

PILLAR NONPROFIT NETWORK

FINANCIAL STATEMENTS

DECEMBER 31, 2012



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, 2012, December 31, 2011 and January 1, 2011 and the statements of changes in net assets, operations and cash flows for the years ended December 31, 2012 and December 31, 2011 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.

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 my qualified audit opinion.


Basis for Qualification

In common with many charitable organizations, Pillar Nonprofit Network derives revenue from 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 Pillar Nonprofit 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, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and the changes in its financial position for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not for profit organizations.

London, Ontario
April 11, 2013


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

PILLAR NONPROFIT NETWORK

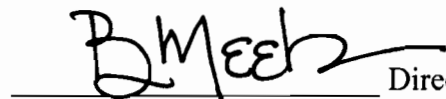
Statement of Financial Position

As at December 31

	2012	2011
Assets		
Current assets:		
Cash	\$ 418,270	\$ 266,714
Accounts receivable	6,790	-
HST recoverable	11,302	12,349
Prepaid expenses	6,122	2,606
	442,484	281,669
Capital assets (note 2)	2,817	2,884
	\$ 445,301	\$ 284,553
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,415	\$ 6,545
Deferred revenue	321,431	207,326
	328,846	213,871
Net Assets:		
Unrestricted net assets	116,455	70,682
Commitments (note 4)		
	\$ 445,301	\$ 284,553

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

	2012	2011
Balance, beginning of year	\$ 70,682	\$ 30,030
Excess of revenues over expenses	45,773	40,652
Balance, end of year	\$ 116,455	\$ 70,682

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Statement of Operations

Year ended December 31

	2012	2011
Revenues:		
Contract revenues	\$ 310,379	\$ 260,000
Donations and sponsorships	99,390	68,481
Workshops and events	83,349	66,228
Membership fees	52,343	47,810
Consulting and advisory services	47,995	23,250
Interest and miscellaneous	2,192	3,221
	595,648	468,990
Operating expenses:		
Salaries and benefits	359,037	261,227
Workshops and events	49,883	35,289
Professional fees	46,325	46,594
Marketing and promotion	42,530	41,307
Office expenses	16,477	14,625
Rent	12,326	9,233
Consulting and advisory expenses	7,392	7,255
Travel	7,061	5,490
Professional development	4,797	3,746
Amortization	2,667	2,234
Interest and bank charges	1,380	1,338
	549,875	428,338
Excess of revenues over expenses for the year	\$ 45,773	\$ 40,652

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Statement of Cash Flows

Year ended December 31

	2012	2011
Cash from operating activities:		
Excess of revenue over expenses	\$ 45,773	\$ 40,652
Amortization of furniture and equipment	2,667	2,234
Net changes in non-cash working capital:		
Accounts receivable	(5,743)	(9,415)
Prepaid expenses	(3,516)	137
Accounts payable and accrued liabilities	870	2,908
Deferred revenue	114,105	158,386
Cash flows from operating activities	154,156	194,902
Financing and investing activities:		
Purchase of capital assets	(2,600)	-
Cash flows from financing and investing activities	(2,600)	-
Increase in cash position during the year	151,556	194,902
Cash position, beginning of year	266,714	71,812
Cash position, end of year	\$ 418,270	\$ 266,714

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements

December 31, 2012

Nature of the Organization:

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 accounting standards for not for profit organizations 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 organization.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements - continued

December 31, 2012

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 %
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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 accounting standards for not for profit organizations 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. Estimates for the year include amortization and accrued liabilities.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements - continued

December 31, 2012

Cash

The organization's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and investments savings accounts where the funds are readily available or have a maturity period of three months or less from the date of acquisition.

1. Impact on the Change in the Basis of Accounting:

These financial statements are the first financial statements for which the organization applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenses for the year ended December 31, 2011 or on net assets as at January 1, 2011, the date of transition.

2. Capital Assets:

	December 31, 2012		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 19,572	\$ 16,755	\$ 2,817

	December 31, 2011		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 16,972	\$ 14,088	\$ 2,884

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Notes to the Financial Statements - continued

December 31, 2012

3. Line of credit:

The organization has a line of credit available with Libro Financial Group at a rate of prime plus 2.5%. The limit on this facility is \$10,000. As at December 31, 2012 and December 31, 2011 the organization has not drawn on these funds.

4. Commitments:

The organization leases office space under an operating lease. The lease expires December 31, 2013. The aggregate minimum rent to be paid in the next year is \$14,265.

5. Financial Instruments:

Fair Values

The organization's financial instruments are comprised of cash, accounts receivable, HST recoverable, 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 is exposed to credit risk with respect to its accounts receivable. The organization assesses potential clients and limits the amount of credit extended when deemed necessary.

Interest Rate and Currency Risk

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

6. Comparative balances:

Certain of the comparative balances have been reclassified to conform to the presentation adopted for the current year.