

**THE CARING AND SHARING EXCHANGE**

(Formerly The Christmas Exchange of Ottawa-Carleton)

FINANCIAL STATEMENTS

FEBRUARY 28, 2014

**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 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, 2014, 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.

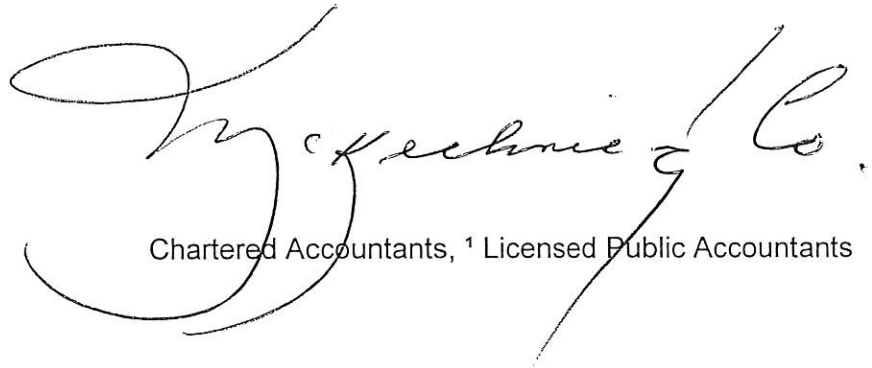
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*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, 2014, current assets and net assets as at February 28, 2014.

*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, 2014 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.



Chartered Accountants, <sup>1</sup> Licensed Public Accountants

Ottawa, Ontario

June 13, 2014

<sup>1</sup>By Paul McKechnie, Auditor

**THE CARING AND SHARING EXCHANGE**

**STATEMENT OF FINANCIAL POSITION**

**FEBRUARY 28, 2014**

**ASSETS**

	<u>2014</u>	<u>2013</u>
<b>Current</b>		
Cash and cash equivalents	\$ 118,351	\$159,271
Receivables	17,500	12,000
Prepaid expenses	18,921	13,939
Taxes recoverable	12,079	11,374
	<u>\$ 166,851</u>	<u>\$196,584</u>
<b>Capital Assets (note 3)</b>	<u>3,280</u>	<u>4,127</u>
	<u><u>\$ 170,131</u></u>	<u><u>\$200,711</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 9,722	\$ 9,030
<b>Net Assets</b>		
Unrestricted	160,409	31,681
Reserve for continued operations (note 7)	0	160,000
	<u>160,409</u>	<u>191,681</u>
	<u><u>\$ 170,131</u></u>	<u><u>\$200,711</u></u>

Approved on behalf of the Board:



Digitally signed by Tim Wong  
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\_\_\_\_\_, Treasurer

(See accompanying notes to the financial statements)

**THE CARING AND SHARING EXCHANGE**  
**STATEMENT OF OPERATIONS AND NET ASSETS**  
**YEAR ENDED FEBRUARY 28, 2014**

	<u>2014</u>	<u>2013</u>
<b>Revenue</b>		
Donations (schedule 1)	\$ 301,059	\$ 349,274
Special events (schedule 2)	102,954	78,586
Foundations revenues	500	7,015
Direct programs (schedule 3)	118,053	116,361
Interest	78	100
Coordination services	28,615	0
	<u>551,259</u>	<u>551,336</u>
 <b>Expenditure</b>		
Christmas assistance	254,490	191,974
School supply assistance	77,801	93,809
Coordination services	73,588	82,021
Administration (schedule 4)	61,311	58,854
Fundraising expenses	78,508	123,986
Kindness week	36,833	0
	<u>582,531</u>	<u>550,644</u>
 <b>Excess of expenditure over revenue</b>	(31,272)	692
<b>Unrestricted net assets, beginning of year</b>	31,681	75,989
<b>Amount transferred from (to) reserve</b>	160,000	(45,000)
<b>Unrestricted net assets, end of year</b>	<u>\$ 160,409</u>	<u>\$ 31,681</u>
 <b>Reserve, beginning of year</b>	\$ 160,000	\$ 115,000
<b>Amount transferred from (to) operations</b>	(160,000)	45,000
<b>Reserve, end of year</b>	<u>\$ 0</u>	<u>\$ 160,000</u>
 <b>Net assets, end of year</b>	<u>\$ 160,409</u>	<u>\$ 191,681</u>

(See accompanying notes to the financial statements)

**THE CARING AND SHARING EXCHANGE**

**STATEMENT OF CASH FLOWS**

**FEBRUARY 28, 2014**

	<u>2014</u>	<u>2013</u>
<b>Operating activities</b>		
Excess of revenue over expenditure (loss) for the year	\$ (31,272)	\$ 692
Plus amortization	847	897
	<u>\$ (30,425)</u>	<u>\$ 1,589</u>
Change in non-cash working capital		
Accounts receivable	(5,500)	8,000
Accounts payable and accrued liabilities	692	3,910
Prepaid expenses	(4,982)	319
Taxes recoverable	(705)	11,979
	<u>(40,920)</u>	<u>25,797</u>
<b>Investing activities</b>		
Purchase of capital asset	<u>0</u>	<u>(1,075)</u>
<b>Change in cash and cash equivalents during the year</b>	(40,920)	24,722
<b>Cash and cash equivalents, beginning of year</b>	<u>159,271</u>	<u>134,549</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 118,351</u></u>	<u><u>\$ 159,271</u></u>

(See accompanying notes to the financial statements)

# THE CARING AND SHARING EXCHANGE

## NOTES TO THE FINANCIAL STATEMENTS

FEBRUARY 28, 2014

### 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

#### 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

#### 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) 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.

**THE CARING AND SHARING EXCHANGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2014**

**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.

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**

	2014		2013	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Electronic equipment	\$ 6,492	\$ 3,212	\$ 3,280	\$ 4,127



**THE CARING AND SHARING EXCHANGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**FEBRUARY 28, 2014**

**4. Commitments**

The organization leases office space as well as office equipment pursuant to long-term leases which expire January 2016 and November 2017 respectively. Minimum lease payments under the terms of these leases, including a maximum amount for common charges, are as follows:

2015	\$	60,692
2016	\$	62,872
2017	\$	5,520
2018	\$	4,140

On occasion the organization rents out part of its premises to third parties. In 2014, rental revenue of \$5,064 reduced the rental costs (2013: \$7,295).

**5. Attribution of Expenses**

For 2014 those amounts were:

	<u>Assistance Programs</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Wages	\$ 197,903	\$ 40,835	\$ 36,680	\$ 275,418
Rent (note 4)	33,048	6,610	4,406	44,064
Office	22,675	11,829	20,225	54,729
	<u>253,626</u>	<u>59,274</u>	<u>61,311</u>	<u>374,211</u>
Direct expenses	189,086	19,234	0	208,320
	<u>\$ 442,712</u>	<u>\$ 78,508</u>	<u>\$ 61,311</u>	<u>\$ 582,531</u>

**6. Reserve for Continued Operations**

During the year, the Board of Directors approved a motion to eliminate the Reserve for Continued Operations. As virtually all of the organization's assets were necessarily available for operations, it was decided that such a presentation of the reserve was no longer required.

**THE CARING AND SHARING EXCHANGE**

FEBRUARY 28, 2014

SCHEDULE 1

	<u>2014</u>	<u>2013</u>
<b>Donations Revenue</b>		
CanadaHelps.org	\$ 2,235	\$ 2,900
Direct mail and qualified donees	236,704	172,925
General donations	18,551	60,673
Corporate donations	23,830	26,492
Online donations	19,739	84,042
Other donations	0	2,242
	<u>\$ 301,059</u>	<u>\$ 349,274</u>

SCHEDULE 2

	<u>2014</u>	<u>2013</u>
<b>Special Event Revenue</b>		
Special events - donations	\$ 12,049	\$ 800
General revenue	6,229	0
Third party events	22,904	19,684
General sales	26,091	37,769
Raffles/Lottery	630	649
Sponsorships	14,420	5,684
Kindness sponsorship and donations	20,631	14,000
	<u>\$ 102,954</u>	<u>\$ 78,586</u>

(See accompanying notes to the financial statements)

**THE CARING AND SHARING EXCHANGE**

FEBRUARY 28, 2014

SCHEDULE 3

	<u>2014</u>	<u>2013</u>
<b>Direct Program Revenue</b>		
School supply assistance	\$ 53,035	\$ 22,858
Christmas assistance program	65,018	93,503
	<u>\$ 118,053</u>	<u>\$ 116,361</u>

SCHEDULE 4

	<u>2014</u>	<u>2013</u>
<b>Administration Expense</b>		
Wages and benefits	\$ 36,680	\$ 43,116
Premises expense (note 5)	4,803	4,574
Telephone and fax	366	438
Bank charges and miscellaneous	0	2
Office supplies	378	474
Contracts/outside services	17,119	7,911
Insurance - Directors	250	0
Memberships	86	484
Postage and delivery	175	170
Printing and photocopies	681	466
Professional development	0	9
Professional fees	374	312
Promotion	61	442
Transportation and meetings	66	123
Rebranding	0	26
Annual meeting	272	307
	<u>\$ 61,311</u>	<u>\$ 58,854</u>

(See accompanying notes to the financial statements)