

**CATHOLIC CROSS - CULTURAL SERVICES  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MARCH 31, 2014**

## **CATHOLIC CROSS - CULTURAL SERVICES**

**Financial Statements**  
**March 31, 2014**

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**AKLER, BROWNING, FRIMET & LANDZBERG LLP**  
**CHARTERED ACCOUNTANTS**

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**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, 2014, and the statements of unrestricted net funds, restricted reserve funds, operations 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 qualified audit opinion.

*Basis for Qualified Opinion*

Note 2 describes the organization's policy of writing off property and equipment in the year of acquisition. In this respect, these financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. We have not attempted to determine the impact on property and equipment, accumulated amortization, revenues and expenditures and net funds that result from this departure from Canadian accounting standards for not-for-profit organizations.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Catholic Cross - Cultural Services as at March 31, 2014 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 17, 2014

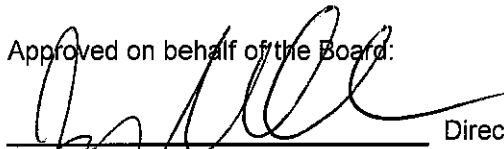
**CATHOLIC CROSS - CULTURAL SERVICES**

**Statement of Financial Position**

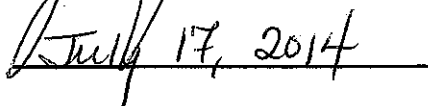
**March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,127,569	\$ -
Grants receivable	196,804	1,440,941
HST rebate receivable	99,923	179,890
Prepays and deposits	161,131	259,856
<b>Total Assets</b>	<b>\$ 1,585,427</b>	<b>\$ 1,880,687</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (note 6)	\$ -	\$ 373,631
Accounts payable and accrued liabilities	768,145	708,861
Government remittances payable	58,849	59,658
Deferred revenue	66,948	98,051
<b>Total Liabilities</b>	<b>893,942</b>	<b>1,240,201</b>
<b>Fund Balances</b>		
Unrestricted Net Funds	270,803	264,804
Restricted Reserve Funds (note 5)	420,682	375,682
<b>Total Fund Balances</b>	<b>691,485</b>	<b>640,486</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,585,427</b>	<b>\$ 1,880,687</b>

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Date

**CATHOLIC CROSS - CULTURAL SERVICES****Statement of Unrestricted Net Funds****Year ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 264,804	\$ 258,827
Add (deduct)		
Excess of revenues over expenditures	50,999	110,977
Allocation to Restricted Reserve Funds	(45,000)	(105,000)
Balance, end of year	\$ 270,803	\$ 264,804

**Statement of Restricted Reserve Funds****Year ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 375,682	\$ 270,682
Add		
Allocation from operations	45,000	105,000
Balance, end of year	\$ 420,682	\$ 375,682

**CATHOLIC CROSS - CULTURAL SERVICES****Statement of Operations****Year ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
CIC - Welcoming Communities	\$ 3,308,393	\$ 3,379,593
CIC - Language and Skills Development	2,996,816	3,016,657
CIC - Orientation	1,552,070	1,461,924
CIC - Labour Market Access	928,883	921,071
CIC - RSTP	484,088	418,803
CIC - LIP	395,052	426,061
Ministry of Community and Social Services - VAW	267,492	267,492
Catholic Charities	210,267	210,267
Pay Equity revenue	201,680	201,680
Earned income	194,066	161,694
CIC - FACPP	175,777	137,669
Ministry of Citizenship and Immigration - NSP	151,207	180,558
United Way Peel Region	94,756	144,762
City of Toronto	56,502	23,820
HRSDC	37,977	39,256
Catholic Charities Collaboration Project	13,785	-
Donations	1,975	1,628
<b>Total revenues</b>	<b>11,070,786</b>	<b>10,992,935</b>
<b>Expenditures</b>		
Wages	6,898,560	6,865,300
Building occupancy	1,489,856	1,436,057
Employee benefits	1,421,723	1,590,122
Program and central administration allocation	585,708	482,682
Program expenses	577,143	559,305
Office and general	327,064	274,007
Equipment lease and purchase	154,768	85,420
Purchased services	92,491	33,572
Staff travel	40,822	34,622
Promotion and publicity	12,212	763
Training and conferences	5,148	2,790
Absorbed by departments	(585,708)	(482,682)
<b>Total expenditures</b>	<b>11,019,787</b>	<b>10,881,958</b>
<b>Excess of revenues over expenditures</b>	<b>50,999</b>	<b>110,977</b>
<b>Allocation to restricted reserve funds</b>	<b>(45,000)</b>	<b>(105,000)</b>
	<b>\$ 5,999</b>	<b>\$ 5,977</b>

**CATHOLIC CROSS - CULTURAL SERVICES****Schedules to the Financial Statements****Year ended March 31, 2014**

<b>Peel Region</b>	<b>Schedule 1</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
CIC - Orientation	\$ 1,552,070	\$ 1,461,924
CIC - Language and Skills Development	1,471,121	1,456,174
CIC - Labour Market Access	420,222	434,714
Ministry of Community and Social Services - VAW	267,492	267,492
United Way Peel Region	94,756	144,762
Catholic Charities	92,383	152,946
Earned income	80,618	36,800
Ministry of Citizenship and Immigration - NSP	78,447	122,653
Pay Equity revenue	71,086	81,737
Catholic Charities Collaboration Project	13,785	-
	<b>4,141,980</b>	<b>4,159,202</b>
<b>Expenditures</b>		
Wages	2,431,085	2,508,444
Building occupancy	714,364	689,201
Employee benefits	531,303	596,071
Program and central administration allocation	236,920	183,759
Office and general	96,356	86,145
Equipment lease and purchase	58,335	18,610
Program expenses	54,537	52,899
Staff travel	9,160	9,596
Purchased services	7,672	14,072
Promotion and publicity	1,938	45
Training and conferences	310	360
	<b>4,141,980</b>	<b>4,159,202</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>

**CATHOLIC CROSS - CULTURAL SERVICES****Schedules to the Financial Statements****Year ended March 31, 2014****Toronto Region****Schedule 2**

	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
CIC - Welcoming Communities	\$ 3,308,393	\$ 3,379,593
CIC - Language and Skills Development	1,525,695	1,560,483
CIC - Labour Market Access	508,661	486,357
CIC - RSTP	484,088	418,803
CIC - LIP	395,052	426,061
CIC - FACPP	175,777	137,669
Earned income	108,003	225
Pay Equity revenue	101,053	74,595
Ministry of Citizenship and Immigration - NSP	72,760	57,905
Catholic Charities	66,353	856
City of Toronto	43,592	23,820
HRSDC	37,977	39,256
	<b>6,827,404</b>	<b>6,605,623</b>
<b>Expenditures</b>		
Wages	3,977,128	3,892,230
Employee benefits	814,525	872,577
Building occupancy	766,917	747,540
Program expenses	522,606	503,858
Program and central administration allocation	348,788	298,923
Office and general	200,642	176,904
Purchased services	81,594	21,155
Equipment lease and purchase	68,737	66,437
Staff travel	31,662	25,026
Promotion and publicity	10,274	718
Training and conferences	4,531	255
	<b>6,827,404</b>	<b>6,605,623</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>



**CATHOLIC CROSS - CULTURAL SERVICES**

Schedules to the Financial Statements

Year ended March 31, 2014

**Central Administration****Schedule 3**

	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
Catholic Charities	\$ 51,531	\$ 56,465
Pay Equity revenue	29,541	45,348
City of Toronto	12,910	-
Earned income	5,445	124,669
Donations	1,975	1,628
	<b>101,402</b>	<b>228,110</b>
<b>Expenditures</b>		
Wages	490,347	464,626
Employee benefits	75,895	121,474
Office and general	30,066	10,958
Equipment lease and purchase	27,696	373
Building occupancy	8,575	(684)
Purchased services	3,225	(1,655)
Training and conferences	307	2,175
Program expenses	-	2,548
Absorbed by departments	(585,708)	(482,682)
	<b>50,403</b>	<b>117,133</b>
<b>Excess of revenues over expenditures</b>	<b>50,999</b>	<b>110,977</b>
<b>Allocation to restricted reserve funds</b>	<b>(45,000)</b>	<b>(105,000)</b>
	<b>\$ 5,999</b>	<b>\$ 5,977</b>

**CATHOLIC CROSS - CULTURAL SERVICES****Statement of Cash Flows**

Year ended March 31, 2014

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures for the year	\$ 50,999	\$ 110,977
Net change in non-cash working capital items		
Grants receivable	1,244,137	(91,838)
HST rebate receivable	79,967	(86,138)
Prepays and deposits	98,725	(35,264)
Accounts payable and accrued liabilities	59,284	(35,951)
Government remittances payable	(809)	3,153
Deferred revenue	(31,103)	6,430
	1,450,201	(239,608)
<b>Cash Provided by (Used in) Operating Activities</b>	<b>1,501,200</b>	<b>(128,631)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank indebtedness	(373,631)	128,631
<b>Cash (Used in) Provided by Financing Activities</b>	<b>(373,631)</b>	<b>128,631</b>
<b>Net increase in cash</b>	<b>1,127,569</b>	<b>-</b>
<b>Cash, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ 1,127,569</b>	<b>\$ -</b>

# CATHOLIC CROSS - CULTURAL SERVICES

## Notes to the Financial Statements

March 31, 2014

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### 1. 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.

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### 2. 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. To this extent these financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations.

#### (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, donations 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, 2014**

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## **2. SIGNIFICANT ACCOUNTING POLICIES, continued**

### **(e) Financial instruments**

#### **(i) 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 cost or 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.

Financial assets measured at amortized cost include cash, 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.

#### **(ii) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenues over expenditures. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 any reversal is recognized in excess of revenues over expenditures.

### **(f) Use of estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses.

The main estimates relate to the impairment of financial assets.

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## **3. 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, 2014 the organization received from the Ministry of Citizenship and Immigration \$119,933 (2013 - \$119,933), towards this program. During the same period, the organization received \$81,749 (2013 - \$81,749) from the Ministry of Community and Social Services.

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## **CATHOLIC CROSS - CULTURAL SERVICES**

### **Notes to the Financial Statements**

**March 31, 2014**

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#### **4. 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 June 30, 2011 at which time it was determined the plan was in a deficit position and that the organization's required minimum amortization payment as a result of the deficit would be \$24,399 annually until the next valuation report is prepared. Payments to the organization's pension plan for the year ended March 31, 2014 inclusive of the minimum amortization payment was \$60,885 (2013 - \$62,623).

The organization's required payments due to their share of the deficit has been reflected in these financial statements up until June 30, 2015 at which time a new 3 year obligation will be established by the plan administrators.

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#### **5. 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 \$943,383.

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#### **6. BANK OPERATING LOAN**

The bank operating loan is due on demand and bears interest at a rate of prime + 1%. The total loan available to the organization is \$1,000,000. The bank loan is secured by a general security agreement covering all assets of the organization. As at March 31, 2014, the loan amounted to NIL.

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## CATHOLIC CROSS - CULTURAL SERVICES

### Notes to the Financial Statements

March 31, 2014

#### 7. LEASE COMMITMENTS

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

2015	\$ 1,187,721
2016	910,211
2017	646,734
2018	342,998
2019	129,808
	<hr/>
	\$ 3,217,472

The current leases in place are as follows:

Location	Expiry Dates of Leases	Minimum Annual Rental
1200 Markham Road Units 111, 114, 503 Scarborough, Ontario	Monthly	\$ 143,626
8 Nelson St. W. Units 206, 302, 305 Brampton, Ontario	July 31, 2018	157,407
3227 Eglinton Ave. E. Suite 135 Scarborough, Ontario	August 29, 2018	185,591
4557 Hurontario Street Unit B11 Mississauga, Ontario	August 31, 2014	303,394
3660 Hurontario Street Suite 701 Mississauga, Ontario	August 31, 2015	258,996
60 West Drive Suite 110 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

## **CATHOLIC CROSS - CULTURAL SERVICES**

### **Notes to the Financial Statements**

**March 31, 2014**

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#### **8. ECONOMIC DEPENDENCE**

Approximately 89% (2013 - 89%) of revenues are derived from Citizenship and Immigration Canada. Without this level of support the continued existence of the organization is unlikely.

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#### **9. 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 main credit risk relates to its grants receivable. The organization assesses, on a continuous basis, grants receivable on the basis of amounts for which ultimate collection is reasonably assured based on their estimated realizable value. There has been no change to the risk exposure from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization's exposure is dependent on its ability to repay trade creditors as they become due. The organization expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change to the risk exposure from the prior year.

(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.

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