

**CATHOLIC CROSS-CULTURAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2020**

CATHOLIC CROSS-CULTURAL SERVICES
Financial Statements
March 31, 2020

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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, 2020, 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, 2020, 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 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:

INDEPENDENT AUDITOR'S REPORT, continued

- 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.
- 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

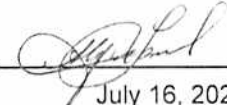
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
July 16, 2020

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Financial Position**


March 31, 2020

	2020	2019
Assets		
Current		
Cash	\$ 196,367	\$ 285,053
Government grants receivable	1,191,125	1,265,636
HST rebate receivable	115,101	115,603
Prepays and sundry receivables	338,333	305,765
Total Current	1,840,926	1,972,057
Property and equipment (note 2)	101,027	128,580
Total Assets	\$ 1,941,953	\$ 2,100,637
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 836,920	\$ 984,861
Government remittances payable	11,462	217,465
Deferred contributions	263,384	66,922
Total Current	1,111,766	1,269,248
Deferred contributions related to property and equipment (note 3)	101,027	128,580
Total Liabilities	1,212,793	1,397,828
Fund Balances		
Unrestricted Net Funds	408,478	382,127
Internally Restricted Reserve Funds	320,682	320,682
Total Fund Balances	729,160	702,809
Total Liabilities and Fund Balances	\$ 1,941,953	\$ 2,100,637

Approved on behalf of the Board:



July 16, 2020 Director
Date



Director

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Unrestricted Net Funds****Year ended March 31, 2020**

	2020	2019
Balance, beginning of year	\$ 382,127	\$ 348,963
Add		
Excess of revenues over expenditures	26,351	33,164
Balance, end of year	\$ 408,478	\$ 382,127

Statement of Internally Restricted Reserve Funds**Year ended March 31, 2020**

	2020	2019
Balance, beginning and end of year	\$ 320,682	\$ 320,682

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Operations****Year ended March 31, 2020**

	2020	2019
Revenues		
IRCC - Welcoming Communities	\$ 3,450,712	\$ 3,440,770
IRCC - Language and Skills Development	3,382,780	3,357,631
IRCC - Orientation	1,766,217	1,771,217
IRCC - Refugee Sponsorship Training Program	1,742,116	1,682,248
IRCC - Labour Market Access	515,161	495,543
Ministry of Children, Community and Social Services	459,988	784,906
IRCC - Service Delivery Improvement Projects	383,311	309,252
IRCC - Local Immigration Partnership	352,170	352,170
Catholic Charities	324,261	191,612
Pay Equity revenue (note 4)	201,682	201,682
Earned income	194,549	141,778
City of Toronto	101,524	117,448
ESDC	60,545	-
Donations	21,825	1,047
United Way Peel Region	-	129,791
Total revenues	12,956,841	12,977,095
Expenditures		
Wages	8,160,777	7,970,861
Building occupancy	1,707,905	1,675,427
Employee benefits	1,703,749	1,662,953
Program expenses	712,766	861,787
Office and general	306,641	313,801
Equipment lease and purchase	130,567	192,446
Staff travel	72,634	68,782
Purchased services	45,847	73,448
Training and conferences	39,519	26,780
Amortization	27,553	27,552
Promotion and publicity	22,532	70,094
Total expenditures	12,930,490	12,943,931
Excess of revenues over expenditures for the year	\$ 26,351	\$ 33,164

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Cash Flows****Year ended March 31, 2020**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 26,351	\$ 33,164
Adjustments for non-cash items		
Amortization	27,553	27,552
Amortization of deferred contributions related to property and equipment	(27,553)	(27,552)
	26,351	33,164
Net change in non-cash working capital items		
Government grants receivable	74,511	(1,006,231)
HST rebate receivable	502	20,304
Prepays and sundry receivables	(32,568)	171,224
Accounts payable and accrued liabilities	(147,941)	(165,865)
Government remittances payable	(206,003)	105,885
Deferred contributions	196,462	25,176
	(115,037)	(849,507)
Net decrease in cash	(88,686)	(816,343)
Cash, beginning of year	285,053	1,101,396
Cash, end of year	\$ 196,367	\$ 285,053

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2020

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.

(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.

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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 and sundry receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

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.

(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.

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2020

2. PROPERTY AND EQUIPMENT

				2020	2019
	Cost	Accumulated amortization		Net	Net
Leasehold improvements	\$ 183,685	\$ 82,658	\$	101,027	\$ 128,580

3. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

		2020	2019
Opening balance	\$	128,580	\$ 156,132
Less: Amounts amortized to revenue		(27,553)	(27,552)
	\$	101,027	\$ 128,580

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, 2020, the organization received \$201,682 (2019 - \$201,682) from the Ministry of Children, Community and Social Services towards this program.

5. PENSION PLAN

The organization participates in a multiemployer defined benefit pension plan, administered by The Colleges of Applied Arts and Technology Pension Plan. As of January 1, 2020 the organization changed pension plans from a plan administered by the Catholic Charities that included 7 of its employees. The current pension plan membership includes 146 of its employees as of March 31, 2020.

In accordance with Generally Accepted Accounting Principles the organization has accounted for their multiemployer 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, 2019 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, 2020 was \$175,025 (2019 - \$30,616).

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2020

6. RESERVE FUNDS

The Board of Directors established an internally restricted moving reserve fund of \$80,000 to assist and meet moving and relocation expenses.

The Board of Directors has also established an employee group benefit reserve fund of \$5,000 to address potential shortfalls that may occur in the group plan for which the organization is responsible.

Immigration, Refugees and Citizenship Canada contracts can be terminated on three months notice. An internally restricted severance fund of \$235,682 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 \$1,233,719.

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, 2020, the loan amounted to \$NIL.

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2020

8. LEASE COMMITMENTS

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

2021	\$ 1,709,440
2022	1,608,271
2023	1,592,364
2024	1,205,148
2025	1,012,650
<hr/>	
	\$ 7,127,873

The current leases in place are as follows:

		Minimum Annual Rental
<hr/>		
164 Queen Street East Suites 304, 305, 306 Brampton, Ontario	September 14, 2029	\$ 888,980
2206 Eglinton Avenue East Units 124, 144 Toronto, Ontario	November 30, 2023	71,630
1200 Markham Road Units 525, LL25 Scarborough, Ontario	February 28, 2023	20,433
1200 Markham Road Units 111, 114, 215, 503 Scarborough, Ontario	February 28, 2023	73,791
3227 Eglinton Avenue East Unit 135 Scarborough, Ontario	August 29, 2023	144,581
4557 Hurontario Street Suite B11 Mississauga, Ontario	August 31, 2024	204,310
3660 Hurontario Street Suite 701 Mississauga, Ontario	August 31, 2020	116,990
55 Town Centre Court Suite 401 Scarborough, Ontario	February 28, 2023	171,666
Fibernatics	March 31, 2023	44,611

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2020

9. ECONOMIC DEPENDENCE

Approximately 85% (2019 - 88%) of revenues are derived from Immigration, Refugees and Citizenship Canada. Without this level of support the continued existence of the organization is unlikely.

10. UNCERTAINTY DUE TO COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus (COVID-19). Many businesses and organizations across Canada have been negatively affected by the COVID-19 pandemic and the resulting downturn in the overall economy. The government and public health officials initiated a number of measures to mitigate against the severity and impact of the virus. The organization has implemented a number of these measures to maintain a safe operating environment. The length and severity of the impact on the organization's operations and financial reporting are uncertain and cannot be determined at this time.

11. 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 97% of year end government grants receivable is from one government agency (2018 - 72%).

(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.

12. 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.
