

**CATHOLIC CROSS-CULTURAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2021**

CATHOLIC CROSS-CULTURAL SERVICES
Financial Statements
March 31, 2021

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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, 2021, 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, 2021, 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:

- ♦ 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.

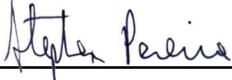
Akler Browning LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
July 15, 2021

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Financial Position****March 31, 2021**

	2021	2020
Assets		
Current		
Cash	\$ 1,410,624	\$ 196,367
Government grants receivable	123,213	1,191,125
HST rebate receivable	219,726	115,101
Prepays and sundry receivables	351,593	338,333
Total Current	2,105,156	1,840,926
Property and equipment (note 2)	73,474	101,027
Total Assets	\$ 2,178,630	\$ 1,941,953
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,106,248	\$ 836,920
Government remittances payable	-	11,462
Deferred contributions	210,176	263,384
Total Current	1,316,424	1,111,766
Deferred contributions related to property and equipment (note 3)	73,474	101,027
Total Liabilities	1,389,898	1,212,793
Fund Balances		
Unrestricted Net Funds	368,050	408,478
Internally Restricted Reserve Funds	420,682	320,682
Total Fund Balances	788,732	729,160
Total Liabilities and Fund Balances	\$ 2,178,630	\$ 1,941,953

Approved on behalf of the Board:


July 15, 2021
Director
Date


Director

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Unrestricted Net Funds****Year ended March 31, 2021**

	2021	2020
Balance, beginning of year	\$ 408,478	\$ 382,127
Add (deduct)		
Excess of revenues over expenditures	59,572	26,351
Allocation to internally restricted reserve funds	(100,000)	-
Balance, end of year	\$ 368,050	\$ 408,478

Statement of Internally Restricted Reserve Funds**Year ended March 31, 2021**

	2021	2020
Balance, beginning of year	\$ 320,682	\$ 320,682
Add		
Allocation from unrestricted net funds	100,000	-
Balance, end of year	\$ 420,682	\$ 320,682

CATHOLIC CROSS-CULTURAL SERVICES

Statement of Operations

Year ended March 31, 2021

	2021	2020
Revenues		
IRCC - Welcoming Communities	\$ 3,623,816	\$ 3,450,712
IRCC - Language and Skills Development	3,410,730	3,382,780
IRCC - Orientation	1,773,584	1,766,217
IRCC - Refugee Sponsorship Training Program	1,678,609	1,742,116
IRCC - Labour Market Access	543,527	515,161
IRCC - Service Delivery Improvement Projects	363,383	383,311
IRCC - Local Immigration Partnership	362,735	352,170
IRCC- Families in Settlement	52,270	-
Ministry of Children, Community and Social Services	476,789	459,988
Ministry of Children, Community and Social Services - Pay Equity (note 4)	201,682	201,682
Catholic Charities	296,924	324,261
Earned income	134,672	194,549
Miscellaneous Funding	90,059	-
ESDC	60,886	60,545
United Way Greater Toronto	58,425	-
City of Toronto	28,775	101,524
Donations	18,820	21,825
Total revenues	13,175,686	12,956,841
Expenditures		
Wages	8,491,995	8,160,777
Employee benefits	1,752,807	1,703,749
Building occupancy	1,700,023	1,707,905
Program expenses	437,385	712,766
Equipment lease and purchase	373,355	130,567
Office and general	265,481	306,641
Purchased services	41,755	45,847
Amortization	27,553	27,553
Training and conferences	17,659	39,519
Promotion and publicity	4,689	22,532
Staff travel	3,412	72,634
Total expenditures	13,116,114	12,930,490
Excess of revenues over expenditures for the year	\$ 59,572	\$ 26,351

CATHOLIC CROSS-CULTURAL SERVICES**Statement of Cash Flows****Year ended March 31, 2021**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 59,572	\$ 26,351
Adjustments for non-cash items		
Amortization	27,553	27,553
Amortization of deferred contributions related to property and equipment	(27,553)	(27,553)
	59,572	26,351
Net change in non-cash working capital items		
Government grants receivable	1,067,912	74,511
HST rebate receivable	(104,625)	502
Prepays and sundry receivables	(13,260)	(32,568)
Accounts payable and accrued liabilities	269,328	(147,941)
Government remittances payable	(11,462)	(206,003)
Deferred contributions	(53,208)	196,462
	1,154,685	(115,037)
Net increase (decrease) in cash	1,214,257	(88,686)
Cash, beginning of year	196,367	285,053
Cash, end of year	\$ 1,410,624	\$ 196,367

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2021

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, 2021

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 receivable and sundry receivables.

Financial liabilities measured at amortized cost include 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.

(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, 2021

2. PROPERTY AND EQUIPMENT

	2021		2020	
	Cost	Accumulated amortization	Net	Net
Leasehold improvements	\$ 183,685	\$ 110,211	\$ 73,474	\$ 101,027

3. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

	2021		2020	
Opening balance	\$	101,027	\$	128,580
Less: Amounts amortized to revenue		(27,553)		(27,553)
	\$	73,474	\$	101,027

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, 2021, the organization received \$201,682 (2020 - \$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 163 of its employees as of March 31, 2021.

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, 2021 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, 2021 were \$791,359 (2020 - \$175,025).

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2021

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 \$1,303,941.

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, 2021, the outstanding loan balance was \$NIL.

8. ECONOMIC DEPENDENCE

Approximately 87% (2020 - 85%) of revenues are derived from Immigration, Refugees and Citizenship Canada. Without this level of support the continued existence of the organization is unlikely.

9. 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.

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2021

10. LEASE COMMITMENTS

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

2022	\$ 1,082,554
2023	1,070,884
2024	687,905
2025	465,691
2026	206,304
Subsequent years	275,907
	<hr/>
	\$ 3,789,245

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

		Minimum Annual Rental
1200 Markham Road Units 525, LL25 Scarborough, Ontario	February 28, 2023	\$ 20,678
1200 Markham Road Units 111, 114, 215, 503 Scarborough, Ontario	February 28, 2023	75,013
55 Town Centre Court Suite 401 Scarborough, Ontario	February 28, 2023	174,622
3227 Eglinton Avenue East Units 135 Scarborough, Ontario	August 29, 2023	149,468
2206 Eglinton Avenue East Units 124, 144 Toronto, Ontario	November 30, 2023	78,142
4557 Hurontario Street Unit B11 Mississauga, Ontario	August 31, 2024	204,310
3660 Hurontario Street Suite 701 Mississauga, Ontario	August 31, 2025	289,181
164 Queen Street East Suite 304, 305, 306 Brampton, Ontario	September 14, 2029	74,082
Fibernatics - multiple locations	March 31, 2023	44,611

CATHOLIC CROSS-CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2021

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 are from one government agency (2020 - 97%).

(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.
