
The Caring and Sharing Exchange
Financial Statements
February 28, 2019

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 :

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 28, 2019, 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 28, 2019 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 deficiency of revenue over expenditure, and cash flows from operations for the years ended February 28, 2019 and February 28, 2018, current assets as at February 28, 2019 and February 28, 2018, and net assets as at March 1 and February 28 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended February 28, 2018 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.



Chartered Professional Accountants, Licensed Public Accountant
Ottawa ON

June 17, 2019

¹By Paul McKechnie, Auditor

The Caring and Sharing Exchange
Statement of Financial Position
February 28, 2019

2019

2018

Assets

Current

Cash and cash equivalents	\$ 132,724	\$ 249,357
Receivables	12,500	14,150
Prepaid expenses	7,716	11,920
Taxes recoverable	4,084	3,426
	<u>157,024</u>	<u>278,853</u>

Capital assets (note 3)

2,674 3,778

159,698 282,631

Liabilities and Net Assets

Current


Accounts payable and accrued liabilities (note 4)	16,107	123,156
Deferred contributions	0	10,000
	<u>16,107</u>	<u>133,156</u>

Net Assets

Unrestricted	143,591	149,475
	<u>\$ 159,698</u>	<u>\$ 282,631</u>

Commitments (note 7)

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
February 28, 2019

	2019	2018
Revenue		
Donations (schedule 1)	\$ 182,132	\$ 235,714
Special events (schedule 2)	132,865	77,789
Direct programs (schedule 3)	145,829	113,304
Other revenue	200	4,126
	461,026	430,933
Expenditure (note 6)		
Assistance programs		
Christmas assistance (note 5)	226,842	221,585
School supply assistance (note 5)	78,385	73,476
Coordination services	15,700	16,449
Kindness week	41,510	40,962
	362,437	352,472
Fundraising expenses	62,507	63,182
Administration (schedule 3)	41,966	42,616
	466,910	458,270
Excess (deficiency) of revenue over expenditure for the year	(5,884)	(27,337)
Unrestricted net assets, beginning of year	149,475	176,812
Unrestricted net assets, end of year	\$ 143,591	\$ 149,475

See accompanying notes to the financial statements

The Caring and Sharing Exchange**Statement of Cash Flows****February 28, 2019****2019****2018**

Operating activities

Excess (deficiency) of revenue over expenditure for the year	\$	(5,884)	\$	(27,337)
Plus amortization		1,104		1,171
		(4,780)		(26,166)
Change in non-cash working capital items				
Accounts receivable		1,650		3,350
Accounts payable and accrued liabilities		(107,049)		107,491
Prepaid expenses		4,204		(647)
Taxes recoverable		(658)		28
Deferred contributions		(10,000)		10,000
		(116,633)		94,056
Change in cash and cash equivalents during the year		(116,633)		94,056
Cash and cash equivalents, beginning of year		249,357		155,301
Cash and cash equivalents, end of year	\$	132,724	\$	249,357

See accompanying notes to the financial statements

The Caring and Sharing Exchange
Notes to the Financial Statements
February 28, 2019

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 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.

The Caring and Sharing Exchange
Notes to the Financial Statements
February 28, 2019

2. Significant Accounting Policies (con't)

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.

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

			2019	2018
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Leasehold improvements	\$ 4,175	\$ 2,575	\$ 1,600	\$ 2,435
Electronic equipment	6,492	5,418	1,074	1,343
	\$ 10,667	\$ 7,993	\$ 2,674	\$ 3,778

The Caring and Sharing Exchange
Notes to the Financial Statements
February 28, 2019

4. Accounts Payable and Accrued Liabilities

	2019	2018
Trade	\$ 1,368	\$ 108,466
Accrued liabilities	5,994	9,165
Government remittances	8,745	5,525
	\$ 16,107	\$ 123,156

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:

	2019	2018
Sharing in Student Success	\$ 136,388	\$ 99,162
Christmas hampers	132,300	129,900
	\$ 268,688	\$ 229,062

6. Attribution of Expenses

	Assistance			2019	2018
	Programs	Fundraising	Administration	Total	Total
Wages	\$ 169,791	\$ 48,156	\$ 29,521	\$ 247,468	\$ 241,631
Premises	25,458	5,092	3,394	33,944	33,991
Office	17,118	9,259	9,051	35,428	39,260
	212,367	62,507	41,966	316,840	314,882
Direct expenses	150,070	0	0	150,070	143,388
	\$ 362,437	\$ 62,507	\$ 41,966	\$ 466,910	\$ 458,270

The Caring and Sharing Exchange
Notes to the Financial Statements
February 28, 2019

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:

2020	\$34,324
2021	\$31,838
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
Schedules of Revenue and Expense
February 28, 2019

2019 **2018**

SCHEDULE 1

Donations Revenue

Direct mail	\$ 134,945	\$ 185,319
General donations	47,187	50,395
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	\$ 182,132	\$ 235,714

SCHEDULE 2

Special Events Revenue

Special events - qualified donees	\$ 47,330	\$ 20,059
Third party events	35,422	18,516
General sales	60	45
Sponsorships	32,553	21,669
Kindness sponsorship and donations	17,500	17,500
	<hr/>	<hr/>
	\$ 132,865	\$ 77,789

See accompanying notes to the financial statements

The Caring and Sharing Exchange
Schedules of Revenue and Expense
February 28, 2019

2019 2019

SCHEDULE 3

Direct Program Revenue

School supply assistance (note 5)	\$ 71,210	\$ 57,773
Christmas assistance program (note 5)	74,619	55,531
	\$ 145,829	\$ 113,304

SCHEDULE 4

Administration Expense

Wages and benefits	\$ 29,521	\$ 29,942
Premises expense	3,394	3,399
Telephone and fax	353	367
Office supplies and expenses	359	308
Contracts/outside services	6,850	7,136
Insurance - directors	254	270
Maintenance and repairs	184	165
Memberships	13	33
Postage and delivery	102	136
Printing and photocopies	469	468
Professional fees	374	374
Promotion	0	2
Annual meeting	93	16
	\$ 41,966	\$ 42,616

See accompanying notes to the financial statements