

**CATHOLIC COMMUNITY SERVICES OF
YORK REGION**

FINANCIAL STATEMENTS

MARCH 31, 2022

CATHOLIC COMMUNITY SERVICES OF YORK REGION

FINANCIAL STATEMENTS

MARCH 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Catholic Community Services of York Region

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the Catholic Community Services of York Region, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of fundraising activities described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Catholic Community Services of York Region as at March 31, 2022, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from fundraising, the completeness of which is not susceptible to satisfactory audit procedures. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, excess of revenues over expenses and cash flows for the years ended March 31, 2022 and March 31, 2021, current assets as at March 31, 2022 and March 31, 2021, and net assets balances as at the beginning and the end of the years ended March 31, 2022 and March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Catholic Community Services of York Region 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.

See accompanying notes to the financial statements

INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's 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 auditor's 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.

INDEPENDENT AUDITORS' REPORT (Continued)

- 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 the Organization'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 the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

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.

KRIENS~LAROSE, LLP



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 11, 2022

See accompanying notes to the financial statements

CATHOLIC COMMUNITY SERVICES OF YORK REGION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	2022	2021
	\$	\$
ASSETS		
CURRENT		
Cash	6,603	700,185
Investments (Note 2)	16,612	16,608
Grant and other receivables (Note 3)	1,133,731	217,034
Prepaid expenses	111,420	109,572
	1,268,366	1,043,399
INTERNALLY RESTRICTED INVESTMENTS (Note 4)	324,815	321,430
EQUIPMENT (Note 5)	273,939	265,529
	1,867,120	1,630,358

See accompanying notes to the financial statements

CATHOLIC COMMUNITY SERVICES OF YORK REGION
STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2022

	2022	2021
	\$	\$
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	135,838	126,282
Deferred contributions (Note 7)	214,969	233,211
	350,807	359,493
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	271,908	263,498
	622,715	622,991
NET ASSETS		
INTERNALLY RESTRICTED (Note 4)	774,777	571,430
GENERAL FUND	469,628	435,937
	1,244,405	1,007,367
	1,867,120	1,630,358

Approved by the Board

Utilia Amaral, Utilia Amaral
 Aug 11, 2022

CATHOLIC COMMUNITY SERVICES OF YORK REGION
STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2022

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	2022 General Fund \$	2022 Reserve Fund \$	2022 Total \$	2021 Total \$
REVENUES				
Immigration Refugees and Citizenship Canada	5,117,971	-	5,117,971	4,894,715
Catholic Charities	546,649	-	546,649	535,768
The Regional Municipality of York	199,623	-	199,623	99,437
Ministry of Labour, Training and Skills Development (MLTSD) (Note 9)	178,400	-	178,400	178,400
Programs	87,553	-	87,553	63,471
Amortization of deferred capital contribution (Note 8)	82,811	-	82,811	72,862
Ontario Trillium Foundation	55,800	-	55,800	110,470
Other	64,641	3,347	67,988	106,036
Fundraising - bingo/donations	41,533	-	41,533	26,140
Counselling	30,231	-	30,231	27,798
	6,405,212	3,347	6,408,559	6,115,097
EXPENSES				
Salaries and wages	3,682,467	-	3,682,467	3,583,310
Employee benefits	648,687	-	648,687	628,143
Building occupancy	1,184,941	-	1,184,941	1,209,593
Contract services	180,020	-	180,020	29,487
Equipment maintenance	109,226	-	109,226	91,235
Communications	94,810	-	94,810	127,791
Amortization	82,811	-	82,811	72,863
HST	58,270	-	58,270	51,963
Membership fees and literature	54,647	-	54,647	24,842
Conference workshops and meetings	21,396	-	21,396	15,014
Bank charges and interest	13,865	-	13,865	11,356
Staff development	9,546	-	9,546	1,137
Promotional materials	8,796	-	8,796	18,310
Community programs	8,000	-	8,000	-
Program office supplies	7,932	-	7,932	6,243
Volunteer program	5,672	-	5,672	881
Travel - mileage	435	-	435	176
Bingo fundraising	-	-	-	40
	6,171,521	-	6,171,521	5,872,384
Excess of revenues over expenses for the year	233,691	3,347	237,038	242,713

See accompanying notes to the financial statements

CATHOLIC COMMUNITY SERVICES OF YORK REGION
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2022

	2022			2021
	Internally Restricted \$	Unrestricted \$	Total \$	Total \$
Net assets, beginning of year	571,430	435,937	1,007,367	764,654
Excess of revenues over expenses for the year	3,347	233,691	237,038	242,713
Interfund transfer (Note 4)	200,000	(200,000)	-	-
Net assets, end of year	774,777	469,628	1,244,405	1,007,367

See accompanying notes to the financial statements

CATHOLIC COMMUNITY SERVICES OF YORK REGION
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2022

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	2022	2021
	\$	\$
CASH FROM OPERATING ACTIVITIES		
Cash receipts from Immigration, Refugees and Citizenship Canada	4,246,462	5,246,775
Cash receipts from Catholic Charities	546,649	535,768
Cash receipts from Ministry of Labour, Training and Skills Development (MLTSD)	178,400	178,400
Cash from Municipality of York Region	199,623	96,027
Cash receipts from Ontario Trillium Foundation	55,800	110,470
Other cash receipts	209,063	251,821
Deferred capital contributions received	91,221	82,708
Cash paid to suppliers and employees	(6,126,191)	(5,696,878)
	(598,973)	805,091
CASH FROM INVESTING ACTIVITIES		
Change in investments	(3,389)	(21,246)
Purchase of equipment	(91,220)	(84,214)
	(94,609)	(105,460)
Change in cash	(693,582)	699,631
Cash, beginning of year	700,185	554
Cash, end of year	6,603	700,185

See accompanying notes to the financial statements

PURPOSE OF THE ORGANIZATION

Catholic Community Services of York Region (The Agency) is a social service agency serving individuals and families in York Region within the values and traditions of the Catholic Church. The Agency assists people with social and personal needs in order to strengthen and enhance individual and family functioning and to empower them to live as independent, healthy and socially responsible people. The Agency serves all people regardless of religion, culture, race or creed.

As a registered charitable organization, Catholic Community Services of York Region is exempt from income taxes

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Financial Instruments

The Agency initially measures its financial assets and financial liabilities at fair value. The Agency subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

The financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates are allowance for doubtful accounts and accrued liabilities. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Prepaid Expenses

Prepaid expenses are recorded for goods and services to be received in the next fiscal year, which were paid for in the current fiscal year.

Equipment and Amortization

Equipment is stated at acquisition cost. Amortization is provided on the following basis at the following annual rates:

Equipment	3 years straight-line
Furniture and fixtures	5 years straight-line
Leasehold improvements	Term of the lease

Where equipment no longer has any long-term service potential to the Agency, the excess of their net carrying amount over any residual value is recognized as an expense in the statement of operations.

Deferred Contributions

Deferred contributions represent unspent resources externally restricted for operating funding that will be spent in a subsequent period.

Revenue Recognition

The Agency follows the deferral method of accounting for revenue. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Counselling fees

Counselling fees are recognized as revenue once the related service has been provided and the fee collection is reasonably assured.

Investment Income

Interest is recognized as revenue when earned on an accrual basis. Unrealized gain or loss on investments, being the difference between book value and fair value, are recognized on an annual basis.

Donated Property and Services

During the year volunteers contribute numerous hours to the Agency in carrying out certain aspects of its service delivery activities. Because of these services are not normally purchased by the Agency, and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

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2. INVESTMENTS

	2022	2021
	\$	\$
GIC, 2-year, 1.7% in year-one and 2.05% in year-two , maturing April 7, 2023	16,612	16,608

This GIC may only be cashed on each anniversary date of the initial investment

3. GRANTS AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Immigration, Refugees and Citizenship Canada Grant	942,369	70,860
HST/GST rebate	83,995	71,511
Other receivables	107,367	74,663
	1,133,731	217,034

Continued...

4. INTERNALLY RESTRICTED INVESTMENTS

The reserve fund was established to provide for any emergency expenditures or replacement of assets that the Board of Directors determine necessary. The reserve fund is funded from operations at the discretion of the Board. The fund's assets are as follows:

	2022	2021
	\$	\$
GICs maturing July 11, 2022 to November 4, 2024, 1.2% to 2.25%	324,815	-
GICs maturing August 1, 2021 to July 13, 2023, 1.2% to 2.25%	-	321,430
Cash	249,962	250,000
	<u>574,777</u>	<u>571,430</u>

The investments are pledged as security for the Agency's operating loan facility with its bank to a limit of \$300,000.

The Board of Directors approved the transfer of \$200,000 (2021: \$250,000) from the General Fund to the Internally Restricted Fund in the 2022 fiscal year.

5. EQUIPMENT

	2022		2021	
	Cost \$	Accumulated Amortization \$	Cost \$	Accumulated Amortization \$
Leasehold improvements	2,605,923	2,494,368	2,605,923	2,438,991
Office equipment	472,053	395,649	421,071	380,390
Furniture and fixtures	531,428	445,448	491,190	433,274
	<u>3,609,404</u>	<u>3,335,465</u>	<u>3,518,184</u>	<u>3,252,655</u>
Net book value	273,939		265,529	

Continued...

6. BANK INDEBTEDNESS

The Agency has an operating loan facility agreement with its bank to a limit of \$300,000. The facility bears interest at the prime lending rate plus 1%.

The facility is secured by a General Security Agreement and the internally restricted investments described in note # 4.

7. DEFERRED CONTRIBUTIONS

Deferred contributions represents funding received less the costs incurred to date for programs which were not completed as at March 31, 2022. Certain funds received for projects from various funders must be returned to the funder if not expended or absent permission for the purpose for which they were received or permission from the funder to carry these funds forward to be expended in the following year. Any funds to be returned or carried forward are reflected on the statement of financial position as deferred contributions.

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized restricted grants and donations relating the purchase of equipment. These contributions are amortized over the life of the related assets. The changes in the balance for the year is as follows:

	2022	2021
	\$	\$
Balance at beginning of the year	263,498	253,652
Add: additions during the year	91,221	82,708
Less: amounts recognized as revenue	(82,811)	(72,862)
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Balance at end of year	271,908	263,498
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9. **MINISTRY OF LABOUR, TRAINING AND SKILLS DEVELOPMENT**

The Agency receives funding from the Ministry of Labour, Training and Skills Development (MLTSD) for the following grants:

	2022	2021
	\$	\$
Newcomer Settlement Program	178,400	178,400

Net expenditures allocated by the Agency in connection with Labour, Training and Skills Development (MLTSD) programs for the 2022 fiscal year are as follows:

	Newcomer Settlement Program
Salaries and wages	135,887
Employee's benefits	28,473
Administration	15,469
Service delivery	1,400
Total	181,229

10. COMMITMENTS

The Agency has entered into a various long-term operating lease agreements. Future minimum payments under such lease obligations to the expiry of the lease are due as follow:

Building space

2023	952,707
2024	948,606
2025	948,606
<hr/>	
	2,849,919

Office equipment

2023	88,434
2024	68,185
2025	66,922
2026	8,217
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	231,758

In the event that the Agency's funding from their major funders is not renewed, the Agency has the right to terminate their Richmond Hill office lease upon three months notice by providing the the landlord with three months prior written notice.

The Agency has a tenant's termination right in the event the Richmond Hill Welcome Centre's funding agreement is not renewed. The lease extension terms were designed to coincide with the renewal terms of the funding agreement.

11. FINANCIAL INSTRUMENTS

The Agency is exposed to various risks through its financial instruments. The following presents the Agency's risk exposures and concentrations at March 31, 2022.

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 financial loss. The Agency's credit risk would occur with their accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$0 (2021: \$0).

Liquidity Risk

Liquidity risk is the risk the Agency will encounter difficulties in meeting obligations associated with financial liabilities. The Agency is exposed to this risk as they depend on Government and other funding for their operations, the funding represents 97% of their revenue. In order to reduce this risk the Agency seeks to continue to receive funding on an annual basis and set aside funds to fulfil their obligations. There has been no change in the risk assessment from the prior period.

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 risks: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is not exposed to foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Agency has a low interest rate risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Agency is not exposed to other price risk.

12. FINANCIAL IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the novel Coronavirus (COVID-19). The situation is constantly evolving and the economic impact has been substantial.

As at July 11, 2022, the Agency is aware of changes in its operations as a result of the COVID-19 crisis. Management cannot estimate the effects of these changes on future operations as there is uncertainty about the length and long-term impact of the crisis. The impacts will be accounted for when they are known and may be assessed.