

**Ottawa Chinese Community
Service Centre
Financial Statements
March 31, 2023**

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Raymond Chabot
Grant Thornton

Independent Auditor's Report

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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, 2023, 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, 2023, 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 years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022 and net assets as at April 01, 2022 and 2021 and March 31, 2023 and 2022.

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.

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.

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
September 25, 2023

Ottawa Chinese Community Service Centre Operations and Net Assets

Year ended March 31, 2023

	2023	2022
	\$	\$
Revenues		
Contributions		
Grants		
Immigration, Refugees and Citizenship Canada	1,991,778	2,135,566
City of Ottawa	85,967	175,703
LASI World Skills Inc.	71,425	95,411
Ontario Ministry of Citizenship and Immigration	85,744	474,443
Valencia	10,000	
Jewish Family Services	14,898	14,548
Health Canada		10,000
ACCT Foundation	6,930	
YMCA-YWCA	3,672	
Employment and Social Development Canada	807,153	428,106
Somerset West Community Health Centre	58,944	58,944
Lighthouse Labs Inc.	26,611	104,441
Donations and fundraising from individuals	10,494	25,167
User fees	71,367	75,725
Charging program	7,232	17,130
Membership	556	
Interest	30,091	3,033
	<u>3,282,862</u>	<u>3,618,217</u>
Expenses		
Salaries and employee benefits	2,563,519	2,730,359
Pay equity	15,744	15,744
Training	100,430	155,848
Insurance	8,426	10,609
Rent and utilities	329,583	336,572
Repairs and maintenance	20,216	29,444
Travel	29,827	1,219
Advertising and community relations	5,573	19,387
Consulting fees		140,000
Office and general	83,407	87,360
Telecommunications	45,300	55,130
Membership	2,346	13,399
Professional fees	13,686	20,895
Bank, payroll service charges and interest	8,331	8,802
	<u>3,226,388</u>	<u>3,624,768</u>
Excess (deficiency) of revenues over expenses	56,474	(6,551)
Net assets, beginning of year	<u>1,507,062</u>	<u>1,513,613</u>
Net assets, end of year	<u>1,563,536</u>	<u>1,507,062</u>

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

Ottawa Chinese Community Service Centre Cash Flows

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	56,474	(6,551)
Non-cash items		
Changes in working capital items		
Accounts receivable	(142,299)	(21,515)
Trade payables and other operating liabilities	(27,002)	29,713
Deferred revenues	(4,875)	(2,250)
Cash flows from operating activities	<u>(117,702)</u>	<u>(603)</u>
INVESTING ACTIVITIES		
Investments	(21,003)	(1,106,170)
Disposal of investments		1,103,155
Cash flows from investing activities	<u>(21,003)</u>	<u>(3,015)</u>
Net decrease in cash	(138,705)	(3,618)
Cash, beginning of year	<u>422,827</u>	<u>426,445</u>
Cash, end of year	<u><u>284,122</u></u>	<u><u>422,827</u></u>

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

Ottawa Chinese Community Service Centre Financial Position

March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
ASSETS		
Current		
Cash	284,122	422,827
Accounts receivable (Note 3)	339,684	197,385
Prepaid expenses	<u>13,000</u>	<u>13,000</u>
	636,806	633,212
Long-term		
Investments (Note 4)	<u>1,127,173</u>	<u>1,106,170</u>
	<u>1,763,979</u>	<u>1,739,382</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 5)	111,481	138,483
Deferred revenues (Note 6)	<u>88,962</u>	<u>93,837</u>
	200,443	232,320
UNRESTRICTED NET ASSETS	<u>1,563,536</u>	<u>1,507,062</u>
	<u>1,763,979</u>	<u>1,739,382</u>

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

On behalf of the Board,

Director

Director

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2023

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 earnings. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in the statement of operations in the year the reversal occurs.

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2023

3 - ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
	\$	\$
Contributions receivable (a)	312,612	155,904
Indirect taxes receivable	27,072	41,481
	<u>339,684</u>	<u>197,385</u>

(a) As at March 31, 2023, one contributor represent 72% of total contributions receivable (56% as at March 31, 2022).

4 - INVESTMENTS

As at March 31, 2023, the Centre holds guaranteed investment certificates bearing interest of 3% and 4.5% and maturing in October and November 2023 (2022 - investments are comprised of cash).

5 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$	\$
Accounts payable and accrued liabilities	26,418	62,332
Salaries payable	85,063	76,151
	<u>111,481</u>	<u>138,483</u>

6 - DEFERRED REVENUES

	<u>2023</u>		<u>2022</u>
	Contributions (a)	Total	Total
	\$	\$	\$
Balance, beginning of year	93,837	93,837	96,087
Amount received relating to the following year	122,527	122,527	1,546,504
Amount recognized in operations	(127,402)	(127,402)	(1,548,754)
Balance, end of year	<u>88,962</u>	<u>88,962</u>	<u>93,837</u>

(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, 2023

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 \$600,380.

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

Minimum lease payments for the next four years are \$163,454 in 2024, \$179,920 in 2025, \$181,416 in 2026 and \$75,590 in 2027.

Ottawa Chinese Community Service Centre Financial Position

March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
ASSETS		
Current		
Cash	284,122	422,827
Accounts receivable (Note 3)	339,684	197,385
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	<u>636,806</u>	<u>633,212</u>
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Current		
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	<u>200,443</u>	<u>232,320</u>
UNRESTRICTED NET ASSETS	<u>1,563,536</u>	<u>1,507,062</u>
	<u>1,763,979</u>	<u>1,739,382</u>

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

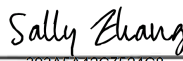
On behalf of the Board,

DocuSigned by:



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Director

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Director