

**THE CARING AND SHARING EXCHANGE**

(Formerly The Christmas Exchange of Ottawa-Carleton)

FINANCIAL STATEMENTS

FEBRUARY 29, 2016

**McKECHNIE & Co.**

CHARTERED PROFESSIONAL ACCOUNTANTS

**McKECHNIE & Co.**  
Suite 500, 1390 Prince of Wales Drive  
Ottawa, Ontario, K2C 3N6

**INDEPENDENT AUDITOR'S REPORT**

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 29, 2016, 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 29, 2016, current assets and net assets as at February 29, 2016.

*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 29, 2016 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 handwritten signature in black ink, appearing to read "J. Keenan", is written over the printed name of the firm.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario

June 6, 2016

**THE CARING AND SHARING EXCHANGE**

**STATEMENT OF FINANCIAL POSITION**

February 29, 2016

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>Current</b>		
Cash and cash equivalents	\$ 144,187	\$226,787
Receivables	11,052	27,500
Prepaid expenses	11,540	15,044
Taxes recoverable	9,796	8,381
	<u>176,575</u>	<u>277,712</u>
<b>Capital Assets</b> (note 3)	<u>6,204</u>	<u>2,624</u>
	<u>\$ 182,779</u>	<u>\$280,336</u>

**LIABILITIES AND NET ASSETS**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 14,849	\$104,729
	<u>167,930</u>	<u>175,607</u>
<b>Net Assets</b>		
Unrestricted	<u>167,930</u>	<u>175,607</u>
	<u>\$ 182,779</u>	<u>\$280,336</u>

Commitments (note 4)

Approved on behalf of the Board:

\_\_\_\_\_, Treasurer

(See accompanying notes to the financial statements)

**THE CARING AND SHARING EXCHANGE**  
**STATEMENT OF OPERATIONS AND NET ASSETS**  
**YEAR ENDED February 29, 2016**

	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		
Donations (schedule 1)	\$ 255,364	\$ 277,151
Special events (schedule 2)	94,104	102,910
Foundations revenues	0	6,402
Direct programs (schedule 3)	200,172	147,758
Other revenue	7,455	2,498
	<u>557,095</u>	<u>536,719</u>
 <b>Expenditure (note 5)</b>		
Assistance Programs		
Christmas assistance	261,740	213,918
School supply assistance	88,142	72,569
Coordination services	42,680	58,652
Kindness week	37,057	40,392
	<u>429,619</u>	<u>385,531</u>
Fundraising expenses	73,477	81,542
Administration (schedule 4)	61,676	54,448
	<u>564,772</u>	<u>521,521</u>
 <b>(Deficiency) excess of revenue over expenditure for the year</b>	(7,677)	15,198
<b>Unrestricted net assets, beginning of year</b>	175,607	160,409
<b>Unrestricted net assets, end of year</b>	<u>\$ 167,930</u>	<u>\$ 175,607</u>

(See accompanying notes to the financial statements)

**THE CARING AND SHARING EXCHANGE**

**STATEMENT OF CASH FLOWS**

February 29, 2016

	<u>2016</u>	<u>2015</u>
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenditure for the year	\$ (7,677)	\$ 15,198
Plus amortization	595	656
	<u>(7,082)</u>	<u>15,854</u>
 Change in non-cash working capital		
Accounts receivable	16,448	(10,000)
Accounts payable and accrued liabilities	(89,880)	95,007
Prepaid expenses	3,504	3,877
Taxes recoverable	(1,415)	3,698
	<u>(78,425)</u>	<u>108,436</u>
 <b>Investing activities</b>		
Leasehold improvements	(4,175)	0
	<u>(4,175)</u>	<u>0</u>
 <b>Change in cash and cash equivalents during the year</b>	(82,600)	108,436
 <b>Cash and cash equivalents, beginning of year</b>	<u>226,787</u>	<u>118,351</u>
 <b>Cash and cash equivalents, end of year</b>	<u>\$ 144,187</u>	<u>\$ 226,787</u>

(See accompanying notes to the financial statements)

# THE CARING AND SHARING EXCHANGE

## NOTES TO THE FINANCIAL STATEMENTS

February 29, 2016

### **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 were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### a) 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.

#### b) 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.

#### c) 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.

## THE CARING AND SHARING EXCHANGE

### NOTES TO THE FINANCIAL STATEMENTS

February 29, 2016

#### 2. Significant Accounting Policies cont'd

d) 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.

e) Financial instruments

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

f) 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.

g) 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

	2016			2015
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Leasehold improvements	\$ 4,175	\$ 70	\$ 4,105	\$ 0
Electronic equipment	6,492	4,393	2,099	2,624
	<u>\$ 10,667</u>	<u>\$ 4,463</u>	<u>\$ 6,204</u>	<u>\$ 2,624</u>



## THE CARING AND SHARING EXCHANGE

### NOTES TO THE FINANCIAL STATEMENTS

February 29, 2016

#### 4. 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 a maximum amount for common charges, are as follows:

2017	\$	33,281
2018	\$	31,901
2019	\$	27,761
2020	\$	28,966
2021	\$	26,553

#### 5. Attribution of Expenses

	Assistance Programs	Fundraising	Administration	2016 Total	2015 Total
Wages	\$187,641	\$ 51,418	\$ 34,989	\$ 274,048	\$ 280,154
Rent	37,995	7,599	5,066	50,660	51,249
Office	18,205	10,793	21,621	50,619	45,769
	243,841	69,810	61,676	375,327	377,172
Direct expenses	185,778	3,667	0	189,445	144,349
	<u>\$429,619</u>	<u>\$ 73,477</u>	<u>\$ 61,676</u>	<u>\$ 564,772</u>	<u>\$ 521,521</u>

#### 6. Comparative figures

Certain figures from 2015 have been regrouped in order to conform to the presentation adopted in 2016.

**THE CARING AND SHARING EXCHANGE**

**NOTES TO THE FINANCIAL STATEMENTS**

February 29, 2016

**7. Financial Instruments**

Financial risks

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.

**THE CARING AND SHARING EXCHANGE**

February 29, 2016

**SCHEDULE 1**

	<u>2016</u>	<u>2015</u>
<b>Donations Revenue (note 6)</b>		
Direct mail and qualified donees	\$ 216,736	\$236,090
General donations	38,628	41,061
	<u>\$ 255,364</u>	<u>\$ 277,151</u>

**SCHEDULE 2**

	<u>2016</u>	<u>2015</u>
<b>Special Event Revenue</b>		
Special events - qualified donees	\$ 12,825	\$ 15,697
General revenue	0	3,078
Third party events	27,554	8,267
General sales	2,985	5,696
Sponsorships	33,240	52,672
Kindness sponsorship and donations	17,500	17,500
	<u>\$ 94,104</u>	<u>\$ 102,910</u>

(See accompanying notes to the financial statements)

**THE CARING AND SHARING EXCHANGE**

February 29, 2016

SCHEDULE 3

	<u>2016</u>	<u>2015</u>
<b>Direct Program Revenue</b>		
School supply assistance	\$ 131,897	\$ 85,343
Christmas assistance program	68,275	62,415
	<u>\$ 200,172</u>	<u>\$ 147,758</u>

SCHEDULE 4

	<u>2016</u>	<u>2015</u>
<b>Administration Expense</b>		
Wages and benefits	\$ 34,988	\$ 35,772
Premises expense (note 5)	5,066	5,466
Telephone and fax	324	399
Office supplies and expenses	431	219
Contracts/outside services	18,981	11,318
Insurance - Directors	270	280
Memberships	18	18
Postage and delivery	151	120
Printing and photocopies	582	663
Professional development	3	5
Professional fees	374	74
Promotion	0	27
Transportation and meetings	0	69
Annual meeting	488	18
	<u>\$ 61,676</u>	<u>\$ 54,448</u>

(See accompanying notes to the financial statements)