

**Ottawa Chinese Community
Service Centre
Financial Statements
March 31, 2021**

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Independent Auditor's Report

Raymond Chabot
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To the Members of
Ottawa Chinese Community Service Centre

Qualified opinion

We have audited the financial statements of Ottawa Chinese Community Service Centre (hereafter "the Centre"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2021, 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 not-for-profit organizations, the Centre derives revenue from donations and fundraising from individuals, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising from individuals, excess of revenues over expenses and cash flows from operating activities for the year ended March 31, 2021 and current assets and net assets as at March 31, 2021. The predecessor auditor expressed a qualified opinion on the financial statements for the year ended March 31, 2020 because of the possible effects of the similar 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 the Centre 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 qualified opinion.

Other matter – Comparative information audited by a predecessor auditor

The financial statements of the Centre for the year ended March 31, 2020 were audited by another auditor who expressed, in respect of those statements on July 24, 2020, a qualified opinion for the reason described in "Basis for qualified opinion" section.

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 the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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;
- 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 Centre'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 Centre'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 Centre 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.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
September 27, 2021

Ottawa Chinese Community Service Centre Operations and Net Assets

Year ended March 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
Revenues		
Contributions		
Grants		
Immigration, Refugees and Citizenship Canada	2,125,120	2,974,404
City of Ottawa	163,041	80,393
LASI World Skills Inc.	100,992	62,454
Ontario Ministry of Citizenship and Immigration	858,592	405,947
Ontario Trillium Foundation	27,851	62,350
Jewish Family Services	33,118	14,898
New Horizons for Seniors Program		24,500
Province of Ontario		1,960
Employment and Social Development Canada	604,066	702,788
Somerset West Community Health Centre	58,944	47,727
Canadian Heritage	26,856	130,423
Lighthouse Labs Inc.	169,052	
Donations and fundraising from individuals	40,287	82,271
User fees	27,012	75,327
Charging program	18,750	60,790
Membership	120	1,160
Interest	12,958	23,189
	<u>4,266,759</u>	<u>4,750,581</u>
Expenses		
Salaries and employee benefits	3,299,076	3,626,688
Pay equity	15,744	15,744
Office equipment		7,347
Training	161,367	117,461
Insurance	13,943	13,157
Rent and utilities	350,943	433,091
Repairs and maintenance	809	1,956
Travel	22,046	60,333
Advertising and community relations	55,447	33,516
Fundraising expenses		26,549
Office and general	131,666	172,121
Telephone	80,653	60,371
Membership	12,491	1,750
Professional fees	16,716	10,749
Bank, payroll service charges and interest	10,486	12,519
Bad debts	8,000	
	<u>4,179,387</u>	<u>4,593,352</u>
Excess of revenues over expenses	87,372	157,229
Net assets, beginning of year	<u>1,426,241</u>	<u>1,269,012</u>
Net assets, end of year	<u><u>1,513,613</u></u>	<u><u>1,426,241</u></u>

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

Ottawa Chinese Community Service Centre Cash Flows

Year ended March 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	87,372	157,229
Non-cash items		
Changes in working capital items		
Accounts receivable	55,878	5,659
Trade payables and other operating liabilities	(10,836)	21,023
Deferred revenues	<u>71,871</u>	<u>(26,322)</u>
Cash flows from operating activities	<u>204,285</u>	<u>157,589</u>
INVESTING ACTIVITIES		
Investments	(1,103,155)	(1,080,110)
Disposal of investments	<u>1,080,110</u>	<u>1,050,000</u>
Cash flows from investing activities	<u>(23,045)</u>	<u>(30,110)</u>
Net increase in cash	181,240	127,479
Cash, beginning of year	<u>245,205</u>	<u>117,726</u>
Cash, end of year	<u><u>426,445</u></u>	<u><u>245,205</u></u>

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

Ottawa Chinese Community Service Centre Financial Position

March 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
ASSETS		
Current		
Cash	426,445	245,205
Accounts receivable (Note 3)	175,870	231,748
Prepaid expenses	13,000	13,000
	<u>615,315</u>	<u>489,953</u>
Long-term		
Investments (Note 4)	1,103,155	1,080,110
	<u>1,718,470</u>	<u>1,570,063</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 5)	108,770	119,606
Deferred revenues (Note 6)	96,087	24,216
	<u>204,857</u>	<u>143,822</u>
UNRESTRICTED NET ASSETS	<u>1,513,613</u>	<u>1,426,241</u>
	<u>1,718,470</u>	<u>1,570,063</u>

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

On behalf of the Board,

DocuSigned by:

 9/28/2021
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Director

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 9/29/2021
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Director

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2021

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Centre was incorporated without share capital in 1976 under the Corporations Act of Ontario to provide social and community services and training to Chinese immigrants. It is registered as a charitable organization under the Income Tax Act and as such is exempt from income tax.

2 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The Centre's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Centre may undertake in the future. Actual results may differ from these estimates.

Revenue recognition

Contributions

The Centre follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year 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.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Centre's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Subsequent measurement

At each reporting date, the Centre measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost, the Centre assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Centre determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in the statement of operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in the statement of operations in the year the reversal occurs.

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2021

3 - ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
	\$	\$
Contributions receivable (a)	152,546	198,003
Indirect taxes receivable	31,324	33,745
	183,870	231,748
Allowance for doubtful accounts	8,000	
	175,870	231,748

(a) As at March 31, 2021, one contributor represent 51% of total contributions receivable (none as at March 31, 2020).

4 - INVESTMENTS

The Centre holds a guaranteed investment certificate bearing interest at 0.32% (between 2% and 2.08% in 2020) and maturing in February 2022.

5 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2021</u>	<u>2020</u>
	\$	\$
Accounts payable and accrued liabilities	22,148	25,677
Salaries payable	86,622	93,929
	108,770	119,606

6 - DEFERRED REVENUES

	<u>2021</u>			<u>2020</u>
	<u>Contributions</u>	<u>User fees</u>	<u>Total</u>	<u>Total</u>
	(a)			
	\$	\$	\$	\$
Balance, beginning of year	15,523	8,693	24,216	50,538
Amount recognized in operations	(34,260)		(34,260)	(50,538)
Amount received relating to the following year	105,962	169	106,131	24,216
Balance, end of year	87,225	8,862	96,087	24,216

(a) Deferred contributions represent unused resources which, as a result of external restrictions, are intended to cover operating expenses for the coming year.

7 - FINANCIAL RISKS

Credit risk

The Centre is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Centre has determined that the financial assets with more credit risk exposure are contributions receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Centre.

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2021

7 - FINANCIAL RISKS (Continued)

Market risk

The Centre's financial instruments expose it to market risk, in particular, interest rate risk resulting from its investing activities.

Interest rate risk

The Centre is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The investments bear interest at a fixed rate and the Centre is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Liquidity risk

The Centre's liquidity risk represents the risk that the Centre could encounter difficulty in meeting obligations associated with its financial liabilities. The Centre is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the statement of financial position.

8 - COMMITMENTS

The Centre has entered into long-term lease agreements for the rental of office spaces which call for minimum lease payments of \$1,007,366.

These leases expire on various dates between December 2024 and August 2026.

Minimum lease payments for the next five years are \$183,916 in 2022, \$184,826 in 2023, \$185,308 in 2024, \$196,310 in 2025 and \$181,416 in 2026.

9 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

The main reclassification as at March 31, 2020 is \$1,080,110 of investments being reclassified from current assets to long-term assets.