

THE CARING AND SHARING EXCHANGE

(Formerly The Christmas Exchange of Ottawa-Carleton)

FINANCIAL STATEMENTS

FEBRUARY 28, 2013

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, 2013, 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, 2013, current assets and net assets as at February 28, 2013.

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, 2013 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.

Comparative information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that Caring and Exchange adopted Canadian accounting standards for not-for-profit organizations on March 1, 2012 with a transition date of March 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at February 28, 2012 and March 1, 2011, and the statements of operations and net assets and cash flows for the year ended February 28, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such it is unaudited.



Chartered Accountants, ¹ Licensed Public Accountants

Ottawa, Ontario

June 17, 2013

¹By Paul McKechnie, Auditor

THE CARING AND SHARING EXCHANGE

STATEMENT OF FINANCIAL POSITION

FEBRUARY 28, 2013

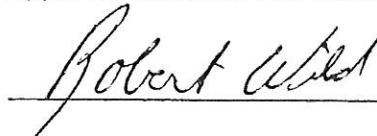
ASSETS

	<u>2013</u>	<u>2012</u>	<u>March 1 2011</u>
Current			
Cash	\$ 159,271	\$ 134,549	\$ 277,915
Treasury bills	0	0	140,000
Receivables	12,000	20,000	27,197
Prepaid expenses	13,939	14,258	17,709
Taxes recoverable	11,374	23,353	12,414
	<u>\$ 196,584</u>	<u>\$ 192,160</u>	<u>\$ 475,235</u>
Capital Assets (note 4)	4,127	3,949	1,924
	<u>\$ 200,711</u>	<u>\$ 196,109</u>	<u>\$ 477,159</u>

LIABILITIES AND NET ASSETS

Current			
Accounts payable and accrued liabilities	\$ 9,030	\$ 5,120	\$ 219,549
Deferred contributions	0	0	10,735
	<u>9,030</u>	<u>5,120</u>	<u>230,284</u>
Net Assets			
Unrestricted	31,681	75,989	106,875
Reserve for continued operations (note 8)	160,000	115,000	140,000
	<u>191,681</u>	<u>190,989</u>	<u>246,875</u>
	<u>\$ 200,711</u>	<u>\$ 196,109</u>	<u>\$ 477,159</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 28, 2013

	<u>2013</u>	<u>2012</u>
Revenue		
Donations (schedule 1)	\$ 349,274	\$ 449,079
Special events (schedule 2)	78,586	87,038
Foundations revenues	7,015	9,142
Direct programs (schedule 3)	116,361	147,968
Interest	100	319
	<u>551,336</u>	<u>693,546</u>
 Expenditure		
Christmas assistance	191,974	263,122
School supply assistance	93,809	158,164
Coordination services	82,021	82,219
Administration (schedule 4)	58,854	58,431
Fundraising expenses	123,986	186,996
Gifts to qualified donees	0	500
	<u>550,644</u>	<u>749,432</u>
 Excess of revenue over expenditure	692	(55,886)
Unrestricted net assets, beginning of year	75,989	106,875
Amount transferred from (to) reserve	(45,000)	25,000
Unrestricted net assets, end of year	<u>\$ 31,681</u>	<u>\$ 75,989</u>
 Reserve, beginning of year	\$ 115,000	\$ 140,000
Amount transferred from (to) operations	45,000	(25,000)
Reserve, end of year	<u>\$ 160,000</u>	<u>\$ 115,000</u>
 Net assets, end of year	<u>\$ 191,681</u>	<u>\$ 190,989</u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE
STATEMENT OF CASH FLOWS
FEBRUARY 28, 2013

	<u>2013</u>	<u>2012</u>
Operating activities		
Excess of revenue over expenditure (loss) for the year	\$ 692	\$ (55,886)
Plus amortization	897	987
	<u>\$ 1,589</u>	<u>\$ (54,899)</u>
Change in non-cash working capital		
Accounts receivable	8,000	7,197
Accounts payable and accrued liabilities	3,910	(214,429)
Prepaid expenses	319	3,451
Taxes recoverable	11,979	(10,939)
Deferred revenue	0	(10,735)
	<u>25,797</u>	<u>(280,354)</u>
Investing activities		
Purchase of capital asset	<u>(1,075)</u>	<u>(3,012)</u>
Financing activities		
Sale of treasury bill	<u>0</u>	<u>140,000</u>
Change in cash and cash equivalent during the year	24,722	(143,366)
Cash and cash equivalent, beginning of year	<u>134,549</u>	<u>277,915</u>
Cash and cash equivalent, end of year	<u><u>\$ 159,271</u></u>	<u><u>\$ 134,549</u></u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2013

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 rate method.

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2013

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. Impact Of The Change In The Basis Of Accounting

These financial statements are the first financial statements for which the organization applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenses for the year ended February 28, 2012 or on net assets as at March 1, 2011, the date of transition.

4. Capital Assets

	2013		2012	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Electronic equipment	\$ 6,492	\$ 2,365	\$ 4,127	\$ 3,949

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2013

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:

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

On occasion the organization rents out part of its premises to third parties. In 2013, rental revenue of \$7,295 reduced the rental costs (2012: \$7,297).

6. Attribution of Expenses

For 2013 those amounts were:

	<u>Assistance Programs</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Wages	\$ 148,759	\$ 63,406	\$ 42,970	\$ 255,135
Occupancy (note 5)	28,979	5,796	3,864	38,639
Office	60,914	13,126	12,020	86,060
	<u>238,652</u>	<u>82,328</u>	<u>58,854</u>	<u>379,834</u>
Direct expenses	129,152	41,658	0	170,810
	<u>\$ 367,804</u>	<u>\$ 123,986</u>	<u>\$ 58,854</u>	<u>\$ 550,644</u>

THE CARING AND SHARING EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2013

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 2013, there was an increase in the reserve for continued operations in the amount of \$45,000.
(2012 - reduction of \$25,000)

THE CARING AND SHARING EXCHANGE

FEBRUARY 28, 2013

SCHEDULE 1

	<u>2013</u>	<u>2012</u>
Donations Revenue		
CanadaHelps.org	\$ 2,900	\$ 21,700
Direct mail and qualified donees	172,925	177,650
General donations	60,673	99,782
Corporate donations	26,492	23,129
Online donations	84,042	126,818
Other donations	2,242	0
	<u>\$ 349,274</u>	<u>\$ 449,079</u>

SCHEDULE 2

	<u>2013</u>	<u>2012</u>
Special Event Revenue		
Auctions	\$ 0	\$ 2,290
Special events - donations	800	370
General revenue	0	25,223
Third party events	19,684	10,949
General sales	37,769	40,292
Raffles/Lottery	649	789
Sponsorships	5,684	7,125
Kindness sponsorship	14,000	0
	<u>\$ 78,586</u>	<u>\$ 87,038</u>

(See accompanying notes to the financial statements)

THE CARING AND SHARING EXCHANGE

FEBRUARY 28, 2013

SCHEDULE 3

Direct Program Revenue

School supply assistance	\$ 22,858	\$ 92,963
Christmas assistance program	93,503	55,005
	<u>\$ 116,361</u>	<u>\$ 147,968</u>

SCHEDULE 4

Administration Expense

	<u>2013</u>	<u>2012</u>
Wages and benefits	\$ 43,116	\$ 35,033
Premises expense (note 5)	4,574	4,983
Telephone and fax	438	531
Bank charges and miscellaneous	2	0
Office supplies	474	228
Contracts/outside services	7,911	8,692
Memberships	484	459
Postage and delivery	170	359
Printing and photocopies	466	569
Professional development	9	80
Professional fees	312	402
Promotion	442	1,148
Transportation and meetings	123	328
Rebranding	26	5,052
Annual meeting	307	567
	<u>\$ 58,854</u>	<u>\$ 58,431</u>

(See accompanying notes to the financial statements)