

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

FINANCIAL STATEMENTS

FEBRUARY 28, 2011

McKECHNIE & Co.
CHARTERED ACCOUNTANTS

McKECHNIE & Co.

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

INDEPENDENT AUDITOR'S REPORT

To the Directors of
The Christmas Exchange of Ottawa-Carleton:

We have audited the accompanying financial statements of The Christmas Exchange of Ottawa-Carleton, which comprise the statement of financial position as at February 28, 2011, the statement of operations and net assets, and the cash flow 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 generally accepted accounting principles, 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.

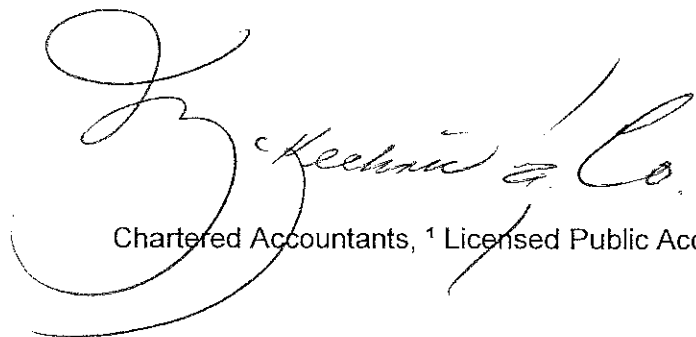
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our examination of these revenues was limited to the amount recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, current assets and net assets.

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 Christmas Exchange of Ottawa-Carleton as at February 28, 2011 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



McKechnie & Co.
Chartered Accountants, ¹ Licensed Public Accountants

Ottawa, Ontario

June 21, 2011

¹By Paul McKechnie, Auditor

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

STATEMENT OF FINANCIAL POSITION

FEBRUARY 28, 2011

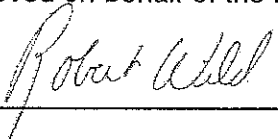
ASSETS

	<u>2011</u>	<u>2010</u> (note 9)
Current		
Cash	\$ 277,915	\$ 195,700
Treasury bills	140,000	120,000
Receivables	27,197	2,433
Prepaid expenses	17,709	13,178
Taxes recoverable	12,414	2,941
	<u>\$ 475,235</u>	<u>\$ 334,252</u>
Capital Assets (note 3)	<u>1,924</u>	<u>0</u>
	<u><u>\$ 477,159</u></u>	<u><u>\$ 334,252</u></u>

LIABILITIES AND NET ASSETS

Current		
Accounts payable and accrued liabilities	\$ 219,549	\$ 179,882
Deferred contributions (note 4)	10,735	0
	<u>230,284</u>	<u>179,882</u>
Net Assets		
Unrestricted	106,875	14,370
Reserve for continued operations (note 8)	140,000	120,000
Restricted funds (note 9)	0	20,000
	<u>246,875</u>	<u>154,370</u>
	<u><u>\$ 477,159</u></u>	<u><u>\$ 334,252</u></u>

Approved on behalf of the Board:


_____, Treasurer

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED FEBRUARY 28, 2011

	<u>2011</u>	<u>2010</u>
Revenue		
Donations (schedule 1)	\$ 565,771	\$ 389,283
Special events (schedule 2)	96,047	153,350
Foundations (schedule 3)	22,126	6,397
Direct programs (schedule 4)	27,757	0
Other (schedule 5)	3,489	6,055
	<u>715,190</u>	<u>555,085</u>
Expenditure		
Christmas assistance	368,178	282,376
School supply assistance	744	0
Coordination services	82,063	61,341
Administration (schedule 6)	56,594	49,908
Fundraising expenses	113,751	75,393
Gifts to qualified donees	1,355	27,881
	<u>622,685</u>	<u>496,899</u>
Excess of revenue over expenditure	92,505	58,186
Net assets, beginning of year	14,370	(3,816)
Amount transferred from (to) reserves		
- continued operations (note 5)	(20,000)	(20,000)
- restricted fund (note 6)	20,000	(20,000)
	<u>0</u>	<u>0</u>
Net assets, end of year	<u>\$ 106,875</u>	<u>\$ 14,370</u>

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

STATEMENT OF CASH FLOWS

FEBRUARY 28, 2011

	<u>2011</u>	<u>2010</u>
		(note 9)
Operating activities		
Net income (loss) for the year	\$ 92,505	\$ 58,186
Plus amortization	481	0
	<u>\$ 92,986</u>	<u>\$ 58,186</u>
 Change in non-cash working capital		
Accounts receivable	(24,764)	3,242
Accounts payable and accrued liabilities	39,667	(60,486)
Prepaid expenses	(4,531)	(351)
Taxes recoverable	(9,473)	(2,941)
Deferred revenue	10,735	(558)
	<u>104,620</u>	<u>(2,908)</u>
 Investing activities		
Purchase of capital asset	<u>(2,405)</u>	<u>0</u>
 Financing activities		
Sale of treasury bill	120,000	280,800
Purchase of treasury bill	<u>(140,000)</u>	<u>(120,000)</u>
	<u>(20,000)</u>	<u>160,800</u>
 Change in cash during the year	82,215	157,892
 Cash, beginning of year	<u>195,700</u>	<u>37,808</u>
 Cash, end of year	<u>\$ 277,915</u>	<u>\$ 195,700</u>

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

NOTES TO THE FINANCIAL STATEMENTS

FEBRUARY 28, 2011

1. Purpose of the Organization

The Christmas Exchange of Ottawa-Carleton 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

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:

-File Server 20% Declining balance

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.

d) Investments

Held-to-maturity investments are recorded at cost using the effective interest method.

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

NOTES TO THE FINANCIAL STATEMENTS

FEBRUARY 28, 2011

2. Significant Accounting Policies cont'd

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. The treasury bills are not exposed to any significant interest rate risk.

f) Use of estimate

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.

3. Capital Assets

	2011		2010
	Cost	Accumulated Amortization	Net Carrying Amount
File server	<u>\$ 2,405</u>	<u>\$ 481</u>	<u>\$ 1,924</u>
			<u>\$ 0</u>

4. Deferred Contributions

The deferred contributions represent the unspent amount of restricted donations received for the purchase of school supplies:

Contributions	\$ 10,900
Contributions used	165
	<u>\$ 10,735</u>

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

NOTES TO THE FINANCIAL STATEMENTS

FEBRUARY 28, 2011

5. Commitments

The organization leases office space pursuant to a long-term lease, which expires January 31, 2016. Future minimum lease payments including common charges under the terms of this lease are as follows:

2012 to 2014	\$	15,265	annually
2015 to 2016	\$	17,446	annually

6. Attribution of Expenses

For 2010 those amounts were:

	<u>Assistance Programs</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Wages	\$ 111,127	\$ 31,883	\$ 47,374	\$ 190,384
Occupancy	28,372	5,674	3,783	37,829
Office	26,780	23,042	5,437	55,259
	166,279	60,599	56,594	283,472
Direct expenses	284,706	53,152	0	337,858
	<u>\$ 450,985</u>	<u>\$ 113,751</u>	<u>\$ 56,594</u>	<u>\$ 621,330</u>

7. Donated 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.

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

NOTES TO THE FINANCIAL STATEMENTS

FEBRUARY 28, 2011

8. Reserve for Continued Operations

In 2002 the Board of Directors determined that it was necessary for the organization to increase its reserve for continued operations on a regular basis. At the end of 2011 a further increase of \$20,000 was recorded.

9. Restricted fund

In the past, the Board of Directors chose to restrict internally an amount of \$20,000 to be used only to provide for any possible future liability issues. The Board terminated this fund during the year ended February 28, 2011.

10. Comparative figures

In order to conform to the presentation adopted in 2011 certain of the 2010 figures have been regrouped.

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

FEBRUARY 28, 2011

SCHEDULE 1

	<u>2011</u>	<u>2010</u>
Donations Revenue		
CanadaHelps.org	\$ 17,453	\$ 59,937
Direct mail	213,110	174,221
General donations	140,907	141,250
Corporate donations	48,170	13,875
Online donations	146,131	0
	<u>\$ 565,771</u>	<u>\$ 389,283</u>

SCHEDULE 2

	<u>2011</u>	<u>2010</u>
Special Event Revenue		
Auctions	\$ 610	\$ 25,885
Special events - donations	2,351	48,177
General revenue	32,988	56,027
Third party events	13,434	7,922
General sales	38,051	586
Raffles/Lottery	1,113	2,036
Sponsorships	7,500	12,717
	<u>\$ 96,047</u>	<u>\$ 153,350</u>

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

FEBRUARY 28, 2011

SCHEDULE 3

	<u>2011</u>	<u>2010</u>
Foundations Revenue		
Non-restricted	\$ 19,626	\$ 6,397
Restricted	2,500	0
	<u>\$ 22,126</u>	<u>\$ 6,397</u>

SCHEDULE 4

Total Direct Program		
School supply assistance	\$ 757	\$ 0
Co-ordination services	2,000	0
Christmas assistance program	25,000	0
	<u>\$ 27,757</u>	<u>\$ 0</u>

SCHEDULE 5

	<u>2011</u>	<u>2010</u>
Other Revenue		
Grants	\$ 3,306	\$ 5,882
Interest	183	173
	<u>\$ 3,489</u>	<u>\$ 6,055</u>

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

FEBRUARY 28, 2011

SCHEDULE 6

	<u>2011</u>	<u>2010</u>
Administration Expense		
Wages and benefits	\$ 38,552	\$ 34,693
Premises expense	4,815	4,194
Telephone and fax	519	520
Bank charges and miscellaneous	905	668
Office supplies	169	82
Contracts/outside services	8,822	6,677
Memberships	311	0
Postage and delivery	1,136	1,427
Printing and photocopies	625	845
Professional development	54	0
Professional fees	251	150
Promotion	233	530
Transportation and meetings	202	122
	<u>\$ 56,594</u>	<u>\$ 49,908</u>

(See accompanying notes to the financial statements)