over expenditures	12,449,788	12,449,788	817,445
<b>Balance, end of the year</b>	<b>15,276,248</b>	<b>15,276,248</b>	<b>2,826,460</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# CHIMP: Charitable Impact Foundation (Canada)

## Statement of cash flows year ended July 31, 2014

	2014	2013
	\$	\$
<b>Operating activities</b>		
Excess of revenues over expenditures for the year	12,449,788	817,445
Items not involving cash		
Amortization	3,171	1,545
Donation of securities	(12,473,136)	(1,173,497)
Donation of insurance policies	(24,000)	-
Unrealized loss on revaluation of donated securities	312,000	516,000
Realized loss on sale of donated securities	4,965	2,083
	<u>272,788</u>	<u>163,576</u>
Changes in non-cash working capital balances		
Amounts recoverable from government authorities	(17,596)	(873)
Accounts payable and accrued liabilities	31,508	2,302
Due to related party	-	(52,420)
Prepaid expenses	(1,550)	-
	<u>285,150</u>	<u>112,585</u>
<b>Investing activities</b>		
Purchase of equipment	(4,180)	(3,938)
Purchase of securities	(1,673)	-
Proceeds on disposition of donated securities	243,573	145,414
	<u>237,720</u>	<u>141,476</u>
Increase in cash during the year	522,870	254,061
Cash, beginning of year	2,327,831	2,073,770
<b>Cash, end of year</b>	<u>2,850,701</u>	<u>2,327,831</u>

The accompanying notes to the financial statements are an integral part of this financial statement.



# CHIMP: Charitable Impact Foundation (Canada)

Notes to the financial statements

July 31, 2014

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## 1. Nature of organization

The CHIMP: Charitable Impact Foundation (Canada) was incorporated under the Canada Corporations Act on August 6, 2008, continued under the Canada Not-for-profit Corporations Act on November 9, 2012 and commenced operations on August 1, 2010. The Foundation is an independent, not-for-profit charitable corporation registered as a public foundation with the Canada Revenue Agency and is a registered charity under the Canadian Income Tax Act. The Foundation is a web-based donor advised fund through which an individual, company or group can set up their own online charitable giving account. At any time, account holders can request the money in their accounts be allocated to any qualified donee (including all registered charities, registered Canadian amateur athletic associations, municipalities, etc.).

## 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies.

### (a) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided on a declining balance basis at the following annual rates:

Computer hardware	55%
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In the year of acquisition, amortization is provided for half the year.

The Foundation reviews equipment for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected undiscounted future cash flows and eventual disposition. No impairment losses were identified by the Foundation for the year ended July 31, 2014.

### (b) Revenue recognition

The Foundation follows the deferral method of accounting for contributions, which primarily includes donations, which are recognized upon receipt of funds from donors. Disbursements to qualified donees (including all registered charities, registered Canadian athletic associations, municipalities, etc.), as requested by CHIMP account holders at the time of donation, are ultimately at the discretion of the Foundation.

### (c) Donated securities

Donated securities are comprised of unlisted shares and publicly traded securities.

- (i) Investments in unlisted shares, are measured at fair value on the date of donation, and are thereafter carried at this amount until such time as they are sold or become impaired
- (ii) Investments in publicly traded securities are measured at fair value initially and thereafter at the statement of financial position date. The fair value of publicly traded securities is based on the latest closing price.

The Foundation is subject to equity price risk pending the sale of donated securities. As donated securities are received, they will either be liquidated immediately, or held under the Foundation's management with the written consent of the donor. Upon disposition, the donor may request disbursement to respective qualified donees based on the net proceeds. Please see Note 6(c) for further information.

# CHIMP: Charitable Impact Foundation (Canada)

Notes to the financial statements

July 31, 2014

## 2. Significant accounting policies (continued)

### (d) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures donated publicly traded securities at fair value, donated unlisted shares at cost less impairment, if any, and all other financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash, donated unlisted securities, accounts receivable, and insurance policies. The financial liabilities measured at amortized cost include accrued liabilities.

### (e) Use of estimates

The preparation of the financial statements of the Foundation in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, particularly, the carrying value of unlisted donated securities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

## 3. Cash

	2014	2013
	\$	\$
Operating cash	1,025,482	324,687
CHIMP funds (donor advised funds)	1,825,219	2,003,144
	<b>2,850,701</b>	<b>2,327,831</b>

### Investment policy

In accordance with the Foundation's mission to support and increase charitable giving in Canada, the Board of Directors has an investment policy in place. In summary, it endeavours to protect the capital of the donor advised funds entrusted to the Foundation and to achieving maximum returns consistent with prudent investment management on the operating cash in order to recover the cost of managing and administering the funds.

The Foundation relies on the Board of Directors to manage the risks that arise from its use of financial instruments, including liquidity, credit and market risk. Management regularly reviews the Foundation's investments to ensure all activities adhere to the investment policy.

## 4. Donated securities

			2014	2013
	Cost	Fair value	Net book value	Net book value
	\$	\$	\$	\$
Unlisted shares	12,226,273	-	12,226,273	-
Publicly traded securities	-	198,000	198,000	510,000
	<b>12,226,273</b>	<b>198,000</b>	<b>12,424,273</b>	<b>510,000</b>

# CHIMP: Charitable Impact Foundation (Canada)

Notes to the financial statements

July 31, 2014

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## 5. Equipment

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer hardware	9,275	5,035	4,240	3,233

## 6. Financial instrument risk

### (a) Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Foundation's exposure to credit risk is indicated by the carrying amounts of its accounts receivable and cash. The Foundation assesses, on a continuous basis, its accounts receivable and follows up on overdue amounts. The Foundation's cash is kept with reputable Canadian chartered banks.

### (b) Interest rate risk

Interest rate risk arises when the Foundation invests in fixed-rate interest bearing financial instruments. Fixed-rate instruments subject the Foundation to risk of changes in fair value. The objective of the Foundation's investment policy is to control interest rate risk by managing its interest rate exposure.

### (c) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk through its security holdings. To mitigate the Foundation's equity price risk, disbursements from donor advised funds pertaining to donated securities are limited to the net proceeds on their disposition. This way, the price risk is contained to the donor's advised fund.

## 7. Related party balances

During the year, the Foundation paid for technology services of \$681,701 (2013 - \$158,540) to CHIMP Technologies Inc., a company in which an executive of the Foundation has an equity interest. This transaction was in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

## 8. Subsequent Event

The Foundation sold unlisted securities effective September 23, 2014 with a cost of \$1,241,429, for a gain of \$741,644.