

THE CARING AND SHARING EXCHANGE

(Formerly The Christmas Exchange of Ottawa-Carleton)

FINANCIAL STATEMENTS

FEBRUARY 29, 2012

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 Charing and Sharing Exchange, which comprise the statement of financial position as at February 29, 2012, 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.

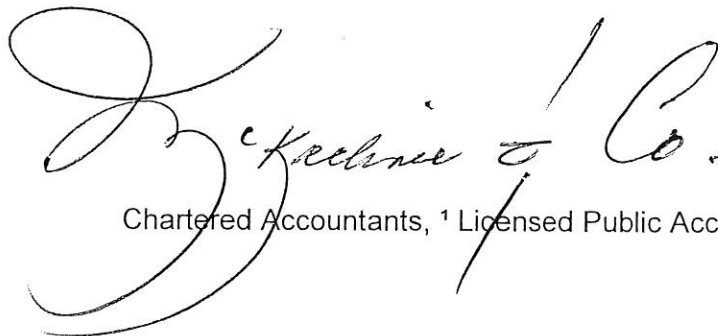
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 Caring and Sharing Exchange as at February 29, 2012 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 4, 2012

¹By Paul McKechnie, Auditor

THE CARING AND SHARING EXCHANGE

STATEMENT OF FINANCIAL POSITION

FEBRUARY 29, 2012

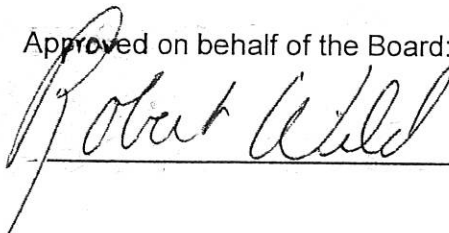
ASSETS

	<u>2012</u>	<u>2011</u>
Current		
Cash	\$ 134,549	\$ 277,915
Treasury bills	0	140,000
Receivables	20,000	27,197
Prepaid expenses	14,258	17,709
Taxes recoverable	23,353	12,414
	<u>\$ 192,160</u>	<u>\$ 475,235</u>
Capital Assets (note 3)	<u>3,949</u>	<u>1,924</u>
	<u><u>\$ 196,109</u></u>	<u><u>\$ 477,159</u></u>

LIABILITIES AND NET ASSETS

Current		
Accounts payable and accrued liabilities	\$ 5,120	\$ 219,549
Deferred contributions (note 4)	0	10,735
	<u>5,120</u>	<u>230,284</u>
Net Assets		
Unrestricted	75,989	106,875
Reserve for continued operations (note 8)	115,000	140,000
	<u>190,989</u>	<u>246,875</u>
	<u><u>\$ 196,109</u></u>	<u><u>\$ 477,159</u></u>

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, 2012

	<u>2012</u>	<u>2011</u>
Revenue		
Donations (schedule 1)	\$ 449,079	\$ 565,771
Special events (schedule 2)	87,038	96,047
Foundations (schedule 3)	9,142	22,126
Direct programs (schedule 4)	147,968	27,757
Other (schedule 5)	319	3,489
	<u>693,546</u>	<u>715,190</u>
 Expenditure		
Christmas assistance	263,122	368,178
School supply assistance	158,164	744
Coordination services	82,219	82,063
Administration (schedule 6)	58,431	56,594
Fundraising expenses	186,996	113,751
Gifts to qualified donees	500	1,355
	<u>749,432</u>	<u>622,685</u>
 Excess of revenue over expenditure	 (55,886)	 92,505
Unrestricted net assets, beginning of year	106,875	14,370
 Amount transferred from (to) reserve		
- continued operations	25,000	(20,000)
- restricted fund	0	20,000
Unrestricted net assets, end of year	<u>\$ 75,989</u>	<u>\$ 106,875</u>
 Reserve, beginning of year	 \$ 140,000	 \$ 120,000
Amount transferred from (to) operations	(25,000)	20,000
Reserve, end of year	<u>\$ 115,000</u>	<u>\$ 140,000</u>
 Net assets, end of year	 <u>\$ 190,989</u>	 <u>\$ 246,875</u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE
STATEMENT OF CASH FLOWS
FEBRUARY 29, 2012

	<u>2012</u>	<u>2011</u>
Operating activities		
Net income (loss) for the year	\$ (55,886)	\$ 92,505
Plus amortization	987	481
	<u>\$ (54,899)</u>	<u>\$ 92,986</u>
Change in non-cash working capital		
Accounts receivable	7,197	(24,764)
Accounts payable and accrued liabilities	(214,429)	39,667
Prepaid expenses	3,451	(4,531)
Taxes recoverable	(10,939)	(9,473)
Deferred revenue	(10,735)	10,735
	<u>(280,354)</u>	<u>104,620</u>
Investing activities		
Purchase of capital asset	(3,012)	(2,405)
Financing activities		
Sale of treasury bill	140,000	120,000
Purchase of treasury bill	0	(140,000)
	<u>140,000</u>	<u>(20,000)</u>
Change in cash during the year	(143,366)	82,215
Cash, beginning of year	<u>277,915</u>	<u>195,700</u>
Cash, end of year	<u>\$ 134,549</u>	<u>\$ 277,915</u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2012

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) Investments

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

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2012

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

	2012		2011	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Electronic equipment	\$ 5,417	\$ 1,468	\$ 3,949	\$ 1,911

4. Deferred Contributions

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

	2012	2011
Contributions	0	\$ 10,735

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2012

5. Commitments

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

2013	\$	48,630
2014	\$	50,810
2015	\$	55,172
2016	\$	57,352

On occasion the organization rents out part of its premises to third parties. In 2012, rental revenue of \$7,343 reduced the rental costs (2011: \$8,706).

6. Attribution of Expenses

For 2012 those amounts were:

	Assistance Programs	Fundraising	Administration	Total
Wages	\$ 151,425	\$ 50,833	\$ 43,090	\$ 245,348
Occupancy	30,135	6,027	4,018	40,180
Office	60,670	40,287	11,323	112,280
	242,230	97,147	58,431	397,808
Direct expenses	261,275	89,849	500	351,624
	<u>\$ 503,505</u>	<u>\$ 186,996</u>	<u>\$ 58,931</u>	<u>\$ 749,432</u>

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2012

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.

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.

In 2012, the reserve for continued operations was reduced at the discretion of the board by \$25,000 (2011 - increase of \$20,000).

THE CARING AND SHARING EXCHANGE

FEBRUARY 29, 2012

SCHEDULE 1

	<u>2012</u>	<u>2011</u>
Donations Revenue		
CanadaHelps.org	\$ 21,700	\$ 17,453
Direct mail and qualified donees	177,650	213,110
General donations	99,782	140,907
Corporate donations	23,129	48,170
Online donations	126,818	146,131
	<u>\$ 449,079</u>	<u>\$ 565,771</u>

SCHEDULE 2

	<u>2012</u>	<u>2011</u>
Special Event Revenue		
Auctions	\$ 2,290	\$ 610
Special events - donations	370	2,351
General revenue	25,223	32,988
Third party events	10,949	13,434
General sales	40,292	38,051
Raffles/Lottery	789	1,113
Sponsorships	7,125	7,500
	<u>\$ 87,038</u>	<u>\$ 96,047</u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE

FEBRUARY 29, 2012

SCHEDULE 3

	<u>2012</u>	<u>2011</u>
Foundations Revenue		
Non-restricted	\$ 9,142	\$ 19,626
Restricted	0	2,500
	<u>\$ 9,142</u>	<u>\$ 22,126</u>

SCHEDULE 4

Total Direct Program		
School supply assistance	\$ 92,963	\$ 757
Co-ordination services	0	2,000
Christmas assistance program	55,005	25,000
	<u>\$ 147,968</u>	<u>\$ 27,757</u>

SCHEDULE 5

	<u>2012</u>	<u>2011</u>
Other Revenue		
Grants	\$ 0	\$ 3,306
Interest	319	183
	<u>\$ 319</u>	<u>\$ 3,489</u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE

FEBRUARY 29, 2012

SCHEDULE 6

	<u>2012</u>	<u>2011</u>
Administration Expense		
Wages and benefits	\$ 35,033	\$ 38,552
Premises expense	4,983	4,815
Telephone and fax	531	519
Bank charges and miscellaneous	0	905
Office supplies	228	169
Contracts/outside services	8,692	8,822
Memberships	459	311
Postage and delivery	359	1,136
Printing and photocopies	569	625
Professional development	80	54
Professional fees	402	251
Promotion	1,148	233
Transportation and meetings	328	202
Rebranding	5,052	0
Annual meeting	567	0
	<u>\$ 58,431</u>	<u>\$ 56,594</u>

(See accompanying notes to the financial statements)

