

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

FINANCIAL STATEMENTS

FEBRUARY 28, 2010

McKECHNIE & Co.
CHARTERED ACCOUNTANTS

McKECHNIE & Co.

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

AUDITORS' REPORT

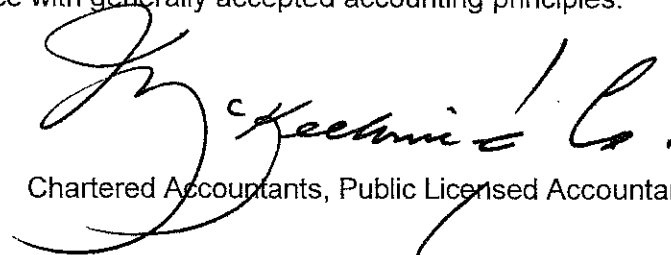
To the Directors of
The Christmas Exchange of Ottawa-Carleton:

We have audited the statement of financial position of The Christmas Exchange of Ottawa-Carleton as at February 28, 2010 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board, as well as evaluating the overall financial statement presentation.

The organization derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible of complete audit verification. Accordingly, our examination with respect to this revenue was limited to the amounts recorded in the records of the organization and we were unable to determine whether any adjustments might be necessary to donations revenue and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the recorded donations revenue, these financial statements present fairly, in all material respects, the financial position of the organization as at February 28, 2010 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.


Chartered Accountants, Public Licensed Accountants

Ottawa, Ontario
May 13, 2010

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

STATEMENT OF FINANCIAL POSITION

FEBRUARY 28, 2010


ASSETS

	<u>2010</u>	<u>2009</u>
Current		
Cash	\$ 195,700	\$ 37,808
Treasury bills	120,000	280,800
Receivables	5,374	5,675
Prepaid expenses	<u>13,178</u>	<u>12,827</u>
	<u>\$ 334,252</u>	<u>\$ 337,110</u>

LIABILITIES AND SURPLUS

Current		
Accounts payable and accrued liabilities	\$ 179,882	\$ 240,368
Deferred revenue	<u>0</u>	<u>558</u>
	<u>179,882</u>	<u>240,926</u>
 Surplus		
Fund balance	14,370	(3,816)
Reserve for continued operations (note 5)	120,000	100,000
Restricted funds (note 6)	<u>20,000</u>	<u>0</u>
	<u>154,370</u>	<u>96,184</u>
	<u>\$ 334,252</u>	<u>\$ 337,110</u>

Approved on behalf of the Board:

 , President

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

STATEMENT OF CASH FLOWS

FEBRUARY 28, 2010

	<u>2010</u>	<u>2009</u>
Operating activities		
Net income (loss) for the year	\$ 58,186	\$ (36,881)
Change in non-cash working capital		
Accounts receivable	301	26,848
Accounts payable and accrued liabilities	(60,486)	1,771
Prepaid expenses	(351)	(983)
Deferred revenue	(558)	(3,786)
	<u>(2,908)</u>	<u>(13,031)</u>
Financing activities		
Sale of treasury bill	280,800	100,402
Purchase of treasury bill	(120,000)	(280,800)
	<u>160,800</u>	<u>(180,398)</u>
Change in cash during the year	157,892	(193,429)
Cash, beginning of year	<u>37,808</u>	<u>231,237</u>
Cash, end of year	<u>\$ 195,700</u>	<u>\$ 37,808</u>

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

NOTES TO THE FINANCIAL STATEMENTS

FEBRUARY 28, 2010

1. Purpose of the Organization

The Christmas Exchange of Ottawa-Carleton is a local organization that provides hampers and food vouchers to needy families during the holiday season. 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

Since the organization no longer qualifies for the exemption, it is now required to capitalize and amortize all purchases of fixed assets. No such purchase occurred in 2010. The effect of this change in accounting policy will be recorded prospectively.

c) Investments

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

d) 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.

3. Commitments

The organization leases office space pursuant to a long-term lease, which expires January 31, 2011. Future minimum lease payments including common charges under the terms of this lease are as follows:

2011 - \$ 39,907

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

NOTES TO THE FINANCIAL STATEMENTS

FEBRUARY 28, 2010

4. 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.

5. 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 2010 an increase of \$20,000 was recorded.

6. Restricted fund

During the year 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.

7. Comparative figures

In order to conform to the presentation adopted in 2010 certain of the 2009 figures have been regrouped.

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

FEBRUARY 28, 2010

SCHEDULE 1

	<u>2010</u>	<u>2009</u>
Donations Revenue		
CanadaHelps.org	\$ 59,937	\$ 25,265
Direct mail	174,221	179,310
General donations	141,250	86,513
Corporate donations	13,875	14,141
	<u>\$ 389,283</u>	<u>\$ 305,229</u>

SCHEDULE 2

	<u>2010</u>	<u>2009</u>
Special Event Revenue		(note 7)
Auctions	\$ 25,885	\$ 13,606
Special events - donations	48,177	69,167
General revenue	56,027	43,162
Third party events	7,922	12,295
General sales	586	0
Raffles/Lottery	2,036	2,712
Sponsorships	12,717	11,950
	<u>\$ 153,350</u>	<u>\$ 152,892</u>

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

FEBRUARY 28, 2010

SCHEDULE 3

	<u>2010</u>	<u>2009</u>
Foundations Revenue		
Non-restricted	<u>\$ 6,397</u>	<u>\$ 10,106</u>

SCHEDULE 4

	<u>2010</u>	<u>2009</u>
Other Revenue		
Grants	\$ 5,882	\$ 4,211
Interest	173	1,580
Other	0	200
	<u>\$ 6,055</u>	<u>\$ 5,991</u>

SCHEDULE 5

	<u>2010</u>	<u>2009</u>
Assistance Distributed Expense		
Food assistance	\$ 195,687	\$ 257,249
Distribution costs	12,003	5,674
Client services	80,436	74,848
Centralized database	55,591	46,856
	<u>\$ 343,717</u>	<u>\$ 384,627</u>

(See accompanying notes to the financial statements)

THE CHRISTMAS EXCHANGE OF OTTAWA-CARLETON

FEBRUARY 28, 2010

	<u>SCHEDULE 6</u>	
	<u>2010</u>	<u>2009</u>
		(note 7)
Administration Expense		
Wages and benefits	\$ 34,693	\$ 33,618
Premises expense	4,194	4,834
Telephone and fax	520	502
Bank charges and miscellaneous	668	963
Office supplies	82	82
Contracts/outside services	6,677	5,946
Postage and delivery	1,427	1,594
Printing and photocopies	845	672
Professional fees	150	250
Promotion	530	749
Transportation and meetings	122	154
	<u>\$ 49,908</u>	<u>\$ 49,364</u>

(See accompanying notes to the financial statements)