

**CATHOLIC CROSS - CULTURAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2016**

CATHOLIC CROSS - CULTURAL SERVICES

Financial Statements
March 31, 2016

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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, 2016, and the statements of operations, 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, 2016, 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 21, 2016

CATHOLIC CROSS - CULTURAL SERVICES
Statement of Financial Position
March 31, 2016

	2016	2015
Assets		
Current		
Cash	\$ 687,273	\$ 1,161,939
Government grants receivable	972,853	107,919
HST rebate receivable	159,287	122,618
Prepays and deposits	276,436	272,554
Total Assets	\$ 2,095,849	\$ 1,665,030
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,107,472	\$ 688,564
Government remittances payable	88,381	62,011
Deferred contributions	180,164	213,108
Total Liabilities	1,376,017	963,683
Fund Balances		
Unrestricted Net Funds	299,150	280,665
Internally Restricted Reserve Funds	420,682	420,682
Total Fund Balances	719,832	701,347
Total Liabilities and Fund Balances	\$ 2,095,849	\$ 1,665,030

Approved on behalf of the Board:


 _____ Director
 JULY 21, '16 Date


 _____ Director

CATHOLIC CROSS - CULTURAL SERVICES**Statement of Unrestricted Net Funds**

Year ended March 31, 2016

	2016	2015
Balance, beginning of year	\$ 280,665	\$ 270,803
Add		
Excess of revenues over expenditures	18,485	9,862
Balance, end of year	\$ 299,150	\$ 280,665

Statement of Internally Restricted Reserve Funds

Year ended March 31, 2016

	2016	2015
Balance, beginning of year	\$ 420,682	\$ 420,682
Balance, end of year	\$ 420,682	\$ 420,682

CATHOLIC CROSS - CULTURAL SERVICES

Statement Of Operations

Year ended March 31, 2016

	Toronto Region	Peel Region	Central Admin	2016	2015
Revenues					
IRCC - Welcoming Communities	\$ 3,287,038	\$ -	\$ -	\$ 3,287,038	\$ 3,317,475
IRCC - Language and Skills Development	1,524,817	1,469,257	-	2,994,074	2,961,485
IRCC - Orientation	-	1,439,016	-	1,439,016	1,454,174
IRCC - RSTP	694,831	-	-	694,831	492,150
IRCC- Labour Market Access	352,442	269,121	-	621,563	948,869
City of Toronto	422,461	-	24,217	446,678	77,938
IRCC - LIP	380,000	-	-	380,000	379,991
Ministry of Community and Social Services - VAW	-	278,299	-	278,299	272,842
Ontario Trillium Foundation	243,009	-	-	243,009	14,926
Pay Equity Revenue (note 2)	103,825	75,862	21,996	201,683	201,684
Ministry of Citizenship and Immigration - NSP	117,837	78,429	-	196,266	156,457
Catholic Charities	73,742	92,614	23,911	190,267	205,269
Earned Income	72,536	46,091	58,238	176,865	73,519
United Way Peel Region	-	129,791	-	129,791	162,256
MEDTE-Youth Culinary Training	-	47,226	-	47,226	131,164
COSTI (Lifeline Syria)	40,248	-	-	40,248	-
ESDC	37,220	-	-	37,220	37,613
Prosper Canada (TD Foundation)	26,112	-	-	26,112	44,092
Regional Municipality of Peel	-	21,535	-	21,535	8,500
COSTI (International Students)	14,865	-	-	14,865	-
Donations	2,420	3,920	1,895	8,235	2,900
IRCC - FACPP	-	-	-	-	176,258
Catholic Charities Collaboration	-	-	-	-	22,215
	7,393,403	3,951,161	130,257	11,474,821	11,141,777
Expenditures					
Wages	3,994,871	2,274,561	357,605	6,627,037	6,867,281
Building occupancy	750,643	726,307	32,276	1,509,226	1,531,202
Employee benefits	825,909	493,272	97,408	1,416,589	1,410,368
Program expenses	594,547	87,213	-	681,760	630,733
Program and central administration allocation	376,586	245,748	-	622,334	608,295
Mornell Hub Renovation	524,060	-	-	524,060	-
Office and general	191,290	81,663	77,539	350,492	305,766
Equipment lease and purchase	46,817	23,419	159,763	229,999	222,188
Staff travel	56,816	7,693	-	64,509	45,838
Purchased services	11,135	11,055	(710)	21,480	58,376
Promotion and publicity	17,010	-	-	17,010	14,930
Training and conferences	3,719	230	10,225	14,174	45,233
Absorbed by departments	-	-	(622,334)	(622,334)	(608,295)
	7,393,403	3,951,161	111,772	11,456,336	11,131,915
Excess of revenues over expenditures	\$ -	\$ -	\$ 18,485	\$ 18,485	\$ 9,862

CATHOLIC CROSS - CULTURAL SERVICES

Statement of Cash Flows

Year ended March 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 18,485	\$ 9,862
Net change in non-cash working capital items		
Government grants receivable	(864,934)	88,885
HST rebate receivable	(36,669)	(22,695)
Prepays and deposits	(3,882)	(111,423)
Accounts payable and accrued liabilities	418,908	(79,581)
Government remittances payable	26,370	3,162
Deferred contributions	(32,944)	146,160
	(493,151)	24,508
Net (decrease) increase in cash	(474,666)	34,370
Cash, beginning of year	1,161,939	1,127,569
Cash, end of year	\$ 687,273	\$ 1,161,939

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2016

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, 2016

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, 2016 the organization received from the Ministry of Citizenship and Immigration \$119,933 (2015 - \$119,933), towards this program. During the same period, the organization received \$81,750 (2015 - \$81,751) from the Ministry of Community and Social Services.

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2016

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 three 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, 2016 inclusive of the prior year minimum amortization payment were \$17,502 (2015 - \$19,105).

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.

Immigration, Refugees and Citizenship 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 \$1,044,348.

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 plus 1.5% per annum and is secured by a general security agreement covering all assets of the organization. As at March 31, 2016, the loan amounted to NIL.

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2016

6. LEASE COMMITMENTS

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

2017	\$ 1,375,382
2018	1,007,572
2019	701,299
2020	387,780
2021	108,249
	<hr/>
	\$ 3,580,282

The current leases in place are as follows:

		Minimum Annual Rental
60 West Drive Suite 110 Brampton, Ontario	July 31, 2016	\$ 7,074
2425 Eglinton Avenue East Units 200, 216 Scarborough, Ontario	November 30, 2016	132,504
55 Town Centre Court Suite 401 Scarborough, Ontario	November 30, 2016	322,730
1200 Markham Road Units 111, 114, 215, 503 Scarborough, Ontario	October 31, 2017	148,234
8 Nelson Street West Units 206, 302, 305 Brampton, Ontario	July 31, 2018	159,319
3227 Eglinton Avenue East Unit 135 Scarborough, Ontario	August 29, 2018	194,832
4557 Hurontario Street Unit B11 Mississauga, Ontario	August 31, 2019	307,411
3660 Hurontario Street Suite 701 Mississauga, Ontario	August 31, 2020	259,589

CATHOLIC CROSS - CULTURAL SERVICES

Notes to the Financial Statements

March 31, 2016

7. ECONOMIC DEPENDENCE

Approximately 82% (2015 - 87%) of revenues are derived from Immigration, Refugees and Citizenship 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.
