

**CATHOLIC CROSS-CULTURAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2024**

CATHOLIC CROSS-CULTURAL SERVICES
Financial Statements
March 31, 2024

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AKLER BROWNING LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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, 2024, and the statements of unrestricted net funds, internally restricted reserve fund, 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, 2024, 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

INDEPENDENT AUDITOR'S REPORT, continued

- 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 18, 2024

CATHOLIC CROSS-CULTURAL SERVICES
Statement of Financial Position
March 31, 2024

	2024	2023
Assets		
Current		
Cash	\$ 1,563,829	\$ -
Government grants receivable	1,256,475	2,014,433
Government remittances receivable	177,143	162,993
Prepays and sundry receivables	337,614	307,901
Total Current	3,335,061	2,485,327
Property and equipment (note 2)	-	18,368
Total Assets	\$ 3,335,061	\$ 2,503,695
Liabilities		
Current		
Bank operating loan (note 7)	\$ -	\$ 136,094
Accounts payable and accrued liabilities	2,067,405	1,331,622
Deferred contributions	378,380	149,754
Total Current	2,445,785	1,617,470
Deferred contributions related to property and equipment (note 3)	-	18,369
Total Liabilities	2,445,785	1,635,839
Fund Balances		
Unrestricted Net Funds	368,594	447,174
Internally Restricted Reserve Fund	520,682	420,682
Total Fund Balances	889,276	867,856
Total Liabilities and Fund Balances	\$ 3,335,061	\$ 2,503,695

Approved on behalf of the Board:

Sean Michael Kennedy

Director

July 18, 2024

Marisa Zanini

Director

Date

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Unrestricted Net Funds****Year ended March 31, 2024**

	2024	2023
Balance, beginning of year	\$ 447,174	\$ 409,657
Add (deduct)		
Excess of revenues over expenditures	21,420	37,517
Allocation to internally restricted reserve funds (note 6)	(100,000)	-
Balance, end of year	<u>\$ 368,594</u>	<u>\$ 447,174</u>

Statement of Internally Restricted Reserve Fund**Year ended March 31, 2024**

	2024	2023
Balance, beginning of year	\$ 420,682	\$ 420,682
Add		
Allocation from unrestricted net funds (note 6)	100,000	-
Balance, end of year	<u>\$ 520,682</u>	<u>\$ 420,682</u>

CATHOLIC CROSS-CULTURAL SERVICES

Statement of Operations

Year ended March 31, 2024

	2024	2023
Revenues		
IRCC - Welcoming Communities	\$ 5,001,527	\$ 4,184,925
IRCC - Language and Skills Development	4,284,786	3,858,971
IRCC - Refugee Sponsorship Training Program	2,791,758	2,211,194
IRCC - Orientation	2,583,585	2,100,205
IRCC - Labour Market Access	908,757	696,973
Ministry of Labour, Training and Skills Development	879,182	735,420
IRCC - Local Immigration Partnership	546,668	453,902
IRCC - Service Delivery Improvement Projects	482,940	498,678
Ministry of Children, Community and Social Services	378,369	397,635
Catholic Charities	337,498	301,551
IRCC - Data Hub	321,875	318,412
IRCC- Families in Settlement	312,433	335,583
Earned income	273,643	221,869
Pay Equity Revenue (Note 4)	201,682	201,682
IRCC - Capacity Building Project for Racialized Organizations	188,844	-
ESDC	144,327	134,397
City of Toronto	81,958	63,055
Miscellaneous Funding	70,343	24,280
Canadian Women's Foundation	42,740	119,694
Donations	13,853	33,250
Ontario Trillium Foundation	3,957	48,043
United Way Greater Toronto	-	25,000
Total revenues	19,850,725	16,964,719
Expenditures		
Wages	11,983,181	10,492,445
Employee benefits	2,513,056	2,198,691
Building occupancy	1,919,110	1,872,108
Program	1,898,109	1,350,505
Equipment lease and purchase	671,078	358,914
Office and general	454,042	421,462
Training and conferences	129,633	75,583
Purchased services	155,130	70,577
Staff travel	56,175	60,084
Promotion and publicity	49,791	26,833
Total expenditures	19,829,305	16,927,202
Excess of revenues over expenditures for the year	\$ 21,420	\$ 37,517

CATHOLIC CROSS-CULTURAL SERVICES

Statement of Cash Flows

Year ended March 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 21,420	\$ 37,517
Adjustments for non-cash items		
Amortization	18,368	27,553
Amortization of deferred contributions related to property and equipment	(18,368)	(27,553)
	<u>21,420</u>	<u>37,517</u>
Net change in non-cash working capital items		
Government grants receivable	757,958	(1,991,979)
Government remittances receivable	(14,150)	(33,402)
Prepays and sundry receivables	(29,713)	44,862
Accounts payable and accrued liabilities	735,782	202,266
Deferred contributions	228,626	9,711
	<u>1,678,503</u>	<u>(1,768,542)</u>
Cash Provided by (Used in) Operating Activities	1,699,923	(1,731,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank operating loan	(136,094)	136,094
Cash (Used in) Provided by Financing Activities	(136,094)	136,094
Net increase (decrease) in cash	1,563,829	(1,594,931)
Cash, beginning of year	-	1,594,931
Cash, end of year	\$ 1,563,829	\$ -

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2024

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) Reserve fund

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, 2024

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, government remittances receivable and sundry receivables.

Financial liabilities measured at amortized cost include bank operating loan 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, 2024

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

			2024		2023
	Cost	Accumulated amortization		Net	Net
Leasehold improvements	\$ 183,685	\$ 183,685	\$ -	\$ 18,368	

3. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

		2024		2023
Opening balance		\$ 18,369	\$ 45,922	
Less: Amounts amortized to revenue		\$ (18,369)	\$ (27,553)	
		\$ -	\$ 18,369	

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, 2024, the organization received \$201,682 (2023 - \$201,682) from the Ministry of Children, Community and Social Services towards this program.

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2024

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 156 of its employees as of March 31, 2024.

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, 2024 were \$829,722 (2023 - \$750,386).

6. RESERVE FUNDS

Immigration, Refugees and Citizenship Canada contracts can be terminated on three months notice. An internally restricted severance fund of \$520,682 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 \$1,553,570.

During the year, the Board of Directors approved a transfer of \$100,000 from the Unrestricted Net Funds to the Internally Restricted Reserve Funds.

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, 2024, the outstanding loan balance was \$Nil (2023 - \$136,094).

8. ECONOMIC DEPENDENCE

Approximately 87.8% (2023 - 86.4%) 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, 2024

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:

2025	\$ 973,715
2026	533,210
2027	424,453
2028	417,529
2029	215,006
Subsequent years	36,566
	<hr/>
	\$ 2,600,479

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

		Minimum Annual Rental
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	175,846
2206 Eglinton Avenue East Suite 124 and 144 Toronto Ontario	November 30, 2028	58,606
4557 Hurontario Street Unit B11 Mississauga, Ontario	August 31, 2024	86,629
3660 Hurontario Street Suite 701 Mississauga, Ontario	August 31, 2025	301,894
164 Queen Street East Suites 304, 305, 306 Brampton, Ontario	September 14, 2029	77,168
3495 Lawrence Ave East Suite A02210A Toronto Ontario	June 30, 2024	9,355
3495 Lawrence Ave East Suite AB1003A Toronto Ontario	January 31, 2029	149,798
Newt - multiple locations	March 31, 2028	16,289

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2024

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 90% of year end government grants receivable are from one government agency (2023 - 95%).

(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.
