THE CENTRE ON PHILANTHROPY

Financial Statements
(With Independent Auditors' Report Thereon)

June 30, 2009

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the balance sheet of The Centre on Philanthropy ("The Centre") as at June 30, 2009 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, 2009 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.

KPMG

Chartered Accountants
Hamilton, Bermuda
September 18, 2009

THE CENTRE ON PHILANTHROPY

Balance Sheet

June 30, 2009
(Expressed in Bermuda Dollars)

	2009	2008
Assets		
Current assets		
Cash and cash equivalents (Note 3)	$ 353,724	$ 266,337
Contributions receivable (Note 4)	27,500	198,515
Accounts receivable	7,192	8,000
Prepaid expenses	2,372	–
	390,788	472,852
Funds held in escrow (Note 5)	251,132	232,438
Investments (Note 6)	99,210	97,322
Capital assets (Note 7)	13,058	7,813
Total assets	$ 754,188	$ 810,425
Liabilities		
Current liabilities		
Funds held in escrow (Note 5)	$ 251,132	$ 232,438
Accounts payable and accrued liabilities	39,186	24,555
Deferred contributions (Note 8)	57,766	83,186
Membership fees received in advance	59,150	154,160
Total liabilities	407,234	494,339
Net assets		
Restricted net assets (Note 10)	232,766	148,186
Net assets invested in capital assets	13,058	7,813
Unrestricted net assets	101,130	160,087
	346,954	316,086
Total liabilities and net assets	$ 754,188	$ 810,425

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, 2009
(Expressed in Bermuda Dollars)

	2009	2008
Revenues		
Membership dues	$ 386,620	$ 185,184
Contributions		
Contributed goods and services (Note 9)	206,102	71,573
Unrestricted donations	93,740	224,311
Restricted grants and donations	75,550	–
Deferred contributions realized (Note 8)	35,787	62,342
	411,179	358,226
Programs		
Workshops and seminars	61,525	12,732
Other revenues		
Sponsorship	247,689	93,960
Other	24,773	52,640
Investment income	8,103	12,180
	280,565	158,780
Total revenues	1,139,889	714,922
Expenses		
Programs		
Sector Integration	155,021	710
Volunteer	35,130	46,704
Technology Platform	25,776	20,176
Marketing & Awareness	25,753	27,365
Training & Education	12,069	17,532
Information	–	42,941
	253,749	155,428
Wages and benefits	493,118	426,816
Professional fees (Note 9)	258,547	105,099
General and administrative	28,598	22,780
Occupancy	70,409	45,061
Depreciation	6,488	4,393
Total expenses	1,110,909	759,577
Excess (deficiency) of revenues over expenses	$ 28,980	$ (44,655)

See accompanying notes to financial statements

THE CENTRE ON PHILANTHROPY

Statement of Changes in Net Assets

Year ended June 30, 2009
(Expressed in Bermuda Dollars)

	Restricted net assets								
	(Note 9) Endowment	Public awareness	Donor Forum	Website development	Total	Invested in capital assets	Unrestricted assets	2009 Total	2008 Total
Balance at beginning of year	$ 100,000	$ –	$ 48,186	$ –	$ 148,186	$ 7,813	$ 160,087	$ 316,086	$ 353,066
Purchase of capital assets	–	–	–	–	–	11,733	(11,733)	–	–
Excess (deficiency) of revenues over expenses	–	25,000	(15,420)	75,000	84,580	(6,488)	(49,112)	28,980	(44,655)
Changes in accounting policy (Note 2(d))	–	–	–	–	–	–	–	–	8,946
Unrealised gains (losses) on available-for-sale financial assets arising during the period	–	–	–	–	–	–	1,888	1,888	(1,271)
Balance at end of year	$ 100,000	$ 25,000	$ 32,766	$ 75,000	$ 232,766	$ 13,058	$ 101,130	$ 346,954	$ 316,086

See accompanying notes to financial statements

THE CENTRE ON PHILANTHROPY

Statement of Cash Flows

Year ended June 30, 2009
(Expressed in Bermuda Dollars)

	2009	2008
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	$ 28,980	$ (44,655)
Adjustments for:		
Depreciation	6,488	4,393
Donation of artwork	(9,930)	–
Changes in non-cash operating working capital:		
Accounts receivable	808	(8,000)
Prepaid expenses	(2,372)	874
Contributions receivable	171,015	(78,515)
Accounts payable and accrued liabilities	14,631	(2,550)
Deferred contributions	(40,420)	843
Membership fees received in advance	(80,010)	79,860
Net cash provided by (used in) operating activities	89,190	(47,750)
Cash flows from investing activities		
Purchase of capital assets	(1,803)	(1,579)
Net cash used in investing activities	(1,803)	(1,579)
Net increase (decrease) in cash and cash equivalents	87,387	(49,329)
Cash and cash equivalents – beginning of year	266,337	315,666
Cash and cash equivalents – end of year	$ 353,724	$ 266,337

See accompanying notes to financial statements

1. **Purpose of the organization**

The Centre on Philanthropy ("The Centre") was established in 1991 as an unincorporated association, and registered on October 23, 1992 as a charitable organization in accordance with The Bermuda Charities Act 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.

On July 1, 2007 The Donor Forum dissolved their unincorporated association and combined with The Centre. The Donor Forum continues to exist as a member forum of The Centre.

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 the 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 and sponsorship funds are recognized in the year that the membership fee or sponsored event is related to on the accruals basis. All other income is recognized on the accruals basis when earned.

b) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Depreciation 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 depreciated over the term of the lease. Artwork is considered to be an appreciable asset with a residual value in excess of cost or fair value at the date acquired, and therefore no depreciation charge has been provided for the year ended June 30, 2009.

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.

2. **Significant accounting policies** (continued)

c) *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.

d) *Financial instruments*

Effective July 1, 2007, The Centre adopted the new provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855 – Financial Instruments – Recognition and Measurement and Section 3861 – Financial Instruments – Disclosure and Presentation.

All financial instruments are classified by management as held for trading, held-to-maturity, loans and receivables, available-for-sale or other financial liabilities.

The Centre has classified its investments as available-for-sale, cash and cash equivalents as held for trading, and accounts receivable and other receivables as loans and receivables. All current and trade accounts payable are classified as other financial liabilities and are recorded at amortized cost adjusted for any impairment.

Available-for-sale investments are valued at fair value at the reporting date based on the last reported market price as reported on the primary securities exchange on which they are traded on the reporting date. Changes in fair value are included in unrestricted net assets until they are realized.

As a result of adopting the new provisions as described above, a transitional adjustment was made on July 1, 2007 to investments classified as available-for-sale to adjust their carrying value to fair value. These investments were previously recorded at the lower of cost and market value. This adjustment resulted in an increase in the opening unrestricted net assets balance to reflect an unrealized gain on investments of $8,947 at that date.

Transaction costs that are directly attributable to the acquisition of securities are not considered significant and are expensed when paid. Investment purchases and sales transactions are accounted for on the settlement date. Interest and dividend income are recorded on the accruals basis.

e) *Accounting changes*

Effective July 1, 2008 The Centre adopted CICA Handbook Section 3862 - *Financial Instruments – Disclosures* and Section 3863 – *Financial Instruments - Presentation*. Section 3862 requires disclosure of information with regard to the significance of financial instruments on The Centre's financial position and performance, and on the nature, extent and management of risks arising from those financial instruments (Note 10). Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. There has been no impact to the financial statements due to the adoption of this Section.

Effective July 1, 2008 The Centre adopted CICA Handbook Section 1535 – *Capital Disclosures*, which requires entities to disclose information about their objectives, policies and processes for managing capital, as well as compliance with any externally imposed capital requirements (see Note 14).

Effective July 1, 2008 The Centre adopted Section 1400 – *General Standards of Financial Statement Presentations.* Section 1400 requires management to make an assessment of the entity's ability to continue as a going concern and disclose any uncertainty related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. When assessing the going concern assumption management must take into account all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The adoption of this standard did not require any changes to The Centre's accounting or note disclosures.

3. Cash and cash equivalents

The Centre's cash and cash equivalents are held by a single financial institution in Bermuda. Interest earned on cash and cash equivalents during the year was at an effective rate of 2.625% (2008 - 3%) per annum.

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. Funds held in escrow

The Centre acts as fiduciary agent for unrelated organizations. In this capacity, The Centre holds cash to be distributed to named grantees under certain contractual conditions. Total cash held under these contracts is $251,133 (2008 - $232,438) as at June 30, 2009. A corresponding amount due these grantees is included in current liabilities.

6. Investments

The Centre holds an investment in an HSBC Solutions Global Bond Portfolio, established as an endowment fund (Note 10). The fair value of this investment at June 30, 2009 is $99,210 (2007 - $97,322).

7. Capital assets

	Cost	Accumulated depreciation	2009 Net	2008 Net
Computer equipment	$ 20,034	$ 17,559	$ 2,475	$ 7,273
Office equipment	2,582	1,929	653	540
Leasehold improvements	3,758	3,758	–	–
Artwork	9,930	–	9,930	–
	$ 36,304	$ 23,246	$ 13,058	$ 7,813

The cost and accumulated depreciation of capital assets at June 30, 2008 were $24,571 and $16,758 respectively.

8. Deferred contributions

Deferred contributions represent externally restricted unspent resources relating to donations received in advance and pledges for future years.

Changes in the deferred contributions balance are as follows:

	2009	2008
Balance at beginning of year	$ 83,186	$ 82,343
Amounts received during the year	10,367	63,185
Amounts recognized as revenue in the year	(35,787)	(62,342)
Balance at end of year	$ 57,766	$ 83,186

9. Contributed goods and services

Included within contributed goods and services for the year ended June 30, 2009, is an amount of $205,396 (2008 - $66,600) representing donated fees from professional organizations.

10. 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.

11. Financial instruments

Fair values

The estimated fair values of The Centre's cash and cash equivalents, contributions receivable, accounts receivable, accounts payable and accrued liabilities, deferred contributions, and membership fees received in advance approximate their carrying values due to their short term nature.

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 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.

Liquidity risk

Liquidity risk is the risk that The Centre will encounter difficulties in meeting its financial liability obligations. The Centre manages liquidity risk by holding sufficient cash and cash equivalents to enable it to meet its liabilities as they fall due, and by continually monitoring actual and projected cash flows.

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to meet its contractual obligations to The Centre, and arises principally from cash and cash equivalents, contributions receivable, accounts receivable and investments. The maximum exposure to credit risk is represented by the carrying amount of these financial assets on The Centre's balance sheet. The Centre only deposits cash and holds investments with financial institutions of high quality credit standing. Management believes that The Centre is not exposed to any significant concentration of credit risk. The Centre continually monitors its accounts receivable and contributions receivable balances and believes that no allowance for impairment is required at the reporting date.

11. **Financial instruments** (continued)

Price risk

Price risk is the risk that the future changes in market prices may render financial instruments less valuable or increase the liability associated with such instruments. The Centre's exposure to price risk relates predominately to its investments and is determined by a number of factors, including the size, duration, composition and diversification of positions held, as well as market volatility and liquidity. The Centre's exposure to price risk is limited to fluctuations in the market price of the HSBC Solutions Global Bond Portfolio (Note 6).

A change of 10% in the market prices would have increased or decreased the net assets of The Centre by $9,921 (2008- $9,732). There would be no impact on The Centre's excess of revenues over expenses.

Interest rate risk

Interest rate risk arises from changes in prevailing levels of market interest rates. The Centre earns interest at variable rates on its cash and cash equivalents. It is management's opinion that The Centre is not exposed to significant interest rate risk.

Foreign currency risk

The Centre is not exposed to significant foreign currency risk as the majority of its transactions are denominated in Bermuda dollars. The Centre holds a money market account denominated in US dollars. It is management's opinion that The Centre is not exposed to significant foreign currency risk.

12. **Related party transactions**

The Centre received donations from the members of the Board of Directors amounting to $40,650 in 2009 (2008 - $163,893). These related party transactions are in the normal course of operations.

13. **Pension**

The Centre operates a defined contribution pension scheme for employees in which it contributes 5% (2008 - 5%) of the employee's pensionable earnings. The pension expense for the current year amounted to $15,513 (2008 - $17,813).

14. **Capital management**

The Centre defines capital, for its own purposes, as restricted and unrestricted net assets. During the year The Centre's objective when managing capital, which was unchanged from previous years, was to hold sufficient unrestricted funds to enable it to withstand negative unexpected financial events and continue as a going concern. The Centre seeks to achieve this objective by holding sufficient cash and cash equivalents to maintain liquidity and enable it to meet its obligations as they become due. The Centre is not subject to any externally imposed requirements on capital.

15. **Comparative figures**

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