

PILLAR NONPROFIT NETWORK
FINANCIAL STATEMENTS
DECEMBER 31, 2010



Michael A. King

CHARTERED ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pillar Nonprofit Network:

I have audited the financial statements of **Pillar Nonprofit Network** which comprise the statement of financial position as at December 31, 2010 and the statements of changes in net assets, operations 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 Generally accepted accounting principals 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 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 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.

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


Basis for Qualification

In common with many charitable organizations, the Network derives revenue from membership fees and donation revenues the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Network and we were not able to determine whether any adjustments might be necessary to membership and donation revenues, excess of revenues over expenses, assets and fund balances.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualification paragraph, these financial statements present fairly, in all material respects, the financial position of the Pillar Nonprofit Network as at December 31, 2010 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

London, Ontario
April 14, 2011


MICHAEL A. KING, C. A.
Licensed Public Accountant

PILLAR NONPROFIT NETWORK

Statement of Financial Position

As at December 31

| | 2010 | 2009 |
|--|-----------|-----------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 71,812 | \$ 74,825 |
| Accounts receivable | 2,934 | 1,685 |
| Prepaid expenses | 2,743 | 2,687 |
| | 77,489 | 79,197 |
| Capital assets (note 1) | 5,117 | 3,633 |
| | \$ 82,606 | \$ 82,830 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 3,636 | \$ 2,791 |
| Deferred revenue | 48,940 | 44,370 |
| | 52,576 | 47,161 |
| Commitments (note 5) | | |
| Net Assets: | | |
| Unrestricted net assets | 30,030 | 35,669 |
| Commitments (note 3) | | |
| | \$ 82,606 | \$ 82,830 |

Approved on Behalf of the Board:

_____ Director

_____ Director

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Statement of Changes in Net Assets

Year ended December 31

| | 2010 | 2009 |
|---|------------------|-----------|
| Balance, beginning of year | \$ 35,669 | \$ 34,082 |
| Excess (deficiency) of revenues over expenses | (5,639) | 1,587 |
| Balance, end of year | \$ 30,030 | \$ 35,669 |

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Statement of Operations

Year ended December 31

| | 2010 | 2009 |
|--|----------------|----------------|
| Revenues: | | |
| Events | \$ 55,288 | \$ 55,397 |
| OTF Contract | 52,600 | - |
| Membership fees | 34,170 | 29,433 |
| MTCU contract | 38,698 | 30,157 |
| MCI Contract | 32,564 | 7,500 |
| Donations | 32,320 | 14,586 |
| Workshops and training | 25,250 | 13,539 |
| Consulting Services | 24,600 | - |
| Projects | 5,300 | 6,300 |
| Expense reimbursement | 3,202 | 1,222 |
| Charities Directorate contract | 2,000 | - |
| Interest and sundry | 659 | 201 |
| Canadian Heritage contract | - | 34,297 |
| City of London funding | - | 1,850 |
| | 306,651 | 194,482 |
| Operating expenses: | | |
| Wages and benefits | 186,409 | 109,326 |
| Events | 38,398 | 22,804 |
| Consulting fees | 28,491 | 14,090 |
| Workshops and training | 14,477 | 8,198 |
| Rent | 8,606 | 8,712 |
| Professional fees | 8,175 | 5,651 |
| Travel | 5,571 | 2,653 |
| Website design | 5,412 | 5 |
| Office supplies | 4,369 | 5,735 |
| Advertising and promotion | 3,593 | 7,732 |
| Insurance | 2,687 | 2,663 |
| Telephone | 2,632 | 2,530 |
| Depreciation of furniture and equipment | 2,234 | 1,211 |
| Interest and bank charges | 718 | 626 |
| Memberships | 518 | 489 |
| Repairs and maintenance | - | 470 |
| | 312,290 | 192,895 |
| Excess (deficiency) of revenues over expenses for the year | \$ (5,639) | \$ 1,587 |

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Statement of Cash Flows

Year ended December 31

| | 2010 | 2009 |
|--|------------|-----------|
| Cash from operating activities: | | |
| Excess (deficiency) of revenue over expenses | \$ (5,639) | \$ 1,587 |
| Depreciation of furniture and equipment | 2,234 | 1,211 |
| Net changes in non-cash working capital: | | |
| Accounts receivable | (1,249) | 3,806 |
| Prepaid expenses | (56) | 2,976 |
| Accounts payable and accrued liabilities | 845 | (6,292) |
| Deferred revenue | 4,570 | 30,712 |
| Cash flows from operating activities | 705 | 34,000 |
| Financing and investing activities: | | |
| Purchase of capital assets | (3,718) | - |
| Cash flows from financing and investing activities | (3,718) | - |
| Increase (decrease) in cash position during the year | (3,013) | 34,000 |
| Cash position, beginning of year | 74,825 | 40,825 |
| Cash position, end of year | \$ 71,812 | \$ 74,825 |

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements

December 31, 2010

Nature of the Project:

Pillar Nonprofit Network 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.

Summary of Significant Accounting Policies:

These financial statements of the Pillar Nonprofit Network have been prepared in accordance with Canadian generally accepted accounting principles and, in the opinion of management, are within reasonable limits of materiality and within the framework of the accounting policies summarized below:

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 organization follows the deferral method of accounting for contributions which includes grants and donations. Grants and donations are included as deferred revenue and are recognized as revenue in the year in which the related expenses are made.

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

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements - continued

December 31, 2010

Capital Assets:

Capital assets that are not funded by grants are capitalized and recorded at cost. Capital assets that are funded by grants are expensed in the same period as the grant revenue. Amortization on the capitalized assets has been provided using the declining balance method at the following rates:

| | |
|-------------------------|------|
| Furniture and equipment | 20 % |
|-------------------------|------|

When properties 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.

Income Taxes:

According to the provisions of the Income Tax Act (Canada), the organization is exempt from taxes on income.

Revenue Recognition:

The organization follows the deferral method of accounting for membership, contract and workshop revenue. Revenue is recognized in the year in which the related expenditures occur. Unrestricted or unassigned amounts are recognized as revenue in the year they are received.

Accounting Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements - continued

December 31, 2010

1. Capital Assets:

| | 2010 | | 2009 | |
|-------------------------|-----------|--------------------------|----------------|----------------|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Furniture and equipment | \$ 16,972 | \$ 11,855 | \$ 5,117 | \$ 3,633 |

2. Line of credit:

The organization has a line of credit available with Libro Financial Group at a rate of 5.5%. The limit on this facility is \$10,000. As at December 31, 2010 the organization has not drawn on these funds.

3. Lease agreements:

The organization leases office space under an operating lease. The lease expires August 31, 2011. The aggregate minimum rent to be paid in the next year is \$6,219.

4. Financial Instruments:

Fair Values

The organization's financial instruments are comprised of cash, accounts receivable and accounts payable and accrued liabilities. These are reported at fair value on the statement of financial position.

Credit Risk

The organization's cash is held at a major financial institution. The organization's accounts receivable consist of GST rebates.

Interest Rate and Currency Risk

The organization is not exposed to interest rate or currency risk.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements - continued

December 31, 2010

5. Capital Disclosure:

The organization's capital consists of its net assets. The organization primary objective when managing capital is to safeguard its ability to continue as a going concern so it can continue its objectives.

In order to manage the capital , the organization regularly monitors its income and expenditures and considers its cash flow projections. The organization is not subject to externally imposed capital requirements.

6. Changes in Accounting Policy:

Effective January 1, 2011, the organization will adopt the new recommendations of the Canadian Institute of Chartered Accountants under Part III of the Handbook - Canadian accounting standards for not for profit organizations.