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**The Caring and Sharing Exchange**  
**Financial Statements**  
**February 28, 2017**

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# McKECHNIE & Co.

Suite 500, 1390 Prince of Wales Drive  
Ottawa, Ontario, K2C 3N6

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## Independent Auditor's Report

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To the Directors of The Caring and Sharing Exchange :

We have audited the accompanying financial statements of The Caring and Sharing Exchange, which comprise the statement of financial position as at February 28, 2017, the statement of operations and net assets, and the cash flows statement 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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

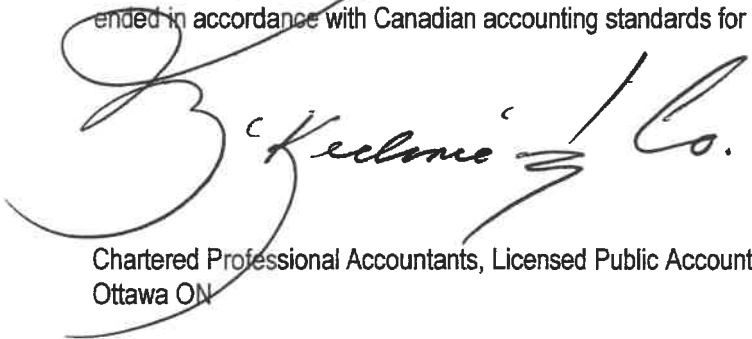
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

***Basis for Qualified Opinion***

In common with many not-for-profit organizations, The Caring and Sharing Exchange derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amount recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fund raising revenues, excess of revenues over expenses, cash flows from operations for the year ended February 28, 2017, current assets and net assets as at February 28, 2017.

***Qualified Opinion***

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements present fairly, in all material respects, the financial position of The Caring and Sharing Exchange as at February 28, 2017 and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A large, stylized handwritten signature in black ink, appearing to read "McKechnie & Co.", is written over the printed name of the firm.

Chartered Professional Accountants, Licensed Public Accountant  
Ottawa ON

June 19, 2017

\*By Paul McKechnie, Auditor

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**The Caring and Sharing Exchange**  
**Statement of Financial Position**  
**February 28, 2017**

**2017**

**2016**

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**Assets**

**Current**

Cash and cash equivalents	\$ 155,301	\$ 144,187
Receivables	17,500	11,052
Prepaid expenses	11,273	11,540
Taxes recoverable	3,454	9,796
	<b>187,528</b>	<b>176,575</b>

**Capital assets** (note 3)

**4,949**      **6,204**

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**192,477**      **182,779**

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**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities (note 4)	15,665	14,849
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**Net Assets**

Unrestricted	176,812	167,930
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**\$ 192,477**      **\$ 182,779**

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**Commitments** (note 6)

Approved on behalf of the Board:

*Timothy M. Wong* CPA CMA, Treasurer

Chartered Professional Accountant, Licensed Public Accountant

**The Caring and Sharing Exchange**  
**Statement of Operations and Net Assets**  
**February 28, 2017**

	2017	2016
<b>Revenue</b>		
Donations (schedule 1)	\$ 271,308	\$ 255,364
Special events (schedule 2)	73,487	94,104
Direct programs (schedule 3)	148,071	200,172
Other revenue	4,102	7,455
	<b>496,968</b>	<b>557,095</b>
<b>Expenditure (note 5)</b>		
Assistance programs		
Christmas assistance	237,469	261,740
School supply assistance	83,166	88,142
Coordination services	41,112	42,680
Kindness week	35,249	37,057
	<b>396,996</b>	<b>429,619</b>
<b>Fundraising expenses</b>	<b>53,468</b>	<b>73,477</b>
<b>Administration (schedule 4)</b>	<b>37,622</b>	<b>61,676</b>
	<b>488,086</b>	<b>564,772</b>
<b>Excess (deficiency) of revenue over expenditure for the year</b>	<b>8,882</b>	<b>(7,677)</b>
<b>Unrestricted net assets, beginning of year</b>	<b>167,930</b>	<b>175,607</b>
<b>Unrestricted net assets, end of year</b>	<b>\$ 176,812</b>	<b>\$ 167,930</b>

See accompanying notes to the financial statements

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**The Caring and Sharing Exchange****Statement of Cash Flows****February 28, 2017****2017****2016**

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**Operating activities**

Excess (deficiency) of revenue over expenditure for the year	\$	8,882	\$	(7,677)
Plus amortization		1,255		595

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		10,137		(7,082)
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## Change in non-cash working capital items

Accounts receivable		(6,448)		16,448
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Accounts payable and accrued liabilities		816		(89,880)
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Prepaid expenses		267		3,504
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Taxes recoverable		6,342		(1,415)
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		11,114		(78,425)
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**Investing activities**

Leasehold improvements		0		(4,175)
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Change in cash and cash equivalents during the year		11,114		(82,600)
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Cash and cash equivalents, beginning of year		144,187		226,787
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Cash and cash equivalents, end of year	\$	155,301	\$	144,187
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See accompanying notes to the financial statements

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**The Caring and Sharing Exchange**  
**Notes to the Financial Statements**  
**February 28, 2017**

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**1. Purpose of the Organization**

The Caring and Sharing Exchange is a local organization that co-ordinates and provides financial or other assistance to those persons residing in the Greater Ottawa Area who are in need. The organization is incorporated under the Ontario Business Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

**2. Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant policies:

**Revenue recognition**

The organization follows the deferral method of accounting for donations. Restricted donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

**Capital assets**

Capital assets are recorded at cost and amortized over their estimated useful life using the following method and rate:

Electronic equipment	20%	Declining balance
Leasehold improvements	5 years	Straight line

Leasehold improvements are amortized on a straight line basis over the term of the lease.

**Attribution of expenses**

The organization reports its expenses in three primary categories, assistance programs, fundraising and administration. Direct costs are recorded as incurred.

Wages are attributed based on the hours spent by the employees. Occupancy and equipment costs are based on square footage utilized. General office and administrative costs are attributed based on the specific utilization of resources in support of each category.

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**The Caring and Sharing Exchange**  
**Notes to the Financial Statements**  
**February 28, 2017**

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**2. Significant Accounting Policies (con't)**

**Donated goods and services**

The work of the organization is dependent on the voluntary service of the members of the organization. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recognized in these statements. For the same reasons, donated goods are not recognized in these statements.

**Financial Instruments**

The fair values of cash, receivables, accounts payable and accrued liabilities approximate their carrying amount given their short term maturity.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas require the use of management estimates such as methods and rates of amortization of capital assets. Actual results could differ from the estimates.

**Cash and cash equivalents**

The organization's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

**3. Capital Assets**

	<b>2017</b>			<b>2016</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>	<b>Net Carrying Amount</b>
Leasehold improvements	\$ 4,175	\$ 905	\$ 3,270	\$ 4,105
Electronic equipment	6,492	4,813	1,679	2,099
	<b>\$ 10,667</b>	<b>\$ 5,718</b>	<b>\$ 4,949</b>	<b>\$ 6,204</b>



**The Caring and Sharing Exchange**  
**Notes to the Financial Statements**  
**February 28, 2017**

**4. Accounts Payable and Accrued Liabilities**

	2017	2016
Trade	\$ 5,078	\$ 3,511
Accrued liabilities	5,712	5,665
Government remittances	4,875	5,673
	<b>\$ 15,665</b>	<b>\$ 14,849</b>

**5. Attribution of Expenses**

	Assistance			2017	2016
	Programs	Fundraising	Administration	Total	Total
Wages	\$ 199,787	\$ 35,679	\$ 22,957	\$ 258,423	\$ 274,048
Premises	24,700	4,940	3,293	32,933	50,660
Office	19,410	12,783	11,372	43,565	50,619
	243,897	53,402	37,622	334,921	375,327
Direct expenses	153,099	66	0	153,165	189,445
	<b>\$ 396,996</b>	<b>\$ 53,468</b>	<b>\$ 37,622</b>	<b>\$ 488,086</b>	<b>\$ 564,772</b>

**6. Commitments**

The organization leases office space as well as office equipment pursuant to long-term leases which expire January 2021 and November 2017 respectively. Minimum lease payments under the terms of these leases, including an estimated amount for common charges, are as follows:

2018	\$31,901
2019	\$27,761
2020	\$28,966
2021	\$26,553

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**The Caring and Sharing Exchange**  
**Notes to the Financial Statements**  
**February 28, 2017**

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**7. Financial Instruments**

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

**Credit risk**

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to the receivables. The organization's receivables are recorded only when collection is reasonably assured.

**Liquidity risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

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**The Caring and Sharing Exchange**  
**Schedules of Revenue and Expense**  
**February 28, 2017**

**2017**                      **2016**

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**SCHEDULE 1**

**Donations Revenue**

Direct mail and qualified donees	<b>\$ 243,446</b>	<b>\$ 216,736</b>
General donations	<b>27,862</b>	<b>38,628</b>
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	<b>\$ 271,308</b>	<b>\$ 255,364</b>

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**SCHEDULE 2**

**Special Events Revenue**

Special events - qualified donees	<b>\$ 12,420</b>	<b>\$ 12,825</b>
Third party events	<b>13,293</b>	<b>27,554</b>
General sales	<b>941</b>	<b>2,985</b>
Sponsorships	<b>29,333</b>	<b>33,240</b>
Kindness sponsorship and donations	<b>17,500</b>	<b>17,500</b>
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	<b>\$ 73,487</b>	<b>\$ 94,104</b>

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See accompanying notes to the financial statements

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**The Caring and Sharing Exchange**  
**Schedules of Revenue and Expense**  
**February 28, 2017**

**2017**                      **2016**

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**SCHEDULE 3**

**Direct Program Revenue**

School supply assistance	\$ 87,385	\$ 131,897
Christmas assistance program	60,686	68,275
	<b>\$ 148,071</b>	<b>\$ 200,172</b>

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**SCHEDULE 4**

**Administration Expense**

Wages and benefits	\$ 22,957	\$ 34,988
Premises expense	3,293	5,066
Telephone and fax	375	324
Office supplies and expenses	367	431
Contracts/outside services	9,020	18,981
Insurance - directors	270	270
Maintenance and repairs	33	0
Memberships	2	18
Postage and delivery	171	151
Printing and photocopies	647	582
Professional development	0	3
Professional fees	374	374
Promotion	84	0
Annual meeting	29	488
	<b>\$ 37,622</b>	<b>\$ 61,676</b>

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