

**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.

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

Marisa Zanini

Director

July 18, 2024

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 | \$ 368,594 | \$ 447,174 |

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 | \$ 520,682 | \$ 420,682 |

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) |
| | 21,420 | 37,517 |
| 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 |
| | 1,678,503 | (1,768,542) |
| 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 |
|---|--------------------|-----------------------|
| <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 | 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.
