

**CATHOLIC CROSS - CULTURAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2015**

CATHOLIC CROSS - CULTURAL SERVICES

Financial Statements
March 31, 2015

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AKLER, BROWNING, FRIMET & LANDZBERG LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Catholic Cross - Cultural Services

We have audited the accompanying financial statements of Catholic Cross - Cultural Services, which comprise the statement of financial position as at March 31, 2015, and the statements of unrestricted net funds, internally restricted reserve funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Catholic Cross - Cultural Services as at March 31, 2015, 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.

Akler, Browning, Frimet
& Landzberg LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Canada
July 16, 2015

CATHOLIC CROSS - CULTURAL SERVICES

Statement of Financial Position

March 31, 2015

	2015	2014
Assets		
Current		
Cash	\$ 1,161,939	\$ 1,127,569
Government grants receivable	107,919	196,804
HST rebate receivable	122,618	99,923
Prepays and deposits	272,554	161,131
Total Assets	\$ 1,665,030	\$ 1,585,427
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 688,564	\$ 768,145
Government remittances payable	62,011	58,849
Deferred contributions	213,108	66,948
Total Liabilities	963,683	893,942
Fund Balances		
Unrestricted Net Funds	280,665	270,803
Internally Restricted Reserve Funds	420,682	420,682
Total Fund Balances	701,347	691,485
Total Liabilities and Fund Balances	\$ 1,665,030	\$ 1,585,427

Approved on behalf of the Board:

Shree Director
July 16, 2015 Date

John Jani Director

CATHOLIC CROSS - CULTURAL SERVICES

Statement of Unrestricted Net Funds

Year ended March 31, 2015

	2015	2014
Balance, beginning of year	\$ 270,803	\$ 264,804
Add (deduct)		
Excess of revenues over expenditures	9,862	50,999
Allocation to internally restricted reserve funds	-	(45,000)
Balance, end of year	\$ 280,665	\$ 270,803

Statement of Internally Restricted Reserve Funds

Year ended March 31, 2015

	2015	2014
Balance, beginning of year	\$ 420,682	\$ 375,682
Add		
Allocation from operations	-	45,000
Balance, end of year	\$ 420,682	\$ 420,682

CATHOLIC CROSS - CULTURAL SERVICES

Statement of Operations

Year ended March 31, 2015

	Toronto Region	Peel Region	Central Admin	2015	2014
Revenues					
CIC - Welcoming Communities	\$ 3,317,475	\$ -	\$ -	\$ 3,317,475	\$ 3,308,393
CIC - Language and Skills Development	1,511,387	1,450,098	-	2,961,485	2,996,816
CIC - Orientation	-	1,454,174	-	1,454,174	1,552,070
CIC - Labour Market Access	527,885	420,984	-	948,869	928,883
CIC - RSTP	492,150	-	-	492,150	484,088
CIC - LIP	379,991	-	-	379,991	395,052
Ministry of Community and Social Services - VAW	-	272,842	-	272,842	267,492
Catholic Charities	86,089	91,754	27,426	205,269	210,267
Pay Equity revenue	100,395	78,011	23,278	201,684	201,680
CIC - FACPP	176,258	-	-	176,258	175,777
United Way Peel Region	-	162,256	-	162,256	94,756
Ministry of Citizenship and Immigration - NSP	75,435	81,022	-	156,457	151,207
MEDTE (Culinary Training)	-	131,164	-	131,164	-
City of Toronto	50,591	-	27,347	77,938	56,502
Earned income	30,463	33,997	9,059	73,519	194,066
Prosper Canada (TD Foundation)	44,092	-	-	44,092	-
HRSDC	37,613	-	-	37,613	37,977
Catholic Charities Collaboration	-	22,215	-	22,215	13,785
Ontario Trillium Foundation	14,926	-	-	14,926	-
Regional Municipality of Peel	-	8,500	-	8,500	-
Donations	989	500	1,411	2,900	1,975
	6,845,739	4,207,517	88,521	11,141,777	11,070,786
Expenditures					
Wages	4,077,810	2,472,986	316,485	6,867,281	6,898,560
Building occupancy	759,733	727,668	43,801	1,531,202	1,489,856
Employee benefits	836,995	526,089	47,284	1,410,368	1,421,723
Program expenses	522,848	107,885	-	630,733	577,268
Program and central administration allocation	364,051	244,244	-	608,295	585,708
Office and general	190,605	85,012	30,149	305,766	326,939
Equipment lease and purchase	24,044	24,487	173,657	222,188	154,768
Purchased services	10,519	7,672	40,185	58,376	92,491
Staff travel	35,613	10,225	-	45,838	40,822
Training and conferences	9,373	467	35,393	45,233	5,148
Promotion and publicity	14,148	782	-	14,930	12,212
Absorbed by departments	-	-	(608,295)	(608,295)	(585,708)
	6,845,739	4,207,517	78,659	11,131,915	11,019,787
Excess of revenues over expenditures	-	-	9,862	9,862	50,999
Allocation to internally restricted reserve funds	-	-	-	-	45,000
	\$ -	\$ -	\$ 9,862	\$ 9,862	\$ 5,999

See notes to the financial statements

CATHOLIC CROSS - CULTURAL SERVICES**Statement of Cash Flows
Year ended March 31, 2015**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 9,862	\$ 50,999
Net change in non-cash working capital items		
Government grants receivable	88,885	1,244,137
HST rebate receivable	(22,695)	79,967
Prepays and deposits	(111,423)	98,725
Accounts payable and accrued liabilities	(79,581)	59,284
Government remittances payable	3,162	(809)
Deferred contributions	146,160	(31,103)
	24,508	1,450,201
Cash Provided by Operating Activities	34,370	1,501,200
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank indebtedness	-	(373,631)
Cash Used in Financing Activities	-	(373,631)
Net increase in cash	34,370	1,127,569
Cash, beginning of year	1,127,569	-
Cash, end of year	\$ 1,161,939	\$ 1,127,569

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2015

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 policies are detailed as follows:

(a) **Property and equipment**

The organization has adopted the policy to write off property and equipment in the year of acquisition. While the policy is not in accordance with Accounting Standards for Not-for-Profit Organizations the dollar impact of the policy is not considered material.

(b) **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.

(c) **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.

(d) **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.

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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 and HST rebate receivable.

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.

(f) 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. 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, 2015 the organization received from the Ministry of Citizenship and Immigration \$119,933 (2014 - \$119,933), towards this program. During the same period, the organization received \$81,749 (2014 - \$81,749) from the Ministry of Community and Social Services.

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2015

3. PENSION PLAN

The organization participates in a multiemployer defined benefit pension plan, administered by Catholic Charities, for seven of its full time employees who have qualified under the grandfathering provisions. The plan provides pensions based on length of service and average earnings.

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 3 years the plan is required to have an actuarial valuation prepared. The last valuation was dated March 31, 2014 at which time it was determined the plan was fully funded and no amortization payments are required until the next valuation report is prepared. Payments to the organization's pension plan for the year ended March 31, 2015 inclusive of the prior year minimum amortization payment was \$19,105 (2014 - \$60,885).

4. 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.

Citizenship and Immigration Canada contracts can be terminated on three months notice. An internally restricted severance fund of \$335,682 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 \$972,882.

5. 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 + 1% per annum and is secured by a general security agreement covering all assets of the organization. As at March 31, 2015, the loan amounted to NIL.

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2015

6. LEASE COMMITMENTS

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

2016	\$ 1,077,890
2017	814,414
2018	510,678
2019	301,530
2020	72,870
	<hr/>
	\$ 2,777,382

The current leases in place are as follows:

		Minimum Annual Rental
1200 Markham Road Units 111, 114, 503 Scarborough, Ontario	Monthly	\$ 146,879
3660 Hurontario Street Suite 701 Mississauga, Ontario	August 31, 2015	258,996
60 West Drive Suite 100 Brampton, Ontario	July 31, 2016	7,659
55 Town Centre Court Suite 401 Scarborough, Ontario	November 30, 2016	322,730
2425 Eglinton Ave E. Scarborough, Ontario	November 30, 2016	128,823
8 Nelson St. W. Units 206, 302, 305 Brampton, Ontario	July 31, 2018	159,319
3227 Eglinton Ave. E. Suite 135 Scarborough, Ontario	August 29, 2018	176,471
4557 Hurontario Street Unit B11 Mississauga, Ontario	August 31, 2019	174,888

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2015

7. ECONOMIC DEPENDENCE

Approximately 87% (2014 - 89%) of revenues are derived from Citizenship and Immigration Canada. Without this level of support the continued existence of the organization is unlikely.

8. 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.

(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.
