

Looking INTO & OUT FOR Canada's charities & nonprofits



Annual Report 2006

Imagine  Canada

MISSION

Advancing knowledge and relationships to foster effective and sustainable charitable and nonprofit organizations.

VISION

We believe in a Canada where strong and vital charitable and nonprofit organizations, the private sector and governments each contribute to social progress and vibrant communities.

VALUES

- We are ethical
- We are accountable
- We are inclusive
- We are collaborative

Imagine Canada is a national charity that looks into and out for Canada's charitable and nonprofit sector. Our research and public policy facilitate increased philanthropy and public engagement; our tools and resources strengthen the sector. Together, they contribute to social progress and vibrant communities.

Toronto

425 University Avenue,
Suite 900
Toronto, ON M5G 1T6
Phone: 416-597-2293
Toll-Free: 1-800-263-1178
Fax: 416-597-2294

Ottawa

130 Albert Street,
Suite 1705
Ottawa, ON K1P 5G4
Phone: 613-238-7555
Toll-Free: 1-800-821-8814
Fax: 613-238-9300

Calgary

855 2nd Street S.W., Suite
1800
East Tower, Bankers Hall
Calgary, AB T2P 2S5
Phone: 403-645-3670
Fax: 403-645-4646

Accountability: Our Commitment	3
Leadership: Looking Into and Out For Canada's Charities and Nonprofits	5
Leadership in Public Policy and Government Relations Groundbreaking Research About the Sector – and For the Sector	
Ethical Practices: Promoting Transparency	7
Membership: Connecting with our Members in Charitable and Nonprofit Organizations	9
Access to Resources: Leading Charities to Grantmakers and Better Tools	11
Corporate Citizenship: The Caring Company Program	13
Outreach: Supporting Canada's Communities	14
Transparency: Staff, Governance and Financials	16
Supporters Staff Board of Directors Management's Discussion of Financial Results Audited Financial Statements	



Gregoria Steinhilber

Jack Garand

Our Commitment to Accountability

In the charitable and nonprofit sector, transparency and accountability involve more than straight forward financial reporting; rather, it also means being clear about the work we do and its results. We need to strive to describe and understand our impact in the community. At Imagine Canada, we take this very seriously.

Higher expectations by Canadians and the increased access to information that technology has allowed, have made the practice of transparent reporting indispensable. We see institutions such as universities, banks, government departments, charities, co-operatives, broadcasters and businesses issuing “accountability reports” to more effectively engage with their stakeholders. We also know that the Federal Accountability Act is now law and its implementation is a priority for Canada’s government.

Our commitment to accountability is reflected in Imagine Canada’s organizational values. We are accountable for how we operate and how we are governed, for whom we hire to advance our mission and how we are living up to our vision.

This annual report includes an account of this year’s principal activities and full financial disclosure. For the first time, this year we are including reports from our auditors and a more detailed analysis of operations by our Vice President of Finance and Administration. Transparency is key to the successful operation of any respected organization, and this is one way we are demonstrating our commitment to that principle.

Another focus this year was on better service to our members through improvements to our publications and new outreach vehicles such as our SectorCasts. However, like all charitable and nonprofit organizations, Imagine Canada is susceptible to the instability of project-based funding. In September 2006, federal government spending cuts terminated the Canada Volunteerism Initiative, which included the Knowledge Development Centre, a research program supporting community-based organizations in their efforts to engage volunteers. Towards the end of 2006, we began to implement a planned restructuring of the organization. These events underscored the importance of our work on a national fundraising strategy. Moving forward, we have a clear path towards a sustainable fundraising model.

Thanks to you – our members, staff and Board, donors and friends, we introduced new programming, research and services in 2006. We are grateful for your support of Imagine Canada. Your involvement is key to helping us define, promote and strengthen the nonprofit sector in Canada, and to support the more than 161,000 organizations that sustain the social fabric of our country.

Sincerely,

Georgina Steinsky-Schwartz
President and CEO, Imagine Canada

Edward H. (Ted) Garrard,
Chair, Board of Directors, Imagine Canada



Leadership in Public Policy and Government Relations.

Through our public policy and government relations office in downtown Ottawa – and in partnership with other umbrella organizations, Imagine Canada championed a number of high-profile initiatives on behalf of the nonprofit sector—with significant results in 2006. Most notable of these was the elimination of the capital gains tax on gifts of listed securities to registered charities—a measure that has already been shown to bring more than the originally estimated \$300 million in additional annual donations.

Recognizing the importance of stable and longer-term funding for nonprofit organizations, Imagine Canada coordinated consultations with an Independent Blue Ribbon Panel on Grant and Contribution Programs (Gs & Cs), established by the federal Minister of the Treasury Board. Part of the government's response to the Gomery Commission, the Panel was mandated to look at the system for administering Gs & Cs and to recommend options for a stronger investment framework for the nonprofit sector and other G&C recipients. Imagine Canada prepared several briefs and co-ordinated more than thirty sector representatives to provide the Panel with unified input, and to add their endorsements to the final report, which can be found at www.brp-gdc.ca.

The Panel's ultimate recommendations were released in early 2007, with a commitment by the Government to act. Imagine Canada will track and report on the implementation of the Panel's recommendations over the next year and a half.

Imagine Canada also made a number of representations to federal government departments and Parliamentary committees in anticipation of budget 2007 and following on September 2006 federal budget cuts, which affected a number of sector organizations. Recognizing our members' and the sector's desire for regular public policy and government relations intelligence, Imagine Canada launched a monthly electronic newsletter called *Ottawa Reports* in 2006. Through these monthly communiqués we inform our members and national network partners about current, upcoming and ongoing initiatives that affect the sector.

“I think the political and legislative side of Imagine Canada is highly important, that unified voice, to be able to have information to help, that's really important to the sector.”

Jennifer van Meenan, Director of Development, Vocational Rehabilitation Research Institute, Calgary

Groundbreaking Research About the Sector – and For the Sector.

Imagine Canada has a long history of generating and publishing research about the sector and how Canadians engage with it.

In 2006, we embarked on a ground-breaking national study that looks into and maps ways that businesses support charities and nonprofits. With multi-year funding from EnCana Corporation, we conducted a series of national focus groups to explore the community investment activities of Canadian businesses. This first phase resulted in the publication of a qualitative study titled *Business Contributions to Canadian Communities*. In the second phase of the study, a survey of 2,400 businesses of all sizes will be undertaken in 2007.

This year saw the completion of a unique study comparing small-and-medium businesses and small-and-medium nonprofit organizations. The findings of this study, conducted in partnership with Canadian Policy Research Network, indicate that while businesses are supported by federal policy, programming and infrastructure, nonprofit organizations are relatively absent from the federal agenda. The full report *Building Blocks for Strong Communities: Key Findings and Recommendations* was published in March of 2006.

In early June, we partnered with Statistics Canada to release findings from the much-anticipated *Canada Survey of Giving, Volunteering and Participating* (CSGVP). There is no better body of work that measures the donations, volunteer, and social participation levels of Canadians than the CSGVP, and this third-iteration

of a long-term study revealed some dramatic findings. For example:

- Youth have the highest rates of volunteering of any other age group.
- Prince Edward Island and Newfoundland and Labrador have the highest donor rates of any other province or territory.
- Saskatchewan has the highest volunteer rate in the country, followed very closely by the Northwest Territories.

Additionally, our dedicated team of researchers updated our annual *Trends in Individual Donations* Bulletin, released a series of regional portraits and at-a-glance fact sheets about nonprofit organizations across the country, and published more than 40 resources about volunteering and volunteerism, among other key initiatives.

These research publications and thousands of others are catalogued in the John Hodgson Library, which is the largest collection of Canadian nonprofit literature in the world and houses more than 7,000 titles at www.nonprofitscan.ca.

“Imagine Canada has a strong reputation for being reliable and providing nationally conducted research, which I would not have the resources to do myself.”

Laurie Leier, Director of Marketing and Development, EPCOR CENTRE for the Performing Arts, Calgary



Walkers in the Canadian
The Canadian Cancer S
Ethical Code participar

Promoting Transparency

At a time when donors are wanting to know more about how their dollars are spent, we have put renewed emphasis on the importance of the Ethical Fundraising and Financial Accountability Code. The Code is a set of standards and benchmarks that guides organizations in managing their funds responsibly and reporting their financial affairs transparently and completely. Boards of Directors are urged each year to review their organization's fundraising and financial reporting practices. In focusing on organizational accountability, the Code is complementary to one developed by the Association of Fundraising Professionals, which sets out expectations of individual fundraisers.

Since we first launched the Ethical Code over a decade ago, changes in government regulation, giving patterns and fundraising trends have occurred. With a goal to ensuring we were in step with the changing charitable and nonprofit community and their needs, Imagine Canada embarked on a research and consultation project to update the Ethical Code. The review includes both empirical research on fundraising issues, trends and regulation along with consultations with a number of charities who have adhered to the Code about what the appropriate standards should be.

Seeing that this was a critical time to solicit feedback from the sector, further consultations were set for early 2007, with a view to launching a new and revitalized program later that year.

To provide context and general advice for this project, we struck an Accountability Reference Group comprised of volunteer advisors from the funding, fundraising, consumer, government and accounting communities. The group recognized that fundraising is just one aspect of the accountability of charities and nonprofits, and recommended an examination of a broader range of activities such as governance, program effectiveness and human resources.

...n Cancer Society *Relay for Life* fundraising event.

...Society is an Imagine Canada member and an
...nt.



“Imagine C
volunteers a
leaders in t

Connecting with our Members in Charitable and Nonprofit Organizations

Our members are leading organizations in the sector. We recognize that understanding their needs and developing programs and services to address them are at the heart of our mandate to strengthen the sector more broadly.

As of the end of 2006, Imagine Canada counted 1,140 charities and nonprofits as paying members of our organization. While we are proud of our success in recruiting and retaining the support of this key constituency, we know our work here is far from complete. We must remain relevant and constantly evolve our offerings as members' needs change.

In 2006, renewal of effective outreach to our membership was a key area of focus. We reviewed our means of communicating with members, looked at how members use our services today, and set a goal of a minimum of one outward flow of information a month. We also looked at better ways of soliciting feedback. One result of the review was the launch of our first web/audio conference series, SectorCast.

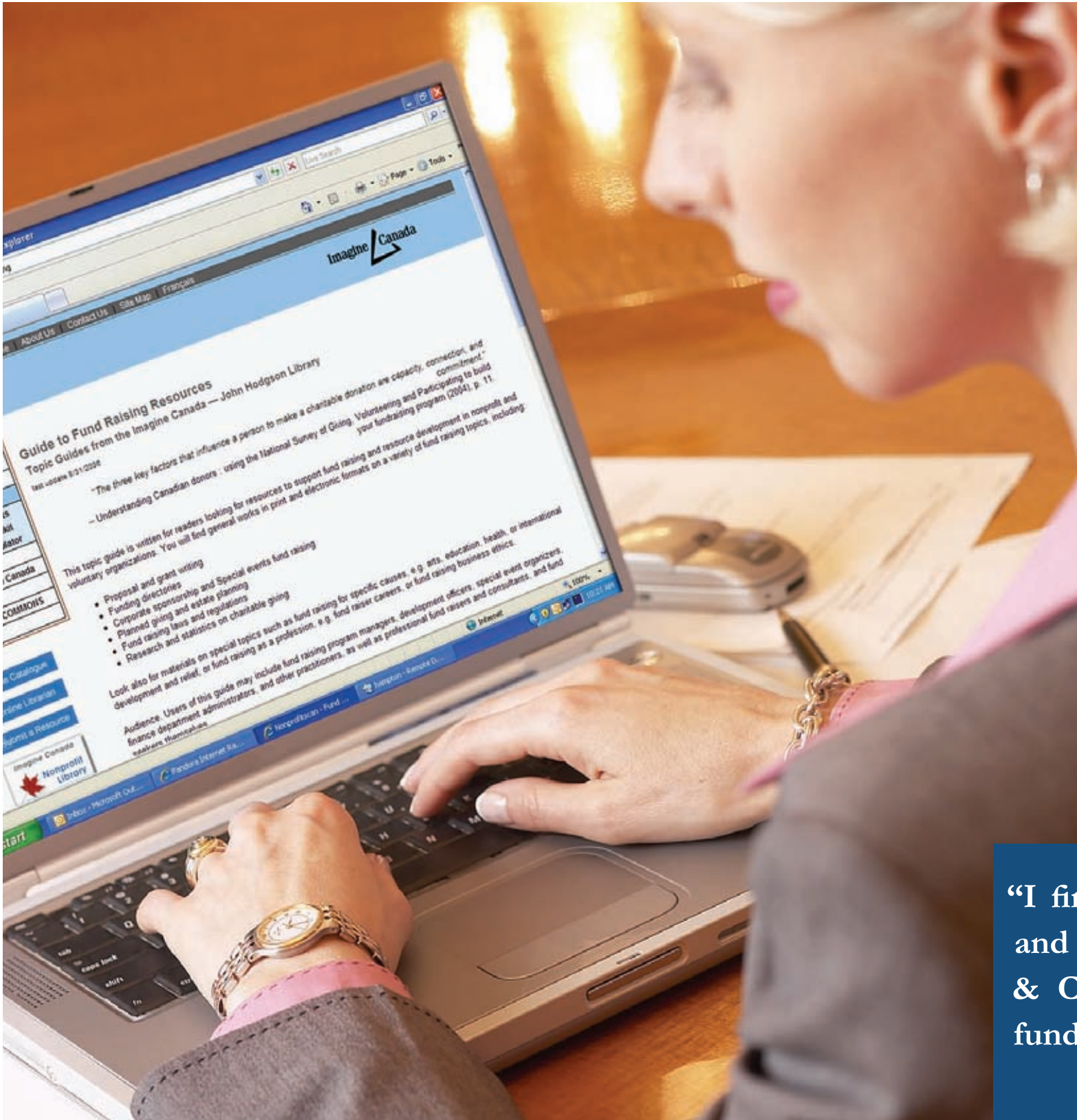
Recognizing that time is our members' most precious commodity, we invited members from coast to coast to meet virtually "from their desks" with sector experts and each other and to participate post-seminar in an open dialogue. In this first year, SectorCasts offered a guided tour of our *Canadian Directory to Foundations & Corporations*, demystified the new federal lobbyist legislation and shed light on the world of federal government financing.

Our aim is to grow our membership—not just in numbers, but in influence. In so doing, we intend to build a membership that reflects the full diversity of our sector—from the arts to the environment, sports and human services and everything in between – and with representation from British Columbia to Newfoundland and Labrador.

We thank our members for your confidence and support of our work to date. And we look forward to growing together.

Canada membership is a valuable resource for us. It lets our staff and access a great online library, read the latest research and connect to the voluntary, private and public sectors.”

Sol Kasimer, National Advisor, The Learning Partnership



“I find
and
& C
fund

Leading Charities to Grantmakers and Better Tools

Fundraising is an essential and yet daunting part of life in the charitable sector. For 20 years, our *Canadian Directory to Foundations & Corporations* has been a vital tool making it easier for charities to access the funds they need by connecting subscribers to more than \$1 billion in funding from Canada's foundations and corporate grantmakers.

The Directory houses 3,100 entries, including more than 150 corporate grantmakers. In 2006, Imagine Canada published four customized newsletters to help Directory users get the most from their subscription. *Directory Update* contains helpful at-a-glance tips and tools, a list of updated grantmakers, and profiles of funders from Canadian foundations.

We also introduced sessions about the Directory into our new SectorCast program. This enabled Directory users to connect in a web/audio conference with each other and with Imagine Canada experts on the Directory.

Our John Hodgson Library, available on-line at www.nonprofitscan.ca witnessed a 46% increase in visitors seeking information about a variety of topics. Favourite topics accessed included the library's Effective Grantmaking and Board Governance collections and its material on Corporate Citizenship. The Library houses more than 7,000 titles, most of which are downloadable.

and virtually anything that Imagine Canada produces informative and useful. For instance, the Canadian Directory to Foundations and Corporations provides the detailed information we need for our fundraising program.”

Darrell Cole, Executive Director, Career Trek Inc., Winnipeg



“When

The Caring Company Program

Caring Company members are leaders in corporate citizenship. Our members adopt our principles of good corporate citizenship, and they commit to meeting Imagine Canada's benchmarks for community investment. They demonstrate their commitment to corporate citizenship by pledging one percent of their pre-tax profits, by participating in at least one community investment project and by publishing a one-page report about their program each year.

The field of community investment has become increasingly professionalized over the years. Businesses have moved beyond the "chequebook philanthropy" model to a more engaged and integrated partnership approach that includes in-kind gifts, employee volunteerism and sponsorships. At the same time, the Caring Company program has evolved to address this reality.

Our fall focus groups held across Canada with Caring Companies and other businesses revealed some of the issues concerning this emerging field of practice.

- Lack of staff and resources to handle overwhelming demand
- Lack of internal adherence to corporate policies
- Difficulties balancing and managing expectations of multiple stakeholders
- Difficulty tracking, measuring and evaluating community investment efforts

We also learned about some of the information and service gaps facing community investment professionals today.

- Need for better knowledge about what other businesses are doing
- Information about promising or innovative practices
- Opportunities for education or training
- Opportunities to share practices
- Better information about charitable and nonprofit community organizations

We look forward to our findings from the full survey, *Business Contributions to Canadian Communities*, to be released in the fall of 2007. In addition to growing corporate citizenship in Canada these results will provide essential intelligence to help us shape the programs and services we will deliver to our Caring Company members in the future.

In 2006, our Caring Company Program grew to 108 members. We thank them for their belief in us and, most importantly, for their commitment to communities all across Canada. Caring Companies are leading by example.

"I need information on the sector, I start with Imagine Canada."

Lisa Banks, Senior Director, Community Affairs, Bell Canada



“The Imagine Canada workshop exceeded my expectations. Thank you!”

THE CITIES WE VISITED IN 2006...

Yellowknife

Victoria

Vancouver

Calgary

Edmonton

Lethbridge

Saskatoon

Regina

Prince Albert

Winnipeg

Thunder Bay

Toronto

Hamilton

Waterloo

Supporting Canada's Communities

Through our offices in Toronto, Calgary and Ottawa, and a Board of Directors with membership from across the country, Imagine Canada operates with a national mandate – and with a community focus. In 2006, Imagine Canada conducted more than 55 regional workshops and presentations across the country to promote and disseminate our current research and knowledge about issues affecting Canada's more than 161,000 charities and nonprofits. The workshop topics included:

- Leadership development and succession planning for nonprofits
- Including people with intellectual disabilities as volunteers
- Business support for employee volunteers
- Understanding social services organizations in Ontario
- Engaging youth, aboriginal people and retirees in volunteering;
- Funding and sustainability of nonprofits;
- The relationship between volunteering and health;
- And many more!

Guelph

London

Ottawa

Kingston

Monteerie

Laval

Moncton

Halifax

Truro

Sydney

Charlottetown

St. John's

Generous Contributions in 2006

Individual charitable and nonprofit organizations do an exceptional job of strengthening Canada's social fabric. However, the sector needs a national entity to champion the country's changing social architecture as a whole – an entity that can build the capacity of the nonprofit sector, create a positive regulatory climate in which it can thrive and engage more Canadians and companies in supporting good causes.

That's why Imagine Canada was created.

The support of our members, funders and donors is helping us build an organization that is strong enough, large enough, and influential enough to play a transformative role in creating the conditions necessary for a vibrant sector in Canada.

Public Funders

Government of Canada
Government of Ontario
Ontario Trillium Foundation
Wild Rose Foundation

Private Foundations

Navion Charitable Foundation
Suncor Energy Foundation
The John McKellar Charitable Foundation
The KPMG Foundation
The Muttart Foundation

Corporations

AIIM
AstraZeneca
Bell Canada
Coast Capital Savings Credit Union
EnCana Corporation
Fairmont Hotels and Resorts
GrantStream Inc.
Hudson's Bay Company
Manifest Communications Inc.
Investors Group

Individuals

Margaret E. Barrow
Marcel Côté
Ted Garrard
Larry Gemmel
Punch Jackson
Charles Kaplan
Ruby Lam
Don McCreesh
Yves Savoie
Georgina Steinsky-Schwartz
Sue Tomney
Estate of Margery Warren
Sandra Wilking
Dick Wilson
Wenda Yenson
Robert Zed

Other

Mount Saint Vincent University
University of Toronto

We are grateful to the individuals and organizations who supported us this year.



Finance and Administration

Vice President: Carol Adolph

Daciana Cringus

Nasrin Hasham

Arthur Lulu

Noreen McLean

Catherine Paterson

Galina Shapiro

Matthew Sieber

Susan Thomas

Marketing and Social Engagement

Vice President: Jocelyne Daw

Nicole Flax

Marnie Grona

Lisa Hartford

Julia Howell

Tasneem Rahim

Jennifer Semple

Jason Taniguchi

Sabine Thenner

Diane Wilputte

Heather Wilson

Public Policy and Government Relations

Vice President: Teri Kirk

Karen Alebon

Peter Broder

Research

Vice President: Michael Hall

Cathy Barr

Felicity Heyworth

Anca Iancu

David Lasby

Danielle Li

Indra Liepins

Eshwar Murthy

Reg Noble

Rosario Olivera

Orbis Proszynski

Julie Sperling

Kimberley Turner

Shirley Von Sychowski

Fataneh Zarinpoush

President and CEO

Georgina Steinsky-Schwartz



Imagine Canada Board of Directors as of December 31, 2006

Our volunteer board of directors meets four times each year – once by telephone, and three times in person.

- March board meeting – review and discussion of previous year
- June – planning session
- September – discussion of budget for coming year
- December – approval of budget and plans for next year



Back Row Left to Right

Punch Jackson, Raffath Sayeed, Yves Savoie, Don McCreesh, Dick Wilson, Michael Weil

Front Row Left to Right

Ruby Lam, Robert Zed, Georgina Steinsky-Schwartz, Ted Garrard, Wenda Yenson, Chuck Kaplan

Absent

Marcel Côté, Susan Lewis, John O'Leary, Hilary Pearson, Vanessa Reid, Sandra Wilking

Committees of the Board of Directors

Audit
Corporate Citizenship
Development

Governance and Human Resources
Library
Public Policy

<p>Edward H. (Ted) Garrard, Chair Vice-President (External), The University of Western Ontario London, Ontario</p>	<p>Ruby Lam Community Development Consultant Toronto, Ontario</p>	<p>Michael Weil President and CEO, YMCA Canada Toronto, Ontario</p>
<p>Don McCreesh, Vice-Chair President, The Garnet Group Inc. Oakville, Ontario</p>	<p>Susan Lewis President, United Way of Winnipeg Winnipeg, Manitoba</p>	<p>Sandra Wilking Citizenship Judge Burnaby, British Columbia</p>
<p>Yves Savoie, Vice-Chair President and Chief Executive, Multiple Sclerosis Society of Canada Toronto, Ontario</p>	<p>John O’Leary President, Frontier College Toronto, Ontario</p>	<p>Richard H. (Dick) Wilson Retired, EnCana Corporation Calgary, Alberta</p>
<p>Marcel Côté President, SECOR Consulting Montreal, Quebec</p>	<p>Hilary Pearson President and CEO, Philanthropic Foundations Canada Montreal, Quebec</p>	<p>Wenda Yenson Dickson MacGregor Appell, LLP Toronto, Ontario</p>
<p>Punch Jackson Director, Libraries, Community and Voluntary Sector Services Branch, Government of Alberta</p>	<p>Vanessa Reid Former Executive Director, Santropol Roulant, Montreal, Quebec</p>	<p>Robert Zed Chair, The Zed Group Halifax, Nova Scotia</p>
<p>Charles Kaplan Vice-President, R & D Site Manager, AstraZeneca Canada Inc. Montreal, Quebec</p>	<p>Raffath Sayeed, M.D. Family Physician Lloydminster, Alberta</p>	

Management's Discussion of Financial Results

The discussion below should be read in conjunction with the audited financial statements for the year ended December 31, 2006.

Hosted Entities:

Until recently, Imagine Canada has hosted (assumed the fiduciary responsibility for) several non-incorporated entities. In 2006, there were two - the Voluntary Sector Forum and the National Children's Alliance. The revenues and expenses pertaining to these entities are included in Imagine Canada's statements of operations in 2006. The following table shows the amounts pertaining to these entities included in these statements.

	2006	2005
Revenues	\$ 424,592	\$ 1,215,922
Expenses	394,316	1,124,238

The operational comments in the following discussion pertain to Imagine Canada's revenue and expenses excluding these entities; where they are included, it is explicitly stated.

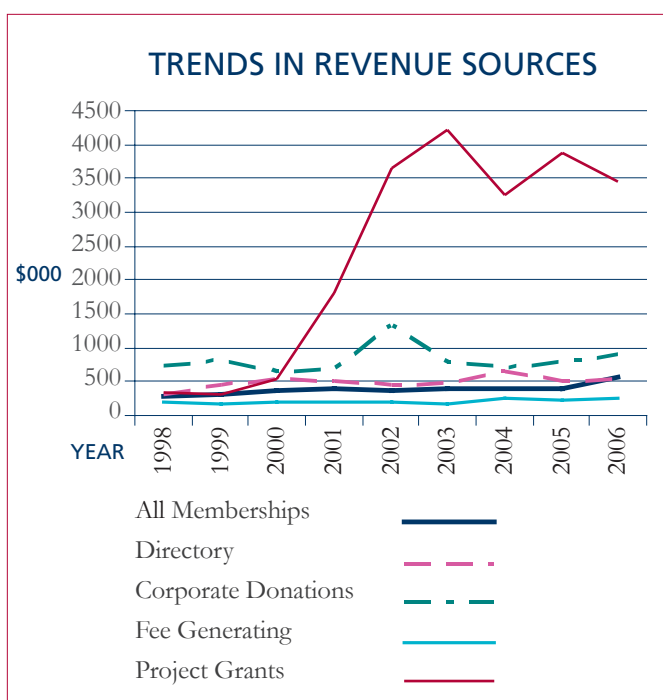
Summary results of operations:

IMAGINE CANADA, 2006	
Operating Revenues	\$ 5,805,009
Operating Expenses	\$ 5,875,140
Operating excess (deficiency) of revenues over expenses	(70,131)
Accounting adjustments	(96,884)
Reported excess (deficiency) of revenues over expenses	(167,015)

The majority of the deficiency is due to one-time accounting adjustments which are explained in the footnotes below.

Revenue:

Current sources of funding are shown in the chart below.



Total revenues including hosted entities declined 15% in 2006, due to lower levels of project grants. The operating decline, excluding hosted entities, was 6%. While project revenues decreased 9% year over year, revenues not tied to projects ("undesignated revenues") increased 2%, reflecting Imagine Canada's emphasis on diversifying its sources of funding away from government funding.

Sixty-one percent of Imagine Canada's revenues currently come in the form of project funding, primarily from government. This is somewhat higher than similar-sized charities¹, and in a climate of federal government declining grants, underlines the necessity for Imagine Canada to access other sources of funding.

Membership revenue, which now represents about 10% of total revenue, has increased by 41% year over year, as Imagine Canada increases the value proposition for both nonprofit and corporate members. The number of corporate members, for example, has increased from 7 at the end of 2005 to 108 at the end of 2006.

Reported investment income increased 70% year over year. Cash investment income increased over 200%. The difference between cash and reported investment income was due to two accounting adjustments. The first is detailed in note 2, below.²

In summary, Imagine Canada's revenues have remained largely unchanged in total, year over year, but the revenue mix is changing. Project funding, while still the majority of Imagine's funding, is decreasing as a percentage of total funding, and undesignated revenues are increasing. This trend is expected to provide Imagine Canada with greater flexibility in fulfilling its mission and vision.

Expenses:

Total reported expenses, including hosted entities, decreased 12% year over year. Excluding hosted entities, expenses decreased by 2%. Expenses decreased in all categories except two, due to lower staff levels and expense restraints. For example, the 48% decrease in consultant expenses was possible due to a two year strategy to re-skill the organization. At the end of 2006, we believe we have the appropriate skills in-house to continue to carry out the work for which consultants were previously hired.

In 2006, major funded projects such as the Knowledge Development Centre moved into the dissemination phase of their work. The focus on dissemination is reflected in the 128% year over year increase in the cost of printing and promotion. Much of this expense (64%) was incurred by funded projects and was covered by project grant revenue. Imagine Canada also continued its brand positioning work through advertising and reproduction of collateral materials.

The focus on dissemination is also reflected in travel costs, which are 18% higher than last year. Again, 69% of total travel expense is covered by project grant revenue, and does not impact the organization's net results. "Unfunded" travel decreased by 54% year over year.

Balance sheet:

Imagine Canada's balance sheet shows little change in liquidity year over year, with a 3% decrease in liquid assets and a working capital ratio of 0.94 at December 31, 2006 compared to 0.96 at December 31, 2005. Accounts receivable increased 36% year over year as project receivables (primarily from government) rose.

In September 2005, Imagine Canada received a bequest from the Margery Warren Estate. The entirety of this bequest was invested with Imagine Canada's investment manager, and shows in the long-term investments section of the balance sheet. The accounting treatment for this investment was changed during the year, and the 2005 financial statements were restated to reflect this change.³

¹Hall, Michael et al., *Cornerstones of Community: Highlights of the National Survey of Giving and Volunteering*, Statistics Canada

²This change was mandated in 2005 by the Canadian Institute of Chartered Accountants, and applies to all organizations for fiscal years beginning not later than January 1, 2007. As of that date, all organizations must account for their investments at market value.

Imagine Canada accounted for its investments at cost (as mandated by previous accounting requirements) until a change of investment manager in 2006. With the new manager, investments were in instruments which are reported at market value. Imagine Canada took this opportunity to make the change in accounting policy in 2006.

A change in accounting policy must be made at the beginning of a year. Therefore it was necessary to adjust opening investment balances in 2006. The opening balances were increased by \$71,000 to reflect market value at January 1, 2006.

³ Under the terms of the bequest, the donation is to be used for the benefit of the Imagine Canada John Hodgson Library. By the terms of the bequest, the income from the donation may be used to fund the operations of the library as needed; up to \$600,000 of the principal may also be used as needed. In 2006 some of these funds were used to fund library operations. Because of this usage, the accounting for this donation was changed. The \$600,000 has been reclassified as a deferred contribution and is shown in the long-term liabilities section of the balance sheet. Interest income received from the investment in excess of what was applied to operations, was also reclassified with the deferred contribution. This results in a decrease in reported interest income in the amount of \$26,000.

THE CANADIAN CENTRE FOR
PHILANTHROPY (Operating as Imagine Canada)

FINANCIAL STATEMENTS
DECEMBER 31, 2006

TABLE OF CONTENTS

Auditors' Report	2
Statement of Revenue and Expenses	3
Statement of Changes in Net Assets	4
Balance Sheet	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of
The Canadian Centre for Philanthropy
(Operating as Imagine Canada)

We have audited the balance sheet of The Canadian Centre for Philanthropy (the "Centre") as at December 31, 2006 and the statements of revenue and expenses, 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 Canadian generally accepted auditing standards. 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 December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2005 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated February 24, 2006.

Toronto, Ontario
February 28, 2007



Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

The Canadian Centre for Philanthropy (Operating as Imagine Canada)

Statement of Revenue and Expenses

Year Ended December 31

2006

2005

Restated
(See Note 2)

Revenue

Project grants - research	\$ 2,548,069	\$ 3,067,992
Hosting agreements (Note 13)	424,592	1,215,922
Project grants - other	993,254	822,019
Corporate citizenship donations	681,357	794,269
Publications and on-line subscriptions	554,151	520,270
Membership fees	556,806	394,089
Conferences and seminars	6,500	155,813
Sponsorships	131,048	10,059
Other	67,232	70,605
Investment income	99,157	58,357
Amortization of deferred capital contributions	11,852	50,562
Donations	28,423	43,048
	<u>6,102,441</u>	<u>7,203,005</u>

Expenses

Salaries and benefits	2,600,816	2,650,528
External researchers	1,098,462	1,211,677
Hosting agreements (Note 13)	394,316	1,124,238
Professional fees	427,682	821,342
Occupancy	394,491	399,590
Travel and meetings	391,605	332,870
Printing and promotion	719,829	316,179
Office supplies	157,196	184,784
Amortization	73,038	90,605
Other	12,021	11,539
	<u>6,269,456</u>	<u>7,143,352</u>

(Deficiency) excess of revenue over expenses	\$ <u>(167,015)</u>	\$ <u>59,653</u>
--	---------------------	------------------

See accompanying notes in financial statements

The Canadian Centre for Philanthropy (Operating as Imagine Canada)

Statement of Changes in Net Assets

Year Ended December 31

Invested	<u>In Capital Assets</u>	<u>Endowment Fund</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>2006 Total</u>	2005 <u>Total</u> Restated (See Note 2)
Balance, beginning of year	\$ 90,739	\$ 1,128,251	\$ 628,766	\$ (67,653)	\$ 1,780,103	\$ 689,769
Adjustment (Note 2 (b))	-	(600,000)	-	-	(600,000)	-
As restated	90,739	528,251	628,766	(67,653)	1,180,103	689,769
Adjustment (Note 2(a))	-	-	-	70,558	70,558	-
	<u>90,739</u>	<u>528,251</u>	<u>628,766</u>	<u>2,905</u>	<u>1,250,661</u>	689,769
(Deficiency) excess of revenue over expenses	(61,185)	-	-	(105,830)	(167,015)	59,653
Contributions to net assets	-	-	-	-	-	430,681
Purchase of capital assets, net of capital contributions	4,835	-	-	(4,835)	-	-
Balance, end of year	<u>\$ 34,389</u>	<u>\$ 528,251</u>	<u>\$ 628,766</u>	<u>\$ (107,384)</u>	<u>\$ 1,083,646</u>	<u>\$ 1,180,103</u>

See accompanying notes in financial statements

The Canadian Centre for Philanthropy (Operating as Imagine Canada)

Balance Sheet

December 31

2006

2005

Restated
(See Note 2)

Assets

Current

Cash and cash equivalents	\$ 233,608	\$ 573,267
Receivables	1,037,106	760,472
Other assets	<u>41,238</u>	<u>26,432</u>
	1,311,952	1,360,171

Investments (Note 4)	1,684,935	1,747,537
Capital assets (Note 5)	<u>65,372</u>	<u>123,610</u>
	\$ 3,062,259	\$ 3,231,318

Liabilities

Current

Payables and accruals	\$ 302,409	\$ 349,193
Deferred revenue (Note 6)	495,586	532,433
Deferred contributions (Note 7)	<u>603,376</u>	<u>536,717</u>
	1,401,371	1,418,343

Deferred capital contributions (Note 8)	30,983	32,872
Deferred contribution - Estate of Margery Warren (Note 9)	<u>546,259</u>	<u>600,000</u>
	1,978,613	2,051,215

Net Assets

Invested in Capital Assets (Note 10)	34,389	90,738
Endowments (Note 11)	528,251	528,251
Internally restricted (Note 12)	628,766	628,766
Unrestricted	<u>(107,760)</u>	<u>(67,652)</u>
	1,083,646	1,180,103
	\$ 3,062,259	\$ 3,231,318

Commitments (Note 15)

On behalf of the Board



Director



Director

See accompanying notes in financial statements

The Canadian Centre for Philanthropy (Operating as Imagine Canada)

Statement of Cash Flows

Year Ended December 31

2006

2005

Restated
(See Note 2)

Increase (decrease) in cash and cash equivalents

Operating activities

(Deficiency) excess of revenue over expenses	\$ (167,015)	\$ 59,653
Depreciation		
Property and equipment	73,038	90,605
Deferred capital contributions	(11,852)	(50,562)
Gain on sale of investments	<u>(24,174)</u>	<u>(19,148)</u>
	(130,003)	80,548
Change in non-cash operating working capital		
Receivables and accrued interest income	(276,634)	(1,966)
Other current assets	(14,806)	11,171
Payables and accruals	(46,784)	(85,935)
Deferred revenue	(36,847)	200,111
Deferred contributions	66,659	(394,726)
Deferred contribution - Estate of Margery Warren	<u>(53,741)</u>	<u>600,000</u>
	<u>(492,156)</u>	<u>409,203</u>

Financing activities

Deferred capital contributions received	9,963	6,146
Proceeds from sales of investments	2,874,920	998,239
Purchase of investments, net of transfers and in-kind donation	<u>(2,717,588)</u>	<u>(1,421,224)</u>
	<u>167,295</u>	<u>(416,839)</u>

Investing activity

Purchase of property and equipment	<u>(14,798)</u>	<u>(40,305)</u>
Net decrease in cash and cash equivalents	(339,659)	(47,941)
Cash and cash equivalents, beginning of year	<u>573,267</u>	<u>621,208</u>
Cash and cash equivalents, end of year	\$ <u>233,608</u>	\$ <u>573,267</u>

See accompanying notes in financial statements

The Canadian Centre for Philanthropy

(Operating as Imagine Canada)

Notes to the Financial Statements

December 31, 2006

1. Nature of operations

The Canadian Centre for Philanthropy (the "Centre") is a national organization dedicated to advancing knowledge and relationships to foster effective and sustainable charitable and non-profit organizations. The Centre was incorporated under the Canadian Corporations Act on August 11, 1981.

The Centre is registered as a charitable organization under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Centre must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

On January 11, 2005, the Centre began operating under the brand name of Imagine Canada.

2. Change in accounting policy and adjustment

(a) In 2005, the Canadian Institute of Chartered Accountants issued Handbook Section 3855, "Financial Instruments – Recognition and Measurement" which will be effective for the annual financial statements for the period commencing January 1, 2007. The Centre decided to adopt this standard effective January 1, 2006.

The new standard requires the Centre to classify its investments as held-for-trading, held-to-maturity or available-for-sale. Held-for-trading securities would be measured at fair value, using bid prices, with change in fair value recorded in the Statements of Revenue and Expenses. Available-for-sale securities would be measured at fair value, using bid prices, with changes in fair value recorded in the Statement of Changes in Net Assets. Held-to-maturity investments would be recorded at amortized cost using the effective interest rate method. Prior period comparative financial information would not be restated and the opening adjustment would be made to opening unrestricted net assets. The Centre has classified all investments as held-for-trading. Upon adoption as at January 1, 2006, the impact of this change in accounting policy increased opening unrestricted net assets by \$70,558.

(b) During the year, the Centre clarified the terms of the bequest from the Estate of Margery Warren. Pursuant to the terms, the donation is to be used for the benefit of the Imagine Canada John Hodgson Library. The income from the donation may be used as needed, \$600,000 of the capital would be treated as a deferred contribution to be used as needed and the \$430,681 would be treated as an endowment with an indefinite life.

The impact of this change has been applied with retroactive application with restatement of prior year.

As a result, certain amounts have been restated for the year ended December 31, 2005 as follows:

	<u>As previously Stated</u>	<u>Increase (Decrease)</u>	<u>As restated</u>
Deferred contribution – Estate of Margery Warren	\$ -	\$ 600,000	\$ 600,000
Endowments	\$ 1,128,251	\$ (600,000)	\$ 528,251
Contribution to net assets	\$ 1,030,681	\$ (600,000)	\$ 430,681

The Canadian Centre for Philanthropy

(Operating as Imagine Canada)

Notes to the Financial Statements

December 31, 2006

3. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Revenue recognition

The Centre follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the period 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.

Endowments consist of externally restricted contributions received where the principal is required to be maintained in perpetuity. Endowment contributions are recognized as direct increases in net assets.

Investment income is recognized as revenue when earned.

Membership fees, newspaper and on-line directory subscriptions relating to the period subsequent to year-end are recorded as deferred revenue.

Pledges are recognized as revenue when received.

Investments

Short and long term investments are stated at fair value.

Capital assets

Purchased capital assets are stated at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements-		over term of lease
Equipment	-	3 years
Furniture and fixtures	-	5 years

Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenses at rates corresponding to the amortization rates for the related capital assets.

Contributed materials and services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining the fair market value of contributed services, they are not recognized in the financial statements.

4. Investments

	<u>2006</u>	<u>2005</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Canadian fixed income	\$ -	\$ 765,138	\$ 777,467
Canadian equity	-	982,399	1,040,628
Pooled fund units	<u>1,684,935</u>	-	-
	\$ 1,684,935	\$ 1,747,537	\$ 1,818,095

During the year, the Centre changed its investment manager. Investments are now in pooled funds rather than individual securities. Investments are reported on the balance sheet at pooled fund unit market values, which are updated monthly.

The Canadian Centre for Philanthropy

(Operating as Imagine Canada)

Notes to the Financial Statements

December 31, 2006

	5 Property and equipment		<u>2006</u>	<u>2005</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 190,042	\$ 162,800	\$ 27,242	\$ 45,446
Equipment	452,999	414,868	38,131	76,465
Furniture and fixtures	<u>29,800</u>	<u>29,800</u>	<u>-</u>	<u>1,699</u>
	\$ <u>672,841</u>	\$ <u>607,468</u>	\$ <u>65,373</u>	\$ <u>123,610</u>

6. Deferred revenue	<u>2006</u>	<u>2005</u>
Membership fees	\$ 277,144	\$ 295,339
On-line directory subscriptions and publications	218,147	230,028
Print directory	295	7,010
Newspaper	<u>-</u>	<u>56</u>
	\$ <u>495,586</u>	\$ <u>532,433</u>

7. Deferred contributions

Deferred contributions represent unspent externally restricted grants and donations for various purposes. The changes in the deferred contributions balance are as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 536,717	\$ 931,443
Amount received or receivable during the year	4,898,205	5,919,722
Revenue recognized during the year	<u>(4,831,546)</u>	<u>(6,314,448)</u>
	\$ <u>603,376</u>	\$ <u>536,717</u>

8. Deferred capital contributions	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 32,872	\$ 77,288
Contributions received restricted for capital purposes	9,963	6,146
Amortization	<u>(11,852)</u>	<u>(50,562)</u>
	\$ <u>30,983</u>	\$ <u>32,872</u>

The Canadian Centre for Philanthropy (Operating as Imagine Canada)

Notes to the Financial Statements

December 31, 2006

9. Deferred contribution - Estate of Margery Warren	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 600,000	\$ -
Contributions received restricted for the Imagine Canada John Hodgson Library	-	600,000
Revenue recognized during the year	<u>(53,741)</u>	<u>-</u>
	\$ <u>546,259</u>	\$ <u>600,000</u>

Deferred contribution - Estate of Margery Warren represents the unamortized amount of the donation received to be used for the benefit of the Imagine Canada John Hodgson Library. See Note (11).

10. Invested in capital assets	<u>2006</u>	<u>2005</u>
Net assets invested in capital assets:		
Capital assets	\$ 65,372	\$ 123,610
Deferred capital contributions	<u>(30,983)</u>	<u>(32,872)</u>
	\$ <u>34,389</u>	\$ <u>90,738</u>

11. Endowments	<u>2006</u>	<u>2005</u>
Bienewski Donation	\$ 97,570	\$ 97,570
Estate of Margery Warren	<u>430,681</u>	<u>430,681</u>
	\$ <u>528,251</u>	\$ <u>528,251</u>

In the prior year, the Centre received a donation of securities with a fair value of \$1,030,681 from the Estate of Margery Warren. Pursuant to its terms, the donation is to be used for the benefit of the Imagine Canada John Hodgson Library. By the terms of the bequest, the income from the donation may be used as needed, \$600,000 of the capital would be treated as a deferred contribution to be used as needed (Note 9) and the remaining \$430,681 would be treated as an endowment with an indefinite life.

12. Internally restricted	<u>2006</u>	<u>2005</u>
The internally restricted net assets balance is comprised of reserves set aside by the Board of Directors for particular purposes:		
Access Bursary Fund	\$ 157,503	\$ 157,503
Stabilization Fund	<u>471,263</u>	<u>471,263</u>
	\$ <u>628,766</u>	\$ <u>628,766</u>

The Canadian Centre for Philanthropy
(Operating as Imagine Canada)

Notes to the Financial Statements

December 31, 2006

12. Internally restricted (continued)

An amount approximating investment income earned on the Access Bursary Fund is used to subsidize membership fees and programs of the Centre for qualifying charitable organizations. The Stabilization Fund was established to fund future lease commitments and to minimize the effect of fluctuating income on future operating and capital requirements.

13. Hosting Agreements

In 2006, the Centre had hosting agreements with two unincorporated entities. The excess of revenue over expenses from these entities represents a contribution to services and overheads provided on their behalf.

On August 31, 2005, the Centre ceased hosting the Health Charities Coalition of Canada (“HCCC”), and as at December 31, 2005, had no further obligations to or from the HCCC. Revenue and expense for the HCCC is shown from the period January 1 through August 31 2005 only.

The following shows revenue and expenses for these organizations:

	<u>2006</u>	<u>2005</u>
Revenue		
Voluntary Sector Forum	\$ 222,551	\$ 843,410
National Children’s Alliance	202,041	243,365
Health Charities Coalition of Canada	-	129,147
	<u>\$ 424,592</u>	<u>\$ 1,215,922</u>
Expenses		
Voluntary Sector Forum	\$ 198,776	\$ 764,726
National Children’s Alliance	195,540	237,365
Health Charities Coalition of Canada	-	122,147
	<u>\$ 394,316</u>	<u>\$ 1,124,238</u>

14. Pledges

2006

2005

The Centre has received the following pledges, which will be recorded as revenue when received.

Cash	\$ 567,200	\$ 767,200
In-kind	<u>500,000</u>	<u>500,000</u>
	<u>\$ 1,067,200</u>	<u>\$ 1,267,200</u>

The Canadian Centre for Philanthropy

(Operating as Imagine Canada)

Notes to the Financial Statements

December 31, 2006

15. Lease Commitments

The Centre is committed under the terms of operating leases for office premises and equipment. Equipment leases expire on or before September, 2011; existing Toronto premises leases expire October 31, 2007 and May 31, 2008. Subsequent to the year end, the Centre entered into a new ten year lease for premises in Toronto. The full obligation under this lease is included below.

The Centre is obligated for two sets of occupancy costs. It will endeavour to sublet its existing Toronto premises to mitigate its occupancy costs.

Payments, inclusive of operating costs and realty taxes, approximate the following:

2007	\$ 419,538
2008	276,493
2009	294,370
2010	300,686
2011	285,845
2012 and subsequent years	<u>1,439,960</u>
	<u>\$ 3,016,892</u>

16. Financial instruments

The Centre's financial instruments consist of cash and cash equivalents, receivables, investments, payables and accruals, deferred revenue, deferred contributions and deferred capital contributions. Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.