

PILLAR NONPROFIT NETWORK
FINANCIAL STATEMENTS
DECEMBER 31, 2011



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, 2011 and the statements of changes in net assets, operations and cash flows for the year ended 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 generally accepted accounting principles 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, 2011 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 17, 2012


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


PILLAR NONPROFIT NETWORK

Statement of Financial Position

As at December 31

	2011	2010
Assets		
Current assets:		
Cash	\$ 266,714	\$ 71,812
Accounts receivable	12,349	2,934
Prepaid expenses	2,606	2,743
	281,669	77,489
Capital assets (note 1)	2,884	5,117
	\$ 284,553	\$ 82,606
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,545	\$ 3,636
Deferred revenue	207,326	48,940
	213,871	52,576
Net Assets:		
Unrestricted net assets	70,682	30,030
Commitments (note 3)		
	\$ 284,553	\$ 82,606

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

	2011	2010
Balance, beginning of year	\$ 30,030	\$ 35,669
Excess (deficiency) of revenues over expenses	40,652	(5,639)
Balance, end of year	\$ 70,682	\$ 30,030

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Statement of Operations

Year ended December 31

	2011	2010
Revenues:		
OTF Social Enterprise Project	\$ 142,300	\$ -
Events	69,382	55,288
City of London funding	50,000	-
Membership fees	47,810	34,170
OTF Contract	47,200	52,600
Workshops and training	39,496	25,250
Donations	27,331	32,320
Consulting Services	21,750	24,600
MCI Contract	19,000	32,564
Interest and sundry	3,221	659
Expense reimbursement	2,532	3,202
Charities Directorate contract	1,000	2,000
Projects	500	5,300
MTCU contract	-	38,698
	471,522	306,651
Operating expenses:		
Wages and benefits	261,227	186,409
Consulting fees	40,829	28,491
Events	37,821	38,398
Workshops and training	32,675	14,477
Professional fees	13,020	8,175
Website design	9,742	5,412
Rent	9,233	8,606
Office supplies	6,130	4,369
Travel	5,490	5,571
Advertising and promotion	3,551	3,593
Insurance	2,743	2,687
Telephone	2,700	2,632
Amortization of furniture and equipment	2,234	2,234
Interest and bank charges	1,337	718
Memberships	1,269	518
Repairs and maintenance	869	-
	430,870	312,290
Excess (deficiency) of revenues over expenses for the year	\$ 40,652	\$ (5,639)

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Statement of Cash Flows

Year ended December 31

	2011	2010
Cash from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 40,652	\$ (5,639)
Amortization of furniture and equipment	2,234	2,234
Net changes in non-cash working capital:		
Accounts receivable	(9,415)	(1,249)
Prepaid expenses	137	(56)
Accounts payable and accrued liabilities	2,908	845
Deferred revenue	158,386	4,570
Cash flows from operating activities	194,902	705
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	194,902	(3,013)
Cash position, beginning of year	71,812	74,825
Cash position, end of year	\$ 266,714	\$ 71,812

See accompanying notes to the financial statements.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements

December 31, 2011

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 organization.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements - continued

December 31, 2011

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 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, 2011

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. Capital Assets:

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

December 31, 2010			
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 16,972	\$ 11,855	\$ 5,117

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, 2011 and December 31, 2010 the organization has not drawn on these funds.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements - continued

December 31, 2011

3. Lease agreements:

The organization leases office space under an operating lease. The lease expires August 31, 2012. The aggregate minimum rent to be paid in the next year is \$7,651.

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 HST rebates.

Interest Rate and Currency Risk

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

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.

PILLAR NONPROFIT NETWORK

Notes to the Financial Statements - continued

December 31, 2011

6. Future Accounting Changes:

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not for profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and requires retrospective application, except for certain exemptions and exceptions contained within the standards. The Organization is currently determining the impact on its financial statements of adopting these standards.