

Financial Statements
CultureLink Settlement and
Community Services

Toronto, Ontario

March 31, 2020

Contents

| | |
|---|---------|
| Independent Auditors' Report..... | 3 - 5 |
| Statement of Financial Position..... | 6 |
| Statement of Changes in Net Assets..... | 7 |
| Statement of Operations..... | 8 |
| Statement of Cash Flows..... | 9 |
| Notes to Financial Statements..... | 10 - 13 |

Independent Auditors' Report

To the Members of CultureLink Settlement and Community Services:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CultureLink Settlement and Community Services, which comprise the statement of financial position as at March 31, 2020 and the statements of changes in net assets, 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 financial statements present fairly, in all material respects, the financial position of CultureLink Settlement and Community Services as at March 31, 2020, and the results of its operations and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CultureLink Settlement and Community Services 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 CultureLink Settlement and Community Services'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CultureLink Settlement and Community Services's financial reporting process.

Independent Auditors' Report - continued

Auditors' 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 auditors' 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.
- 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 CultureLink Settlement and Community Services'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 CultureLink Settlement and Community Services's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.

Independent Auditors' Report - continued

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.

Toronto, Ontario
June 15, 2020

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

Chartered Professional Accountants, Licensed Public Accountants

CultureLink Settlement and Community Services

March 31, 2020

| Statement of Financial Position - Assets | 2020 | 2019 |
|---|------------|--------------|
| Current Assets | | |
| Cash | \$ 864,779 | \$ 1,090,219 |
| Temporary investments | 504,907 | 505,005 |
| Accounts receivable | | |
| Grants | 540,763 | 22,782 |
| HST | 62,469 | 67,916 |
| Miscellaneous | 0 | 501 |
| Prepaid expenses | 19,417 | 20,798 |
| | 1,992,335 | 1,707,221 |
| Total Current | 1,992,335 | 1,707,221 |
| Capital Assets, Note 3 | 39,760 | 84,578 |
| | 2,032,095 | 1,791,799 |

| Statement of Financial Position- Liabilities | | |
|---|-----------|-----------|
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 255,562 | 126,847 |
| Government remittances | 0 | 2,220 |
| Deferred revenue | 751,020 | 675,623 |
| | 1,006,582 | 804,690 |
| Total Current | 1,006,582 | 804,690 |
| Deferred Contributions Related to Capital Assets, Note 4 | 39,760 | 84,578 |
| | 1,046,342 | 889,268 |
| Total Liabilities | 1,046,342 | 889,268 |
| Net Assets, per statement | | |
| Unrestricted, Note 7 | 985,753 | 902,531 |
| | 2,032,095 | 1,791,799 |

Approved by The Board

Ruba Bilal



Director

Golam Ahmed



Director

The notes on pages 10 through 13 form an integral part of these financial statements.

CultureLink Settlement and Community Services

Year ended March 31, 2020

| Statement of Changes in Net Assets | 2020 | 2019 |
|--|----------------|----------------|
| Invested in Capital Assets | Unrestricted | Total |
| \$ | \$ | \$ |
| Balance beginning | 902,531 | 712,375 |
| Add | | |
| Surplus | 83,222 | 103,754 |
| Increase in net assets resulting from amalgamation | 0 | 86,402 |
| Balance March 31 | 985,753 | 902,531 |

CultureLink Settlement and Community Services

Year ended March 31, 2020

| Statement of Operations | 2020 | 2019 |
|--|------------------|------------------|
| Revenues | | |
| Federal grants | \$ 3,411,136 | \$ 3,378,898 |
| Provincial grants | 203,850 | 357,337 |
| Municipal grants | 309,723 | 195,821 |
| Donations | 49,021 | 16,645 |
| Foundations | 766,014 | 1,015,125 |
| Fundraising | 2,168 | 46,223 |
| Productive enterprises | 179,987 | 106,211 |
| Amortization of deferred contributions, Note 4 | 79,813 | 99,982 |
| Miscellaneous | 26,858 | 52,803 |
| Total Revenues | 5,028,570 | 5,269,045 |
| Expenses | | |
| Salaries and benefits | 3,956,878 | 3,959,568 |
| Sponsorships | 89,778 | 173,859 |
| Rent | 351,797 | 347,357 |
| Promotion and publicity | 22,290 | 46,946 |
| Staff development | 4,043 | 14,291 |
| Repairs and maintenance | 8,441 | 9,148 |
| Amortization | 79,813 | 101,537 |
| Program expenses | 85,274 | 119,241 |
| Insurance | 11,931 | 10,599 |
| Interest | 489 | 241 |
| Security | 1,317 | 2,452 |
| Office equipment | 48,804 | 47,888 |
| Office supplies | 126,747 | 132,570 |
| Telephone | 30,326 | 30,504 |
| Professional fees | 25,669 | 26,006 |
| HST | 42,706 | 47,738 |
| Travel | 44,389 | 83,774 |
| Membership fees | 6,275 | 3,450 |
| Bank charges | 3,511 | 3,328 |
| Postage | 3,907 | 3,739 |
| Police check | 963 | 1,055 |
| Total Expenses | 4,945,348 | 5,165,291 |
| Surplus | 83,222 | 103,754 |

CultureLink Settlement and Community Services

Year ended March 31, 2020

| Statement of Cash Flows | 2020 | 2019 |
|---|------------------|------------------|
| Operating Activities | | |
| Surplus | \$ 83,222 | \$ 103,754 |
| Non-cash items | | |
| Amortization of deferred contributions | (79,813) | (99,982) |
| Amortization of capital assets | 79,813 | 101,537 |
| | <u>83,222</u> | <u>105,309</u> |
| Net change in non-cash working capital | <u>(308,760)</u> | <u>220,852</u> |
| <i>Cash Provided By (Used In) Operating Activities</i> | <u>(225,538)</u> | <u>326,161</u> |
| Investing Activities | | |
| Capital expenditures | (34,995) | (12,963) |
| Decrease (increase) in investments | 98 | (505,005) |
| <i>Cash Used In Investing Activities</i> | <u>(34,897)</u> | <u>(517,968)</u> |
| Financing Activities | | |
| Increase in net assets resulting from amalgamation | 0 | 84,848 |
| Contributions for purchase of capital assets | 34,995 | 12,963 |
| <i>Cash Provided By Financing Activities</i> | <u>34,995</u> | <u>97,811</u> |
| Net cash decrease during the year | (225,440) | (93,996) |
| Cash position beginning of year | 1,090,219 | 1,184,215 |
| <i>Cash Position End of Year</i> | <u>864,779</u> | <u>1,090,219</u> |

Notes to Financial Statements

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 on a straight-line basis to amortize assets over their estimated useful lives as follows:

| | |
|------------------------|---------|
| Furniture and fixtures | 2 years |
| Computer equipment | 2 years |

Revenue Recognition

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

Donation revenue is recognized when received or receivable.

Revenue from Productive enterprises is recognized when service is rendered.

Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Note 1 Significant Accounting Policies - continued

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for non-profit organizations 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 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, 2020:

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.

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. There is some risk to cash balances in excess of the \$100,000 amount guaranteed by the Canadian Deposit Insurance Corporation.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period. The Corporation is not exposed to significant market risk.

Interest Rate Risk

The Corporation manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested its excess cash in low risk interest bearing vehicles such as guaranteed investment certificates as the means for managing its interest rate risk.

The average interest rate of return during the year was 1.8% (2019, 1.7%).

CultureLink Settlement and Community Services

March 31, 2020

Note 2 Financial Instruments - continued

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its long-term debt. This risk is reduced because of available cash on hand.

Note 3 Capital Assets

| | | | 2020 | 2019 |
|------------------------|------------|-----------------------------|---------------|---------------|
| | Cost | Accumulated Amortization | Net Assets | Net Assets |
| Furniture and fixtures | \$ 284,783 | \$ (284,783) | \$ 0 | \$ 35,161 |
| Computer equipment | 426,538 | (386,778) | 39,760 | 49,417 |
| | 711,321 | (671,561) | 39,760 | 84,578 |

Note 4 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:

| | 2020 | 2019 |
|---|-----------|------------|
| Beginning balance | \$ 84,578 | \$ 171,597 |
| Contributions received during the year | 34,995 | 12,963 |
| Amounts recognized as revenue during the year | (79,813) | (99,982) |
| | 39,760 | 84,578 |

Note 5 Net Assets Invested in Capital Assets

Net assets invested in capital assets consist of the following:

| | 2020 | 2019 |
|--|-----------|-----------|
| Capital assets | \$ 39,760 | \$ 84,578 |
| Deferred contributions related to capital assets | (39,760) | (84,578) |
| Capital assets acquired on amalgamation | 0 | 1,554 |
| Amortization of capital assets | 0 | (1,554) |
| | 0 | 0 |

CultureLink Settlement and Community Services

March 31, 2020

Note 6 Lease Commitments

The Corporation is committed to a lease for premises at 2340 Dundas Street West until March 31, 2024. The Corporation is also committed to a lease for premises at 3535 Dundas Street West until July 31, 2022.

Annual lease payments (before HST) are approximately as follows for the years ended March 31:

| | | |
|------|----|---------|
| 2021 | \$ | 351,242 |
| 2022 | | 357,091 |
| 2023 | | 324,534 |
| 2024 | | 311,416 |

Note 7 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.

Note 8 Contractual Obligation

The Corporation entered into an agreement with Cycle Toronto to provide consulting services related to the Metcalf Foundation grant for up to \$40,000 plus HST. At year-end, \$36,000 plus HST of this contract is reflected in these financial statements.