

**Financial Statements**  
**CultureLink Settlement**  
**Services of Metropolitan Toronto**  
Toronto, Ontario  
*March 31, 2013*

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## Independent Auditors' Report

### **To the Members of CultureLink Settlement Services of Metropolitan Toronto:**

We have audited the accompanying financial statements of CultureLink Settlement Services of Metropolitan Toronto, which comprise the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of changes in net assets, operations and cash flows for the years ended March 31, 2013 and March 31, 2012 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.

### **Auditors' 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 Corporation'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 Corporation'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.

continued...

**Independent Auditors' Report - continued**

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of CultureLink Settlement Services of Metropolitan Toronto as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario  
June 24, 2013

PRENTICE YATES & CLARK

Chartered Accountants, Licensed Public Accountants

# CultureLink Settlement Services of Metropolitan Toronto

March 31, 2013

<b>Statement of Financial Position - Assets</b>	2013	2012	April 1, 2011
<b>Current Assets</b>			
Cash	\$ 218,601	\$ 209,884	\$ 151,429
Accounts receivable			
Grants	276,514	341,361	312,767
HST	57,190	51,120	44,083
Prepaid expenses	11,012	6,132	7,111
<b>Total Current</b>	563,317	608,497	515,390
<b>Capital Assets</b> , Note 4	39,032	3,466	43,658
	602,349	611,963	559,048

<b>Statement of Financial Position- Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	43,197	69,696	109,452
Deferred contributions related to capital assets, Note 5	39,032	3,466	42,942
Deferred revenue	102,850	113,529	47,498
<b>Total Liabilities</b>	185,079	186,691	199,892
<b>Net Assets</b> , per statement			
Invested in capital assets, Note 6	0	0	716
Unrestricted, Note 8	417,270	425,272	358,440
	417,270	425,272	359,156
	602,349	611,963	559,048

## Approved by The Board

Wendy Horning

Director

Sarah Bukhari

Director

The notes on pages 9 through 13 form an integral part of these financial statements.

# CultureLink Settlement Services of Metropolitan Toronto

Year ended March 31, 2013

## Statement of Changes in Net Assets

	Invested in		2013	2012
	Capital Assets	Unrestricted	Total	Total
	\$	\$	\$	
Balance beginning	0	425,272	425,272	359,156
Add (deduct)				
Surplus (deficit)	0	(8,002)	(8,002)	66,116
<b>Balance March 31</b>	<b>0</b>	<b>417,270</b>	<b>417,270</b>	<b>425,272</b>

# CultureLink Settlement Services of Metropolitan Toronto

Year ended March 31, 2013

<b>Statement of Operations</b>	2013	2012
<b>Revenues</b>		
Federal grants	\$ 2,602,589	\$ 2,712,379
Provincial grants	179,223	206,873
Municipal grants	52,940	105,355
Donations	13,127	6,718
Foundations	270,259	268,358
Productive enterprises	24,766	37,284
Miscellaneous income	18,784	0
Amortization of deferred contributions, Note 5	3,466	39,476
<b>Total Revenues</b>	<b>3,165,154</b>	<b>3,376,443</b>
<b>Expenses</b>		
Salaries and benefits	2,600,454	2,676,973
Sponsorships	6,110	15,427
Rent	251,045	244,897
Promotion and publicity	35,582	38,123
Staff development	81,098	78,157
Repairs and maintenance	1,667	3,902
Amortization	3,466	40,192
Member events	25,610	19,431
Insurance	7,500	8,208
Interest	387	586
Security	602	655
Other expenses	1,855	1,450
Office equipment	40,372	47,452
Office supplies	40,931	31,533
Telephone	15,685	28,892
Professional fees	6,370	21,694
HST	20,078	19,860
Travel	26,933	27,399
Membership fees	3,570	1,870
Bank charges	2,263	2,342
Postage	1,578	1,284
<b>Total Expenses</b>	<b>3,173,156</b>	<b>3,310,327</b>
<b>Surplus (Deficit)</b>	<b>(8,002)</b>	<b>66,116</b>

# CultureLink Settlement Services of Metropolitan Toronto

Year ended March 31, 2013

<b>Statement of Cash Flows</b>	2013	2012
<b>Operating Activities</b>		
Cash receipts	\$ 3,181,433	\$ 3,367,367
Cash disbursements	(3,172,716)	(3,308,912)
<b>Cash Provided By Operating Activities</b>	8,717	58,455
<b>Investing and Financing Activities</b>		
Purchase of capital assets	(39,032)	0
Contribution for purchase of capital assets	39,032	0
	0	0
Net cash increase during the year	8,717	58,455
Cash position beginning of year	209,884	151,429
<b>Cash Position End Of Year</b>	218,601	209,884



**Notes to Financial Statements**

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**Status and Nature of Activities**

The Corporation is dedicated to facilitating the independence and full participation of newcomers in Toronto's diverse community through enhancing skills, promoting positive interaction and understanding and promoting well being for all participants.

The Corporation is incorporated under the Ontario Corporations Act as a corporation without share capital.

The Corporation is a charitable organization within the meaning of the Income Tax Act.

**Note 1**

**Significant Accounting Policies**

**Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Capital Assets**

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer and computer equipment	- 2 years straight line
Furniture and fixtures	- 2 years straight line

**Revenue Recognition**

Revenue is recognized on an accrual basis. The organization follows the deferral method of accounting for contributions and grants.

Revenue from Productive Enterprises is recognized when service is rendered.

Donation revenue is recognized when received or receivable.

**Financial Instruments**

The Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Corporation 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 income.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and notes receivable.

## CultureLink Settlement Services of Metropolitan Toronto

March 31, 2013

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### Note 1      **Significant Accounting Policies - continued**

Financial liabilities measured at amortized cost include the bank overdraft, the bank loan, accounts payable, amounts due to members and long-term debt.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### Note 2      **Impact of the Change in the Basis of Accounting**

The Corporation has elected to apply Canadian accounting standards for Not-for-Profit Organizations (NFPOs).

These financial statements are the first financial statements for which the Corporation has applied Canadian accounting standards for NFPOs.

The financial statements for the year ended March 31, 2013 were prepared in accordance with the accounting principles and provisions set out in the First-Time Adoption, Section 1501, for first-time adopters of this basis of accounting.

The application of adopting this new financial reporting framework had no impact on the previously reported financial position as at April 1, 2011 and March 31, 2012 or to previously reported surplus or net assets for the year ended March 31, 2012. Consequently, a reconciliation of previously reported surplus to surplus as reported using accounting standards for NFPOs was not prepared.

### Note 3      **Financial Instruments**

#### **Risk Management Policy**

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2013.

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

## CultureLink Settlement Services of Metropolitan Toronto

March 31, 2013

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### Note 3 Financial Instruments - continued

The Corporation is subject to concentrations of credit risk through its cash accounts. The Corporation maintains all of its cash at a single major Canadian financial institution. The maximum credit risk is equivalent to the carrying value.

#### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

##### (i) Interest Rate Risk

The Corporation does not have any interest bearing investments.

##### (ii) Foreign Currency Risk

The Corporation's functional currency is the Canadian dollar. The Corporation does not engage in any activities in foreign currency and as a result it is the opinion of management that the Corporation is not exposed to significant foreign currency risk.

##### (iii) Commodity Price Risk

The Corporation is subject to normal price risk associated with consumer products.

#### Fair Value

The fair values of cash, accounts receivable and accounts payable are approximately equal to their carrying value due to their short term nature.

### Note 4 Capital Assets

At cost	2013	2012
Furniture & fixtures	\$ 186,619	\$ 186,619
Computers and computer equipment	216,401	177,369
	403,020	363,988
Accumulated amortization	(363,988)	(360,522)
	39,032	3,466

# CultureLink Settlement Services of Metropolitan Toronto

March 31, 2013

## Note 5 Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets include the unamortized portion of the restricted contributions relating to the purchase of capital assets. The deferred contributions will be recognized as revenue on the same basis the capital assets are being amortized.

The changes in the deferred contributions balance for the period are as follows:

	2013	2012
Beginning balance	\$ 3,466	\$ 42,942
Contributions received during the year	39,032	0
Amounts recognized as revenue during the year	(3,466)	(39,476)
	<u>39,032</u>	<u>3,466</u>

## Note 6 Net Assets Invested in Capital Assets

Net assets invested in capital assets consist of the following:

	2013	2012
Capital assets	\$ 39,032	\$ 0
Deferred contributions related to capital assets	(39,032)	0
	<u>0</u>	<u>0</u>

## Note 7 Rental Agreement

The Corporation entered into a 10-year lease with 690981 Ontario Limited to rent the 3rd floor of 2340 Dundas Street West. The terms of the contract are as follows:

<u>Term</u>	<u>Amounts</u>
April 1, 2010 - March 31, 2019	\$19,654 per month plus increases by the change in the Consumer Price Index from the preceding year plus taxes

Lease payments due in the next five years are approximately as follows:

2014	\$ 21,326
2015	21,753
2016	22,188
2017	22,632
2018	23,084

## CultureLink Settlement Services of Metropolitan Toronto

*March 31, 2013*

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### **Note 8      Unrestricted Net Assets**

Unrestricted net assets represent the excess of assets over liabilities. Generally, the balance of unrestricted net assets is an accumulation of all surpluses and deficits of current and all prior years since inception.