Financial Statements

Settlement Assistance and Family Support Services (SAFSS)

March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Settlement Assistance and Family Support Services (SAFSS)

We have audited the accompanying financial statements of Settlement Assistance and Family Support Services (SAFSS), which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 audit. We conducted our audit 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 judgment, 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 entity'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 entity'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 audit opinion.

(Continues)

Independent Auditor's Report to the Members of Settlement Assistance and Family Support Services (SAFSS). *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Settlement Assistance and Family Support Services (SAFSS) as at March 31, 2018 and the results of its of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

SRCO Professional Corporation

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Richmond Hill, Canada
September 24, 2018

Settlement Assistance and Family Support Services (SAFSS)

STATEMENT OF FINANCIAL POSITION

As at March 31,

	2018 $	2017 $
ASSETS		
CURRENT		
Cash	**70,162**	51,388
Guaranteed investment certificates *[Note 3]*	**11,464**	11,464
Accounts receivable - grants, no impaired amounts	**299,665**	167,732
Government remittances recoverable	**42,395**	83,479
	423,686	314,063
SECURITY DEPOSIT	**8,440**	13,406
CAPITAL ASSETS *[Note 4]*	**16,986**	—
	449,112	327,469
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness *[Note 5]*	**200,126**	135,971
Accounts payable and accrued liabilities	**16,650**	162,682
Deferred revenue *[Note 6]*	**64,651**	26,310
	281,427	324,963
Net assets		
Unrestricted	**167,685**	2,506
	449,112	327,469

Commitments *[Note 9]*

See accompanying notes

On behalf of the Board of Directors

Yogini Parthasarathy Director   Director

YOGINI PARTHASARATHY   KIENZLE MODY

Settlement Assistance and Family Support Services (SAFSS)

STATEMENT OF OPERATIONS

Year ended March 31,

	Unrestricted Fund	Grant Programs Fund	Total 2018	Total 2017
	$	$	$	$
REVENUE				
Operating grants				
Immigration, Refugees and Citizenship Canada	—	**2,742,622**	**2,742,622**	2,725,044
City of Toronto	—	**107,110**	**107,110**	119,321
United Way Toronto & York Region	—	**106,148**	**106,148**	55,244
Ministry of Community & Social Services *[Note 7]*	—	**79,346**	**79,346**	78,846
Ministry of Citizenship & Immigration *[Note 8]*	—	**84,275**	**84,275**	76,673
New Horizons for Seniors Program	—	**1,887**	**1,887**	—
RBC Foundation	—	—	—	20,000
Other income	**185,181**	—	**185,181**	4,053
Gala dinner admission fees	**21,383**	—	**21,383**	26,989
Bingo proceeds	**79,174**	—	**79,174**	69,613
	285,738	**3,121,388**	**3,407,126**	3,175,783
EXPENDITURES				
Staffing	**19,926**	**2,175,777**	**2,195,703**	2,228,428
Occupancy	**15,234**	**662,754**	**677,988**	648,692
Direct program	—	**168,034**	**168,034**	168,830
Administration	**13,357**	**88,642**	**101,999**	103,189
Bingo program	**49,096**	—	**49,096**	40,517
Professional fee	**3,091**	**28,756**	**31,847**	57,591
Fundraising	**15,393**	—	**15,393**	18,032
Amortization	—	**1,887**	**1,887**	—
	116,097	**3,125,850**	**3,241,947**	3,265,279
Excess (deficiency) of revenue over expenditures	**169,641**	**(4,462)**	**165,179**	(89,496)

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31,

	Unrestricted	Externally restricted	Total 2018	Total 2017
	$	$	$	$
NET ASSETS - BEGINNING OF YEAR	**2,506**	**—**	**2,506**	92,002
Excess (deficiency) of revenue over expenditures	**169,641**	**(4,462)**	**165,179**	(89,496)
Interfund transfer	**(4,462)**	**4,462**	**—**	—
NET ASSETS - END OF YEAR	**167,685**	**—**	**167,685**	2,506

See accompanying notes

Settlement Assistance and Family Support Services (SAFSS)

STATEMENT OF CASH FLOWS

Year ended March 31,

	2018 $	2017 $
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	**165,179**	(89,496)
Amortization	**1,887**	—
	167,066	(89,496)
Change in non-cash working capital items		
Accounts receivable	**(131,933)**	106,903
Security deposit	**4,966**	—
Accounts payable and accrued liabilities	**(146,032)**	41,597
Deferred revenue	**38,341**	6,310
Harmonized sales tax recoverable	**41,084**	(4,764)
Cash (used in) provided by operating activities	**(26,508)**	60,550
INVESTING ACTIVITIES		
Purchases of capital assets	**(18,873)**	—
Guaranteed investment certificates	—	100,000
Cash (used in) provided by investing activities	**(18,873)**	100,000
FINANCING ACTIVITIES		
Bank indebtedness	**64,155**	(135,670)
Cash provided by (used in) financing activities	**64,155**	(135,670)
INCREASE IN CASH	**18,774**	24,880
CASH - BEGINNING OF YEAR	**51,388**	26,508
CASH - END OF YEAR	**70,162**	51,388

See accompanying notes

1. INCORPORATION AND PURPOSE

Settlement Assistance and Family Support Services (SAFSS) ("the Organization") was incorporated without share capital, under the laws of the Province of Ontario on March 26, 1990. The Organization is a registered charity under the Income Tax Act and is not subjected to income tax. The objects of the organization are as follows:

a. To assist immigrants to Canada in their integration into Canadian society through language training, job skills training and other support services and by providing information regarding other services available in the community;

b. To prevent wife, child, youth and senior abuse through education, counseling, intervention and support services;

c. To increase awareness in the community of issues relating to the integration of immigrants to Canada and issues relating to wife, child, youth and senior abuse through educational workshops and seminars; and

d. To promote and develop active participation and peer support of community volunteers.

In accordance with its objectives, the Organization administers English language instruction programs, conducts workshops and provides advocacy and referral services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as contained in Part III of the Chartered Professional Accountant Canada ("CPAC") Handbook. To the extent Part III of the CPAC Handbook does not address certain matters applicable to the Organization; it will use accounting standards for private enterprises contained in Part II of the CPAC Handbook. The significant accounting policies are detailed as follows:

Fund accounting

All programs receive program specific government grants, the uses of which are restricted to specific programs. In order to ensure observance of the restrictions on the use of resources, the Organization has classified these activities for accounting and reporting purposes into funds as follows:

- Unrestricted revenue and expenses relating to non-program activities are reported in the unrestricted fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting (continued)

- Contributions restricted to programs, program revenues and program expenses are reported in the grant programs fund.

Interfund transfers comprise transfers of financial resources from the unrestricted fund to the grant programs fund in order to cover deficiencies resulting when expenses of programs exceed the programs specific revenues.

Internally restricted net assets

The salaries and benefits reserve is to be used, at the discretion of the Board of Directors (the "Board"), to pay salaries, benefits and employer payroll remittances in the event there are insufficient funds available from current operating revenue. According to the resolution of the Board, by which the reserve was established, it is to be adjusted annually, at the discretion of the Board to the amount estimate to be required to pay severance salaries, benefits and remittances.

The program deficit reserve is to be used to cover deficit that might arise in programs as a result of program expenses exceeding program specific revenues. According to the resolution of the Board, by which the reserve was established, it is to be adjusted annually at the discretion of the Board, by reference to the amount transferred from the unrestricted fund to the grant programs fund to cover program deficits of the previous year.

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions for programs which are reported in the grant programs fund. Restricted contributions are recognized as revenue of the restricted grant programs fund in the year received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for which no corresponding programs fund is presented are recognized in the unrestricted fund in accordance with the deferral method. Restricted contributions for expenses of future periods are deferred and recognized as revenue in the same period as the related expenses are incurred. Contributions restricted for the purchase of equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired equipment. Unrestricted contributors, revenue from fundraising activities and other income are recognized as revenue of the unrestricted fund in the year received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated equipment

Donations of equipment are recorded at fair value when fair value can reasonably be estimated and when such value is significant.

Donated material and services

Volunteers contribute extensive time and effort to assist the Organization in carrying out its activities. The value of donated materials and services are not recorded in these financial statements due to the difficulty in determining their fair value.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rate and methods:

Furniture and fixtures	20%	Straight-line method
Equipment	20%	Straight-line method

All additions made during the year are amortized at 50% of the above rates.

Impairment of long-lived assets

The Organization reviews long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment of the carrying value of the assets exist, and the carrying value is greater than the net recoverable value, an impairment loss is recognized to the extent that the fair value is below the carrying value. As at March 31, 2018, there were no significant indications of impairment.

Financial instruments

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

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

Financial assets measured at cost or amortized cost consist of cash, guaranteed investment certificates, accounts receivable and security deposit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities measured at cost or amortized cost consist of bank indebtedness and accounts payable and accrued liabilities.

Impairment of financial instruments

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include allowance for doubtful accounts, useful lives of capital assets and accruals and are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Economic dependence

The Organization is dependent on government funding to sustain its operations.

3. GUARANTEED INVESTMENT CERTIFICATES

The guaranteed investment certificates (GIC's) will mature in September 2018 and bear interest at 0.45% (2017 - 1.0%).

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
	$	$	$	$
Furniture and fixtures	18,873	1,887	**16,986**	—
Equipment	116,017	116,017	**—**	—
	134,890	117,904	**16,986**	—

5. BANK INDEBTEDNESS

The Organization has a revolving line of credit, with a credit limit of $225,000 (2017 - $225,000), which bears interest at 4.5% (2017 – Prime rate +1.5%) per annum and is secured by a general security agreement. Interest expense incurred related to this indebtedness during the year was $5,077 (2017 - $618). The revolving line of credit agreement contains certain financial reporting covenants. As at March 31, 2018, the Organization is in compliance with the covenants.

6. DEFERRED REVENUE

	Newcomer Settlement Program Grants	
	2018	2017
	$	$
Deferred revenue, beginning of year	858	—
Funds received	83,417	77,531
Less: revenue recognized during the year	(84,275)	(76,673)
Deferred revenue, end of year	—	858

	United Way	
	2018	2017
	$	$
Deferred revenue, beginning of year	25,452	—
Funds received	80,696	80,696
Less: revenue recognized during the year	(106,148)	(55,244)
Deferred revenue, end of year	—	25,452

	New Horizons for Seniors Program	
	2018	2017
	$	$
Deferred revenue, beginning of year	—	—
Funds received for capital expenditures	21,381	—
Funds received for project costs	23,975	—
Less: revenue recognized during the year	(1,887)	—
Deferred revenue, end of year	43,469	—

6. DEFERRED REVENUE (continued)

	Community Service Partnership (CSP)	
	2018	**2017**
	$	**$**
Deferred revenue, beginning of year	—	—
Funds received	74,137	51,910
Less: revenue recognized during the year	(52,955)	(51,910)
Deferred revenue, end of year	21,182	—

7. SERVICE CONTRACT WITH THE MINISTRY OF COMMUNITY & SOCIAL SERVICES

The organization receives funding from the Ministry of Community & Social Services for its Violence Against Women Project. The revenue and expenditures for this program are as follows:

	2018	2017
	$	$
Revenue	79,346	78,846
Expenditures		
Salaries	68,066	67,993
Program supplies	2,111	2,067
Rent	7,200	7,080
Administration	2,842	2,664
Professional fees	1,025	984
Equipment	499	499
	81,743	81,287
Deficiency of revenue over expenditures	(2,397)	(2,441)
Transfer from unrestricted fund	2,397	2,441
Unexpended grant, end of year	—	—

8. MINISTRY OF CITIZENSHIP & IMMIGRATION NEWCOMER SETTLEMENT PROGRAM

The revenue and expenditures of the Ministry of Citizenship & Immigration Program are as follows:

	2018 $	2017 $
Revenue	84,275	76,673
Expenditures		
Salaries	70,673	65,863
Rent	4,500	4,500
Administration	1,842	3,652
Program supplies	8,419	3,677
Professional fees	880	860
	86,314	78,552
Deficiency of revenue over expenditures	(2,039)	(1,879)
Transfer from unrestricted fund	2,039	1,879
Unexpended grant, end of year	—	—

9. COMMITMENTS

The Organization is committed to leasing premises and equipment to 2020. Minimum annual payments as at March 31, are as follows:

	$
2019	400,160
2020	223,002

The Organization has paid rent amounting to $23,857 for a leased property, located on 5637 Finch Avenue East, Toronto, Ontario, which is currently vacant. The lease term will end November 30, 2019 and the Organization is committed to $24,705 and $16,847 for the years ending March 31, 2019 and 2020, respectively. The Organization is currently looking for various options including a possible sublease of the premise.

10. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure at the date of financial position, March 31, 2018:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligation. The Organization is exposed to credit risk through its cash and accounts receivable balances. The Organization reduces credit risk from its cash balance by maintaining its funds with credit worthy financial institutions. In order to reduce its credit risk from accounts receivable balances, the Organization performs credit assessments on a regular basis and creates an allowance for doubtful accounts when applicable. At March 31, 2018, the allowance for doubtful accounts is $Nil (2017 - $Nil). In the opinion of management, the credit risk exposure to the Organization is not significant.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of accounts payable and bank indebtedness. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains adequate cash reserves. In the opinion of management, the liquidity risk exposure to the Organization is not significant.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Organization is exposed to interest rate risk primarily through its floating interest rate on bank indebtedness and credit facilities. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities.

The interest rate risk exposure to the Organization is not significant.