

**CATHOLIC CROSS-CULTURAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2023**

CATHOLIC CROSS-CULTURAL SERVICES
Financial Statements
March 31, 2023

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AKLER BROWNING LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

To the Directors of Catholic Cross-Cultural Services

Opinion

We have audited the financial statements of Catholic Cross-Cultural Services, which comprise the statement of financial position as at March 31, 2023, and the statements of unrestricted net funds, internally restricted reserve funds, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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:

- 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 the override of internal control.

AKLER BROWNING LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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- 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 organization'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 organization to cease to continue as a going concern.
- 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.


Akler Browning LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
July 20, 2023

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Financial Position****March 31, 2023**

	2023	2022
Assets		
Current		
Cash	\$ -	\$ 1,594,931
Government grants receivable	2,014,433	22,454
HST rebate receivable	162,993	129,591
Prepays and sundry receivables	307,901	352,763
Total Current	2,485,327	2,099,739
Property and equipment (note 2)	18,368	45,921
Total Assets	\$ 2,503,695	\$ 2,145,660
Liabilities		
Current		
Bank indebtedness (note 7)	\$ 136,094	\$ -
Accounts payable and accrued liabilities	1,331,623	1,129,357
Deferred contributions	149,754	140,043
Total Current	1,617,471	1,269,400
Deferred contributions related to property and equipment (note 3)	18,368	45,921
Total Liabilities	1,635,839	1,315,321
Fund Balances		
Unrestricted Net Funds	447,174	409,657
Internally Restricted Reserve Funds	420,682	420,682
Total Fund Balances	867,856	830,339
Total Liabilities and Fund Balances	\$ 2,503,695	\$ 2,145,660

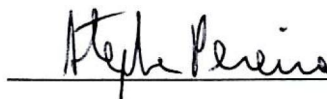
Approved on behalf of the Board:



July 20, 2023

Director

Date



Director

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Unrestricted Net Funds****Year ended March 31, 2023**

	2023	2022
Balance, beginning of year	\$ 409,657	\$ 368,050
Add		
Excess of revenues over expenditures	37,517	41,607
Balance, end of year	\$ 447,174	\$ 409,657

Statement of Internally Restricted Reserve Funds**Year ended March 31, 2023**

	2023	2022
Balance, beginning and end of year	\$ 420,682	\$ 420,682

CATHOLIC CROSS-CULTURAL SERVICES

Statement of Operations

Year ended March 31, 2023

	2023	2022
Revenues		
IRCC - Welcoming Communities	\$ 4,184,925	\$ 3,865,522
IRCC - Language and Skills Development	3,858,971	3,753,159
IRCC - Refugee Sponsorship Training Program	2,211,194	1,949,578
IRCC - Orientation	2,100,205	1,938,710
Ministry of Labour, Training and Skills Development	735,420	157,902
IRCC - Labour Market Access	696,973	584,581
IRCC - Service Delivery Improvement Projects	498,678	320,354
IRCC - Local Immigration Partnership	453,902	373,617
Ministry of Children, Community and Social Services	397,635	327,005
IRCC- Families in Settlement	335,583	237,531
IRCC - Data Hub	318,412	153,932
Catholic Charities	301,551	301,555
Earned income	221,869	102,274
Pay Equity Revenue (note 4)	201,682	201,682
ESDC	134,397	146,412
Canadian Women's Foundation	119,694	22,066
City of Toronto	63,055	80,515
Ontario Trillium Foundation	48,043	-
Donations	33,250	19,971
United Way Greater Toronto	25,000	13,393
Miscellaneous Funding	24,280	70,736
Total revenues	16,964,719	14,620,495
Expenditures		
Wages	10,492,445	9,482,143
Employee benefits	2,198,691	1,796,051
Building occupancy	1,872,108	1,793,820
Program	1,350,505	718,509
Office and general	421,462	328,175
Equipment lease and purchase	358,914	355,158
Training and conferences	75,583	35,554
Purchased services	70,577	47,061
Staff travel	60,084	5,485
Promotion and publicity	26,833	16,932
Total expenditures	16,927,202	14,578,888
Excess of revenues over expenditures for the year	\$ 37,517	\$ 41,607

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Cash Flows****Year ended March 31, 2023**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 37,517	\$ 41,607
Adjustments for non-cash items		
Amortization	27,553	27,553
Amortization of deferred contributions related to property and equipment	(27,553)	(27,553)
	37,517	41,607
Net change in non-cash working capital items		
Government grants receivable	(1,991,979)	100,759
HST rebate receivable	(33,402)	90,135
Prepays and sundry receivables	44,862	(1,170)
Accounts payable and accrued liabilities	202,266	23,109
Deferred contributions	9,711	(70,133)
	(1,768,542)	142,700
Cash (Used in) Provided by Operating Activities	(1,731,025)	184,307
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank indebtedness	136,094	-
Cash Provided by Financing Activities	136,094	-
Net (decrease) increase in cash	(1,594,931)	184,307
Cash, beginning of year	1,594,931	1,410,624
Cash, end of year	\$ -	\$ 1,594,931

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2023

NATURE OF OPERATIONS

Catholic Cross-Cultural Services is a registered charity dedicated to providing immigrants and refugees with the skills and assistance to succeed in their new environment.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) **Property and equipment**

Amortization of leasehold improvements is recorded over the remaining term of the lease.

(b) **Impairment of long-lived assets**

Property and equipment subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(c) **Deferred contributions related to property and equipment**

Deferred contributions related to property and equipment represent restricted contributions for leasehold improvements. Deferred capital contributions are recognized as revenue on the same basis as the related property and equipment is being amortized.

(d) **Fund accounting**

The accounts of the organization are maintained in accordance with the principles of fund accounting by which resources for various purposes are classified for accounting and reporting purposes into funds relating to the specific activities and operations. These funds are as follows:

(i) **Unrestricted net funds**

This fund accounts for the funding received and the expenses incurred for general operations. This represents net unrestricted funds available to the organization.

(ii) **Restricted funds**

This fund is an internally restricted fund established by the board of directors. The funds are to be used in accordance with specific parameters established by the board of directors. Transfers into the fund are determined annually by the board of directors based on available excess funds generated by general operations.

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Revenue recognition

The organization uses the deferral method of accounting for its revenue contributions, in which restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenditures are incurred. Earned income and other income are recorded on the accrual basis.

(f) Allocated expenses

The organization engages in immigration services, language development and employment and training services. The cost of each program includes the costs of personnel and other expenses that are directly related to providing the services. The organization also incurs other expenses that are common to the management and operations of the organization and each of its programs.

The organization allocates certain of its administration expenses, salaries and employee benefits, professional fees, insurance, rent, telephone and advertising by identifying the appropriate basis of allocating each component expense, and applies the basis consistently each year according to the contracts with the Federal, Provincial and Municipal governments. These costs are included in the expenses and/or recoveries between programs.

(g) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, government grants receivable, HST rebate receivable and sundry receivables.

Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities.

The organization has not designated any financial asset or financial liability to be measured at fair value.

Impairment

For financial assets measured at amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered. The main estimates relate to the impairment of financial assets.

2. PROPERTY AND EQUIPMENT

			2023		2022
	Cost	Accumulated amortization	Net		Net
Leasehold improvements	\$ 183,685	\$ 165,317	\$ 18,368	\$	45,921

3. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

		2023		2022
Opening balance	\$	45,921	\$	73,474
Less: Amounts amortized to revenue		(27,553)		(27,553)
	\$	18,368	\$	45,921

4. PAY EQUITY

The organization is partially funded by the Ontario Provincial Government and therefore qualifies for the Pay Equity Program. During the year ended March 31, 2023, the organization received \$201,682 (2022 - \$201,682) from the Ministry of Children, Community and Social Services towards this program.

5. PENSION PLAN

The organization participates in a multi-employer defined benefit pension plan, administered by The Colleges of Applied Arts and Technology Pension Plan. The current pension plan membership includes 151 of its employees as of March 31, 2023.

In accordance with Generally Accepted Accounting Principles the organization has accounted for their multi-employer pension plan as a defined contribution plan even though the plan is a defined benefit plan as sufficient information is not available to use defined benefit plan accounting.

Every three years the plan is required to have an actuarial valuation prepared. The last valuation was dated January 1, 2023 at which time it was determined the plan was in a surplus position. Payments to the organization's pension plan for the year ended March 31, 2023 were \$750,386 (2022 - \$715,386).

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2023

6. RESERVE FUNDS

Immigration, Refugees and Citizenship Canada contracts can be terminated on three months notice. An internally restricted severance fund of \$420,682 has been established to offset the contingent liability for severance expense. If these contracts were to be terminated within the coming year the estimated severance liability would be approximately \$1,575,116.

7. BANK OPERATING LOAN

A demand operating loan to a maximum of \$1,000,000 is available to the organization. The operating loan bears interest at a rate of prime plus 1.5% per annum and is secured by a general security agreement covering all assets of the organization. As at March 31, 2023, the outstanding loan balance was \$136,094 (2022 - \$Nil).

8. ECONOMIC DEPENDENCE

Approximately 86.4% (2022 - 90.0%) of revenues are derived from Immigration, Refugees and Citizenship Canada. Without this level of support the continued existence of the organization is unlikely.

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2023

9. LEASE COMMITMENTS

The organization is obligated under several premises and equipment leases to minimum rentals (excluding certain occupancy charges and property taxes) as follows:

2024	\$	876,811
2025		719,436
2026		458,712
2027		182,403
2028		173,851
Subsequent years		116,346
		<hr/>
		\$ 2,527,559

The current leases in place and their expiry dates are as follows:

		Minimum Annual Rental
<hr/>		
1200 Markham Road Units 525, LL35 Scarborough, Ontario	February 29, 2028	\$ 21,730
1200 Markham Road Units 111, 114, 215, 503 Scarborough, Ontario	February 29, 2028	76,400
3227 Eglinton Avenue East Unit 135 Scarborough, Ontario	March 31, 2025	153,903
2206 Eglinton East Toronto, ON Suite 124 and 144	November 30, 2023	52,095
4557 Hurontario Street Unit B11 Mississauga, Ontario	August 31, 2024	207,909
3660 Hurontario Street Suite 701 Mississauga, Ontario	August 31, 2025	297,656
164 Queen Street East Brampton, ON Suites 304, 305, 306	September 14, 2029	74,082
Fibernatics - multiple locations	March 31, 2024	11,406

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2023

10. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The organization's credit risk is mainly related to amounts due from government agencies. The credit risk is concentrated as 95% of year end government grants receivable are from one government agency (2022 - 8%).

(b) 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 to its trade accounts payable. The organization expects to meet these obligations as they come due by generating sufficient cash flow from operations combined with the receipt of monthly grants from its funders.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization does not have significant exposure to any of these types of risk.

11. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
