

THE CARING AND SHARING EXCHANGE

(Formerly The Christmas Exchange of Ottawa-Carleton)

FINANCIAL STATEMENTS

FEBRUARY 28, 2015

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 28, 2015, 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, 2015, current assets and net assets as at February 28, 2015.

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, 2015 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, ¹ Licensed Public Accountants

Ottawa, Ontario

June 17, 2015

¹By Paul McKechnie, Auditor

THE CARING AND SHARING EXCHANGE

STATEMENT OF FINANCIAL POSITION

FEBRUARY 28, 2015


ASSETS

	<u>2015</u>	<u>2014</u>
Current		
Cash and cash equivalents	\$ 226,787	\$118,351
Receivables	27,500	17,500
Prepaid expenses	15,044	18,921
Taxes recoverable	8,381	12,079
	<u>277,712</u>	<u>166,851</u>
Capital Assets (note 3)	<u>2,624</u>	<u>3,280</u>
	<u><u>\$ 280,336</u></u>	<u><u>\$170,131</u></u>

LIABILITIES AND NET ASSETS

Current		
Accounts payable and accrued liabilities	\$ 104,729	\$ 9,722
Net Assets		
Unrestricted	<u>175,607</u>	<u>160,409</u>
	<u><u>\$ 280,336</u></u>	<u><u>\$170,131</u></u>

Approved on behalf of the Board:

 Digitally signed
by Tim Wong
Date: 2015.06.17, Treasurer
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(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE
STATEMENT OF OPERATIONS AND NET ASSETS
YEAR ENDED FEBRUARY 28, 2015

		(note 6)
	<u>2015</u>	<u>2014</u>
Revenue		
Donations (schedule 1)	\$ 277,151	\$ 301,059
Special events (schedule 2)	102,910	102,954
Foundations revenues	6,402	500
Direct programs (schedule 3)	147,758	118,053
Interest	0	78
Coordination service	0	28,615
Other revenue	2,498	6,191
	<u>536,719</u>	<u>557,450</u>
 Expenditure		
Christmas assistance	213,918	256,038
School supply assistance	72,569	79,348
Coordination services	58,652	75,136
Administration (schedule 4)	54,448	61,930
Fundraising expenses	81,542	79,437
Kindness week	40,392	36,833
	<u>521,521</u>	<u>588,722</u>
 Excess of revenue over expenditure (loss)	15,198	(31,272)
 Unrestricted net assets, beginning of year	160,409	31,681
 Amount transferred from (to) reserve	0	160,000
 Unrestricted net assets, end of year	<u>175,607</u>	<u>160,409</u>
 Reserve, beginning of year	0	160,000
 Amount transferred from (to) operations	0	(160,000)
 Reserve, end of year	<u>0</u>	<u>0</u>
 Net assets, end of year	<u>\$ 175,607</u>	<u>\$ 160,409</u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE
STATEMENT OF CASH FLOWS
FEBRUARY 28, 2015

	<u>2015</u>	<u>2014</u>
Operating activities		
Excess of revenue over expenditure (loss) for the year	\$ 15,198	\$ (31,272)
Plus amortization	656	847
	<u>15,854</u>	<u>(30,425)</u>
 Change in non-cash working capital		
Accounts receivable	(10,000)	(5,500)
Accounts payable and accrued liabilities	95,007	692
Prepaid expenses	3,877	(4,982)
Taxes recoverable	3,698	(705)
	<u>108,436</u>	<u>(40,920)</u>
 Change in cash and cash equivalents during the year	 108,436	 (40,920)
Cash and cash equivalents, beginning of year	<u>118,351</u>	<u>159,271</u>
Cash and cash equivalents, end of year	<u><u>\$ 226,787</u></u>	<u><u>\$ 118,351</u></u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2015

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, 2015

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.

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

	2015		2014	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Electronic equipment	\$ 6,492	\$ 3,868	\$ 2,624	\$ 3,280

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2015

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:

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

5. Attribution of Expenses

For 2015 those amounts were:

	<u>Assistance Programs</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Wages	\$ 194,107	\$ 50,275	\$ 35,772	\$ 280,154
Rent	40,999	5,125	5,125	51,249
Office	20,213	12,005	13,551	45,769
	<u>255,319</u>	<u>67,405</u>	<u>54,448</u>	<u>377,172</u>
Direct expenses	135,713	8,636	0	144,349
	<u>\$ 391,032</u>	<u>\$ 76,041</u>	<u>\$ 54,448</u>	<u>\$ 521,521</u>

6. Comparative Figures

Last year's figures were regrouped in order to conform to the presentation adopted in 2015.

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2015

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 28, 2015

SCHEDULE 1

	<u>2015</u>	<u>2014</u>
Donations Revenue		
CanadaHelps.org	\$ 2,761	\$ 2,235
Direct mail and qualified donees	236,090	236,704
General donations	12,007	18,551
Corporate donations	6,219	23,830
Online donations	19,074	19,739
Legacies and bequests	1,000	0
	<u>\$ 277,151</u>	<u>\$ 301,059</u>

SCHEDULE 2

	<u>2015</u>	<u>2013</u>
Special Event Revenue		
Special events - donations	\$ 15,697	\$ 12,049
General revenue	3,078	6,229
Third party events	8,267	22,904
General sales	5,696	26,091
Raffles/Lottery	0	630
Sponsorships	52,672	14,420
Kindness sponsorship and donations	17,500	20,631
	<u>\$ 102,910</u>	<u>\$ 102,954</u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE

FEBRUARY 28, 2015

SCHEDULE 3

	<u>2015</u>	<u>2014</u>
Direct Program Revenue		
School supply assistance	\$ 85,343	\$ 53,035
Christmas assistance program	62,415	65,018
	<u>\$ 147,758</u>	<u>\$ 118,053</u>

SCHEDULE 4

	<u>2015</u>	<u>(note 6)</u> <u>2013</u>
Administration Expense		
Wages and benefits	\$ 35,772	\$ 36,680
Premises expense (note 5)	5,466	5,422
Telephone and fax	399	366
Office supplies	219	378
Contracts/outside services	11,318	17,119
Insurance - Directors	280	250
Memberships	18	86
Postage and delivery	120	175
Printing and photocopies	663	681
Professional development	5	0
Professional fees	74	374
Promotion	27	61
Transportation and meetings	69	66
Annual meeting	18	272
	<u>\$ 54,448</u>	<u>\$ 61,930</u>

(See accompanying notes to the financial statements)