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**The Caring and Sharing Exchange**  
**Financial Statements**  
**February 29, 2020**

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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:

### ***Qualified Opinion***

We have audited the financial statements of The Caring and Sharing Exchange (the Entity), which comprise the statement of financial position as at February 29, 2020, and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at February 29, 2020 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Qualified Opinion***

In common with many not-for-profit organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary for donations, the excess of revenue over expenditure, and cash flows from operations for the years ended February 29, 2020 and February 28, 2019, current assets as at February 29, 2020 and February 28, 2019, and net assets as at March 1 and February 29 and 28 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended February 28, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ottawa, Ontario  
August 6, 2020

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

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# The Caring and Sharing Exchange

## Statement of Financial Position

As at February 29, 2020

2020

2019

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### Assets

#### Current

Cash and cash equivalents	\$	130,400	\$	132,724
Accounts receivable		26,922		12,500
Prepaid expenses		6,051		7,716
Taxes recoverable		3,214		4,084

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166,587 157,024

#### Capital assets (note 3)

2,665 2,674

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169,252 159,698

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### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (note 4)	\$	14,410	\$	16,107
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#### Net assets

Unrestricted		154,842		143,591
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\$ 169,252 \$ 159,698

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Commitments (note 7)

On behalf of the Board:

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

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See accompanying notes to the financial statements

**The Caring and Sharing Exchange**  
**Statement of Operations and Net Assets**  
**For the Year Ended February 29, 2020**

2020

2019

**Revenue**

Donations (schedule 1)	\$	169,761	\$	182,132
Special events (schedule 2)		95,037		132,865
Direct programs (schedule 3)		214,436		145,829
Other revenue		-		200
		<b>479,234</b>		<b>461,026</b>

**Expenditure** (note 6)

Assistance programs				
Christmas assistance (note 5)		236,656		226,842
School supply assistance (note 5)		73,524		78,385
Coordination services		27,398		15,700
Kindness week		40,984		41,510
		<b>378,562</b>		<b>362,437</b>
Fundraising expenses		54,615		62,507
Administration (schedule 4)		34,806		41,966
		<b>467,983</b>		<b>466,910</b>
<b>Excess (deficiency) of revenue over expenditure for the year</b>		<b>11,251</b>		<b>(5,884)</b>
<b>Unrestricted net assets, beginning of year</b>		<b>143,591</b>		<b>149,475</b>
<b>Unrestricted net assets, end of year</b>	\$	<b>154,842</b>	\$	<b>143,591</b>

See accompanying notes to the financial statements

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**The Caring and Sharing Exchange****Statement of Cash Flows****For the Year Ended February 29, 2020****2020****2019**

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**Operating activities**

Excess of revenue over expenditure for the year	\$	<b>11,251</b>	\$	(5,884)
Plus amortization		<b>1,360</b>		1,104
		<b>12,611</b>		(4,780)

## Change in non-cash working capital

Accounts receivable		<b>(14,422)</b>		1,650
Accounts payable and accrued liabilities		<b>(1,697)</b>		(107,049)
Prepaid expenses		<b>1,665</b>		4,204
Taxes recoverable		<b>870</b>		(658)
Deferred contributions		<b>-</b>		(10,000)
		<b>(973)</b>		(116,633)

**Investing activities**

Capital assets purchases		<b>(1,351)</b>		-
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<b>Changes in cash and cash equivalents during the year</b>		<b>(2,324)</b>		(116,633)
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<b>Cash and cash equivalents, beginning of year</b>		<b>132,724</b>		249,357
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<b>Cash and cash equivalents, end of year</b>	\$	<b>130,400</b>	\$	132,724
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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

### For the Year Ended February 29, 2020

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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 accounting 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.

##### Donated goods and services

Volunteers contribute time to assist the organization in carrying out its programs. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials are not recognized in the financial statements unless their value is determinable, the contributed materials are used in the normal course of operations and would otherwise have been purchased.

##### Financial Instruments

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

**The Caring and Sharing Exchange**  
**Notes to the Financial Statements**  
**For the Year Ended February 29, 2020**

**2. Significant Accounting Policies (cont'd)**

**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**

	2020			2019	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount	
Leasehold improvements	\$ 4,175	\$ 3,410	\$ 765	\$ 1,600	
Electronic equipment	7,843	5,943	1,900	1,074	
	\$ 12,018	\$ 9,353	\$ 2,665	\$ 2,674	

**4. Accounts Payable and Accrued Liabilities**

	2020		2019	
Trade	\$	196	\$	1,368
Accrued liabilities		6,693		5,994
Government remittances		7,521		8,745
	\$	14,410	\$	16,107

**5. Contributed Materials**

During the year, the organization received contributions of materials for their School and Christmas Programs. The estimated value of these contributions is as follows:

	2020		2019	
Sharing in Student Success	\$	167,737	\$	136,388
Christmas hampers		127,700		132,300
	\$	295,437	\$	268,688



**The Caring and Sharing Exchange**  
**Notes to the Financial Statements**  
**For the Year Ended February 29, 2020**

**6. Attribution of Expenses**

				2020	2019
	Assistance Programs	Fundraising	Administration	Total	Total
Wages	167,070	39,830	28,483	\$ 235,383	\$ 247,468
Premises	27,010	5,402	3,601	36,013	33,944
Office	21,594	9,383	2,722	33,699	35,428
	215,674	54,615	34,806	305,095	316,840
Direct expenses	162,888	-	-	162,888	150,070
	\$ 378,562	\$ 54,615	\$ 34,806	\$ 467,983	\$ 466,910

**7. Commitments**

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

2021	\$	32,630
2022	\$	3,739

**8. 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.

**The Caring and Sharing Exchange**  
**Schedule of Revenue and Expense**  
**February 29, 2020**

**SCHEDULE 1**

**2020**

**2019**

**Donations Revenue**

Direct Mail	\$ 141,083	\$ 134,945
General donations	28,678	47,187
	<b>\$ 169,761</b>	<b>\$ 182,132</b>

**SCHEDULE 2**

**Special Events Revenue**

Special events - qualified donees	\$ 30,929	\$ 47,330
Third party events	24,868	35,422
General sales	-	60
Sponsorships	36,740	32,553
Kindness sponsorship and donations	2,500	17,500
	<b>\$ 95,037</b>	<b>\$ 132,865</b>

**SCHEDULE 3**

**Direct Programs Revenue**

School supply assistance (note 5)	\$ 79,710	\$ 71,210
Christmas assistance program (note 5)	134,726	74,619
	<b>\$ 214,436</b>	<b>\$ 145,829</b>

**SCHEDULE 4**

**Administration Expense**

Wages and benefits	28,483	29,521
Premises expense	3,601	3,394
Telephone and fax	375	353
Office supplies and expenses	428	359
Contracts/outside services	544	6,850
Insurance - directors	270	254
Maintenance and repairs	202	184
Memberships	-	13
Postage and delivery	130	102
Printing and photocopies	360	469
Professional fees	374	374
Promotion	3	-
Annual meeting	36	93
	<b>\$ 34,806</b>	<b>\$ 41,966</b>

See accompanying notes to the financial statements