

PILLAR NONPROFIT NETWORK

FINANCIAL STATEMENTS

DECEMBER 31, 2013



PILLAR NONPROFIT NETWORK
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DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Pillar Nonprofit Network

We have audited the accompanying financial statements of Pillar Nonprofit Network, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, changes in net assets and cash flows for the years 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 disclosure in the financial statements. The procedures selected depend on the auditor's judgment, 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 controls 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 qualified audit opinion.

Basis for Qualification

In common with many not-for-profit organizations, this organization derives revenue from donations, the nature of which are not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenues was limited to the amounts recorded in the records of the organization. As such, we were unable to determine whether any adjustments for unrecorded amounts might be necessary to revenues, excess or deficiency of revenue over expenditures and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualification paragraph, the financial statements present fairly, in all material respects, the financial position of Pillar Nonprofit Network as at December 31, 2013 and its financial performance and its cash flows for the years ended December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

London, Ontario
April 23, 2014

Davis Martindale LLP

Chartered Accountants
Licensed Public Accountants



PILLAR NONPROFIT NETWORK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	ASSETS	
	2013	2012
Current Assets		
Cash	\$ 281,628	\$ 418,270
Accounts receivable	38,659	6,790
Government remittances receivable	23,638	11,302
Prepaid expenses and deposits (note 3)	<u>57,247</u>	<u>6,122</u>
	401,172	442,484
Tangible Capital Assets (note 4)	3,314	2,817
Intangible Asset (note 5)	<u>14,154</u>	<u>-</u>
	<u>\$ 418,640</u>	<u>\$ 445,301</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	\$ 65,805	\$ 7,415
Government remittances payable	3,370	-
Deferred revenue (note 6)	<u>189,235</u>	<u>321,431</u>
	258,410	328,846
Commitments (note 9)		
Net Assets		
Unrestricted	<u>160,230</u>	<u>116,455</u>
	<u>\$ 418,640</u>	<u>\$ 445,301</u>

APPROVED ON BEHALF OF THE BOARD

*The attached Independent Auditors' Report and notes form
an integral part of these audited financial statements.*



PILLAR NONPROFIT NETWORK
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Balance, Beginning of Year	\$ 116,455	\$ 70,682
Excess of Revenues Over Expenditures	<u>43,775</u>	<u>45,773</u>
Balance, End of Year	<u>\$ 160,230</u>	<u>\$ 116,455</u>

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PILLAR NONPROFIT NETWORK

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Revenues		
Grant revenues (note 7)	\$ 433,102	\$ 310,379
Consulting and advisory services	125,780	47,995
Donations	97,355	99,390
Workshops and events	90,525	83,349
Membership fees	57,317	52,343
Interest and miscellaneous	<u>2,886</u>	<u>2,192</u>
	806,965	595,648
Expenditures		
Amortization of tangible capital assets	700	2,667
Amortization of intangible asset	3,538	-
Consulting and advisory	66,863	7,392
Interest and bank charges	2,384	1,380
Marketing and promotion	20,691	42,530
Office	33,402	16,477
Professional development	7,816	4,797
Professional fees (note 10)	114,433	46,325
Rent	13,121	12,326
Salaries and benefits	413,452	359,037
Travel	11,189	7,061
Workshops and events	<u>75,601</u>	<u>49,883</u>
	<u>763,190</u>	<u>549,875</u>
Excess of Revenues over Expenditures	<u>\$ 43,775</u>	<u>\$ 45,773</u>

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PILLAR NONPROFIT NETWORK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Cash Flows from Operating Activities		
Excess of revenues over expenditures	\$ 43,775	\$ 45,773
Items not requiring an outlay of cash:		
Amortization of tangible capital assets	700	2,667
Amortization of intangible asset	<u>3,538</u>	<u>-</u>
	48,013	48,440
Changes in non-cash working capital:		
Accounts receivable	(31,869)	(5,743)
Government remittances receivable	(12,336)	-
Prepaid expenses	(51,125)	(3,516)
Accounts payable and accrued liabilities	58,390	870
Government remittances payable	3,370	-
Deferred revenue	<u>(132,196)</u>	<u>114,105</u>
Net Cash Provided by (Used in) Operating Activities	(117,753)	154,156
Cash Flows from Investing Activities		
Purchase of tangible capital assets	(1,197)	(2,600)
Purchase of intangible assets	<u>(17,692)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(18,889)</u>	<u>(2,600)</u>
Net Increase (Decrease) in Cash	(136,642)	151,556
Cash, Beginning of Year	<u>418,270</u>	<u>266,714</u>
Cash, End of Year	<u>\$ 281,628</u>	<u>\$ 418,270</u>

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PILLAR NONPROFIT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Nature of the Business

Pillar Nonprofit Network ("the organization") was incorporated by letters of patent, under the Ontario Corporations Act, without share capital, on July 21, 2003. On December 9, 2003, the organization received Federal charitable status. On June 10, 2009, the organization's name changed to Pillar Nonprofit Network from Pillar Voluntary Sector Network. The organization is exempt from taxes.

2. Significant Accounting Policies

The financial statements of the organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Those policies that are considered to be particularly significant are outlined below:

(a) Tangible Capital Assets and Amortization

Purchased tangible capital assets are recorded at cost. Capital assets that are funded by grants are expensed in the same period as the grant revenue. Amortization is provided using the declining balance method at the following rates:

Furniture and equipment	20%
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When tangible capital assets are retired or otherwise disposed of, the assets and related accumulated amortization thereon are removed from the accounts and the resulting gain or loss is credited or charged to income.

(b) Intangible Asset and Amortization

Acquired intangible assets are recorded at cost. Amortization is provided for using the straight line method over the asset's useful life. The intangible asset existing at year end consists of the costs incurred to develop the organization's website, which have been amortized based on an estimated useful life of 5 years.

(c) Impairment of Long-lived Assets

Long-lived assets are tested for recoverability when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

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PILLAR NONPROFIT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

2. Significant Accounting Policies (continued)

(d) Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the organization, the accounts of the organization are maintained in accordance with the principles of "fund accounting". Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

The operating fund of the organization accounts for assets, liabilities, revenue and expenditures related to the ongoing operations of the organization.

(e) Revenue Recognition

The organization follows the deferral method of accounting for contributions which include grant and donation revenues. 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 can be reasonably estimated and collection is reasonably assured.

Membership, consulting, workshop and event revenues are recognized when performance has been achieved and collection is reasonably assured.

Interest revenues are recognized when earned, on a time proportionate basis.

(f) Contributed Goods and Services

The organization does not recognize donations of goods or services in its financial statements.

(g) Use of Estimates

The preparation of the financial statements of the organization, 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, the disclosure of contingent assets and liabilities at the date of the statement of financial position, and the reported amounts of the revenues and expenditures during the reporting period. Actual results could differ from these estimates. Estimates for the year include amortization and accrued liabilities.

(h) Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, other receivable, accounts payable and government remittances payable. The organization recognizes all of its financial instruments at fair value initially, and subsequently measures all of its financial instruments at amortized cost.

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PILLAR NONPROFIT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

3. Prepaid Expenses and Deposits

Prepaid expenses and deposits include a \$50,000 deposit, which was refunded subsequent to year end.

4. Tangible Capital Assets

	Cost	Accumulated Amortization	Net 2013	Net 2012
Furniture and equipment	\$ <u>7,515</u>	\$ <u>4,201</u>	\$ <u>3,314</u>	\$ <u>2,817</u>

5. Intangible Asset

	Cost	Accumulated Amortization	Net 2013	Net 2012
Website	<u>17,692</u>	<u>3,538</u>	<u>14,154</u>	<u>-</u>

6. Deferred Revenues

Deferred revenues consist of the following balances:

	2013	2012
Deferred grant revenues	\$ 149,654	\$ 280,010
Prepaid membership revenues	1,812	27,160
Deferred sponsorships	3,000	-
Deferred workshop and events	6,625	14,261
Deferred consulting	<u>28,144</u>	<u>-</u>
Balance, end of year	\$ <u>189,235</u>	\$ <u>321,431</u>

The deferred grant revenues consist of the following restricted contributions:

Ministry of Citizenship & Immigration		
- Ontario Youth Volunteer Challenge	\$ 25,000	\$ 25,000
Ministry of Citizenship & Immigration		
- Community Building through Community Partnerships project	87,654	96,279
Ontario Trillium Foundation - Social Enterprise project	37,000	84,800
London Community Foundation		
- Social Innovation Shared Space project	-	73,223
Vital People grant	<u>-</u>	<u>708</u>
	\$ <u>149,654</u>	\$ <u>280,010</u>

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PILLAR NONPROFIT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

7. Grant Revenues

The organization recognized funding from the following sources:

	2013	2012
Ministry of Citizenship & Immigration		
- Ontario Youth Volunteer Challenge	\$ 25,000	\$ 20,850
Ontario Trillium Foundation - Social Enterprise project	169,600	142,100
City of London Core Funding	50,000	50,000
Ministry of Citizenship & Immigration		
- Community Building through Community Partnerships project	96,279	97,429
London Community Foundation		
- Social Innovation Shared Space project	75,223	-
London Community Foundation - PreX	2,000	-
Social finance grants - various contributors	15,000	-
	<u>\$ 433,102</u>	<u>\$ 310,379</u>

8. Line of Credit

The organization has a line of credit available at a rate of prime plus 2.5%. The limit on this facility is \$10,000. As at December 31, 2013 and 2012, the organization has not drawn on these funds.

9. Commitments

The organization's office space lease expires on December 31, 2014. The aggregate minimum rent to be paid in the next year is \$13,800.

10. Professional Fees

Included in professional fees are \$93,343 (2012 - \$36,452) of consulting fees incurred by the organization.

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PILLAR NONPROFIT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

11. Financial Instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at December 31, 2013.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk on its accounts receivable balances. The organization does not have a significant exposure to any individual member or counterpart, due to the significant number of diverse members. In addition, the organization manages its credit risk by assessing the credit worthiness of its customers on its consulting and advisory revenue prior to granting credit.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk on its accounts payable balance. The organization's exposure is not concentrated with one individual supplier. The organization manages its liquidity risk by monitoring its cash flows from operations on a continuous basis.

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