

**CATHOLIC CROSS - CULTURAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2013 AND MARCH 31, 2012**

CATHOLIC CROSS - CULTURAL SERVICES

MARCH 31, 2013 AND MARCH 31, 2012

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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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of funds, income and expenditures and cash flows for the years ended March 31, 2013 and March 31, 2012 and a summary of significant accounting policies and other explanatory notes and schedules.

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 audits. We conducted our audits 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 judgement, 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, income 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, 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.

*Akler, Browning, Frimet
& Landzberg LLP*

CHARTERED ACCOUNTANTS

LICENSED PUBLIC ACCOUNTANTS

TORONTO, CANADA

JULY 18, 2013

CATHOLIC CROSS - CULTURAL SERVICES

STATEMENTS OF FINANCIAL POSITION

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	March 31 <u>2013</u> \$	March 31 <u>2012</u> \$	April 1 <u>2011</u> \$
ASSETS			
CURRENT			
Grants receivable	1,440,941	1,349,103	1,145,060
HST rebate receivable	179,890	93,752	51,880
Receivable from landlords	-	-	43,579
Prepays and deposits	<u>259,856</u>	<u>224,592</u>	<u>220,089</u>
	<u>1,880,687</u>	<u>1,667,447</u>	<u>1,460,608</u>
LIABILITIES AND NET FUNDS			
CURRENT			
Bank indebtedness (Note 8)	373,631	245,000	221,253
Accounts payable and accrued liabilities	708,861	744,812	612,482
Government remittance payable	59,658	56,505	21,440
Deferred grants	<u>98,051</u>	<u>91,621</u>	<u>85,005</u>
	<u>1,240,201</u>	<u>1,137,938</u>	<u>940,180</u>
UNRESTRICTED NET FUNDS	264,804	258,827	249,746
RESTRICTED RESERVE FUNDS (Note 7)	<u>375,682</u>	<u>270,682</u>	<u>270,682</u>
	<u>640,486</u>	<u>529,509</u>	<u>520,428</u>
	<u>1,880,687</u>	<u>1,667,447</u>	<u>1,460,608</u>

The accompanying notes are an integral part of these financial statements.

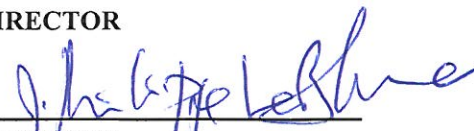
APPROVED ON BEHALF OF THE BOARD:



 DIRECTOR

July 18, 2013

 DATE



 DIRECTOR

July 18, 2013

 DATE

CATHOLIC CROSS - CULTURAL SERVICES

STATEMENTS OF FUNDS

	Years Ended March 31			
	<u>2013</u>		<u>2012</u>	
	Restricted Reserve <u>Funds</u> \$	Unrestricted Net <u>Funds</u> \$	Restricted Reserve <u>Funds</u> \$	Unrestricted Net <u>Funds</u> \$
FUNDS, BEGINNING OF YEAR	270,682	258,827	270,682	249,746
Allocation to Restricted Reserve during the year	105,000	(105,000)	-	-
Excess of income over expenditures for the year	<u>-</u>	<u>110,977</u>	<u>-</u>	<u>9,081</u>
FUNDS, END OF YEAR	<u>375,682</u>	<u>264,804</u>	<u>270,682</u>	<u>258,827</u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CROSS - CULTURAL SERVICES

STATEMENTS OF INCOME AND EXPENDITURES

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	Years ended March 31				
	<u>Peel</u>	<u>Toronto</u>	<u>Central Admin</u>	<u>2013 Total</u>	<u>2012 Total</u>
	\$	\$	\$	\$	\$
INCOME					
CIC - Welcoming Communities	-	3,379,593	-	3,379,593	3,714,264
CIC - Language and Skills Dev	1,456,174	1,560,483	-	3,016,657	3,116,051
CIC - Orientation	1,461,924	-	-	1,461,924	1,536,551
CIC - Labour Market Access	434,714	486,357	-	921,071	1,026,964
CIC - RSTP	-	418,803	-	418,803	434,126
CIC - LIP	-	426,061	-	426,061	201,656
CIC - FACPP	-	137,669	-	137,669	-
Catholic Charities	152,946	856	56,465	210,267	210,267
Pay Equity revenue	81,737	74,595	45,348	201,680	201,683
Ministry of Community and Social Services - VAW	267,492	-	-	267,492	287,492
Ministry of Citizenship and Immigration - NSP	122,653	57,905	-	180,558	166,096
United Way Peel Region	144,762	-	-	144,762	144,762
HRSDC	-	39,256	-	39,256	36,014
City of Toronto	-	23,820	-	23,820	23,820
Earned income	36,800	225	124,669	161,694	122,121
Donations	-	-	1,628	1,628	669
Miscellaneous	-	-	-	-	64,396
	<u>4,159,202</u>	<u>6,605,623</u>	<u>228,110</u>	<u>10,992,935</u>	<u>11,286,932</u>
EXPENDITURES					
Salaries	2,508,444	3,892,230	464,626	6,865,300	7,201,341
Employee benefits	596,071	872,577	121,474	1,590,122	1,634,920
Building occupancy	689,201	747,540	(684)	1,436,057	1,477,378
Program expenses	52,899	503,858	2,548	559,305	446,304
Office and general	86,145	176,904	10,958	274,007	264,947
Equipment lease and purchase	18,610	66,437	373	85,420	121,719
Purchased services	14,072	21,155	(1,655)	33,572	51,946
Training and conferences	360	255	2,175	2,790	38,261
Staff travel	9,596	25,026	-	34,622	31,992
Promotion and publicity	45	718	-	763	9,043
Program and central administration allocation	183,759	298,923	-	482,682	466,439
Absorbed by departments	-	-	(482,682)	(482,682)	(466,439)
	<u>4,159,202</u>	<u>6,605,623</u>	<u>117,133</u>	<u>10,881,958</u>	<u>11,277,851</u>
EXCESS OF INCOME OVER EXPENDITURES FOR THE YEAR					
	-	-	110,977	110,977	9,081
ALLOCATION TO RESTRICTED RESERVE FUNDS					
	-	-	(105,000)	(105,000)	-
EXCESS OF INCOME OVER EXPENDITURES AFTER ALLOCATION TO RESTRICTED RESERVE FUNDS					
	<u>-</u>	<u>-</u>	<u>5,977</u>	<u>5,977</u>	<u>9,081</u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CROSS - CULTURAL SERVICES

STATEMENTS OF CASH FLOWS

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	Year Ended March 31	
	<u>2013</u>	<u>2012</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of income over expenditures for the year	110,977	9,081
Net change in non-cash working capital items:		
Grants receivable	(91,838)	(204,043)
HST rebate receivable	(86,138)	(41,872)
Receivable from landlords	-	43,579
Prepays and deposits	(35,264)	(4,503)
Accounts payable and accrued liabilities	(35,951)	132,330
Deferred grants	6,430	6,616
Government remittance payable	<u>3,153</u>	<u>35,065</u>
	(128,631)	(23,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank indebtedness	<u>128,631</u>	<u>23,747</u>
INCREASE IN CASH DURING THE YEAR	-	-
CASH, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH, END OF YEAR	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CROSS - CULTURAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 1: General

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.

Note 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:

Property and Equipment

The organization has adopted the policy to write off property and equipment in the year of acquisition since most of these expenditures are directly funded and the assets are owned by the funder. To this extent these financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Government program funding is recognized as programs are provided. Other revenues are recognized in the period of contribution.

Unexpended income represent those monies received for which expenditures have not been incurred as at the organization's fiscal year-end. These amounts may be matched against expenses in the coming fiscal year, spent in some other manner, or refunded, as agreed upon with the program funder.

Allocation of 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.

CATHOLIC CROSS - CULTURAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 2: Significant Accounting Policies - Cont'd

Allocation of Expenses - Cont'd

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.

Financial Instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

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 the statements of income and expenditures.

Financial assets measured at amortized cost on a straight-line basis include grants receivable, HST rebate receivable and receivable from landlords.

Financial liabilities measured at amortized cost on a straight-line basis include the bank indebtedness, 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.

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, income and expenditures.

The main estimates relate to the impairment of financial assets.

CATHOLIC CROSS - CULTURAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS
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Note 3: Impact of the Change in the Basis of Accounting

Effective April 1, 2012, the organization elected to apply the new mandatory standards in Part III of the CICA Handbook - Accounting Standards for Not-for-Profit Organizations (ASNPO). This framework is in accordance with Canadian GAAP.

These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out above have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and in the preparation of an opening statement of financial position as at April 1, 2011, which is the organization's date of transition.

The organization previously issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by Part V of the CICA Handbook.

The adoption of ASNPO has had no impact on the previously reported assets, liabilities and net assets of the organization, and accordingly, no adjustments have been recorded in the comparative statements of financial position, statements of operations and net funds and statements of cash flow. Certain of the organization's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of ASNPO.

Note 4: Other Information

Pay Equity

The organization is partially funded by the Ontario Provincial Government and therefore qualifies for the Ministry of Citizenship and Immigration Pay Equity Program. During the year ended March 31, 2013 the organization received \$119,933 (2012 - \$119,933), towards this program. During the same period, the organization received \$81,749 (2012 - \$81,749) from the Ministry of Community and Social Services.

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Note 5: Pension Plan

The organization participates in a single multi-employer defined benefit pension plan, administered by Catholic Charities, for seven of its full time employees who have qualified under grandfathering provisions. The plan provides pensions based on length of service and average earnings. The organization's pension plan contribution for the year ended March 31, 2013 was \$29,078 (2012 - \$30,062). The administrator has advised that the pension fund is in a deficit position and that the organization's share of the deficit is \$45,816 which has been reflected in these financial statements.

For other qualifying employees the organization makes annual RRSP contributions to the employees' plans.

Note 6: Lease Commitments

The organization is committed to minimum annual rentals under property leases as follows:

<u>Location</u>	<u>Expiry Dates of Leases</u>	<u>Minimum Annual Rental</u> \$
1200 Markham Road Units 111, 114, 503 Scarborough, Ontario	Monthly	143,626
8 Nelson St. W. Units 206, 302, 305 Brampton, Ontario	July 31, 2013	165,054
3227 Eglinton Ave. E. Suite 135 Scarborough, Ontario	July 31, 2013	182,609
4557 Hurontario Street Unit B11 Mississauga, Ontario	October 31, 2014	299,931
3660 Hurontario St. Suite 701 Mississauga, Ontario	August 31, 2015	258,996
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, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 7: 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 \$290,682 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 \$902,841.

Note 8: Bank Indebtedness

The organization has a \$1,000,000 credit facility in place which bears interest at the bank's prime rate plus 1%. The facility is renewed on an annual basis.

Note 9: Economic Dependence

Approximately 89% (2012 - 89%) of revenues are derived from Citizenship and Immigration Canada. Without this level of support the continued existence of the organization is unlikely.

Note 10: 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. There has been no change to the risk exposure from the prior year.

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Note 10: Financial Instruments - Cont'd

(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 its trade creditors as payments become due. 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 of 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 is mainly exposed to interest rate risk.

(d) Interest rate risk

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization's exposure is dependent on the variable interest on its bank indebtedness. There has been no change to the risk exposure from the prior year.