HALTON MULTICULTURAL COUNCIL INC.

FINANCIAL STATEMENTS

AS AT

MARCH 31, 2021

Contents

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Halton Multicultural Council Inc.

Qualified Opinion
We have audited the financial statements of Halton Multicultural Council Inc. ("the Council") which comprise the balance sheet as at March 31, 2021, and the statements of fund balances, revenue and expenditure, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 Council as at March 31, 2021, and its results of 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 Council derives revenue from third party fund raising events, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to miscellaneous revenue, fund balances or cash and cash equivalents for the years ended March 31, 2021 and March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council 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 audit 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT, continued

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

Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
June 15, 2021

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Balance sheet
As at March 31, 2021

		2021	2020
Assets (Note 8)			
Current assets			
Cash and cash equivalents	$	289,469	-
Grants receivable		59,734	264,157
HST receivable		32,579	33,166
Current portion of loan receivable (Note 4)		2,400	3,000
Prepaid expenses		60,858	60,604
		445,040	360,927
Unrestricted property, plant and equipment (Notes 5, 8, 10)			
At cost		1,884,958	1,845,002
Less accumulated amortization		795,128	696,745
		1,089,830	1,148,257
Restricted property, plant and equipment (Notes 6, 7)			
At cost		655,365	578,254
Less accumulated amortization		539,938	521,613
		115,427	56,641
Loan receivable (Note 4)		6,900	7,250
Incorporation costs		100	100
	$	1,657,297	1,573,175
Liabilities and surplus			
Current liabilities			
Bank indebtedness (Note 8)	$	-	65,287
Accounts payable and accrued liabilities		188,605	167,876
Deferred grants – operations (Note 9(a))		37,811	37,390
Current portion of long-term debt (Note 10)		30,028	3,497
		256,444	274,050
Deferred grants – property, plant and equipment (Notes 9(b), 10)		455,573	489,139
Long-term liabilities			
Long-term debt (Note 10)		-	30,102
		712,017	793,291
Fund balances			
Operating fund (Note 11)		225,524	97,624
Property, plant and equipment fund (Note 11)		719,756	682,260
		945,280	779,884
	$	1,657,297	1,573,175

Approved by the Board

Julie Allen — President

M R van Kesteren — Treasurer

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Statement of changes in fund balances
For the year ended March 31, 2021

		Operating fund	Property, plant and equipment fund	Total 2021	Total 2020
Fund balances, beginning of year	$	97,624	682,260	779,884	745,549
Excess of revenue over expenditure for year		257,667	-	257,667	114,898
Federal grants – property, plant and equipment		-	33,566	33,566	33,566
Amortization of property, plant and equipment		-	(124,602)	(124,602)	(112,558)
Allocation of interest on long-term debt		-	(1,235)	(1,235)	(1,571)
Purchase of property, plant and equipment		(124,961)	124,961	-	-
Net repayment of long-term debt and interest on long-term debt		(4,806)	4,806	-	-
Fund balances, end of year	$	225,524	719,756	945,280	779,884

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Statement of revenue and expenditure
For the year ended March 31, 2021

		2021	2020
Revenue			
Federal grants	$	3,588,412	3,243,034
Newcomer settlement program (Note 12)		113,023	113,023
Other grants		523,504	932,829
Fees		300,156	397,482
Rent		124,529	109,871
Miscellaneous revenue		57,234	81,285
		4,706,858	4,877,524
Expenditure			
Advertising		31,105	3,092
Amortization		124,602	112,558
Equipment rental		13,633	21,975
Events		6,101	24,968
HST expense		33,567	31,915
Insurance		11,072	11,001
Interest and bank charges		18,976	13,368
Interest on long-term debt		1,235	1,571
Meetings and workshops		9,499	23,469
Membership fees		10,476	8,150
Office		2,991	6,424
Professional fees		14,550	9,900
Program		223,481	490,326
Rent		509,477	508,120
Repairs and maintenance		50,603	69,806
Salaries and benefits		3,390,635	3,382,787
Telephone and internet		58,562	47,225
Travel		2,046	37,352
Utilities		28,851	39,182
		4,541,462	4,843,189
Excess of revenue over expenditure for year		165,396	34,335
Allocation of Federal grants to property, plant and equipment fund		(33,566)	(33,566)
Allocation of amortization to property, plant and equipment fund		124,602	112,558
Allocation of interest on long-term debt to property, plant and equipment fund		1,235	1,571
Excess of revenue over expenditure for year – operating fund	$	257,667	114,898

HALTON MULTICULTURAL COUNCIL INC.
(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Statement of cash flows
For the year ended March 31, 2021

		2021	2020
Cash flows from (used in) operating activities			
Excess of revenue over expenditure for year	$	165,396	34,335
Adjustments for			
Amortization of unrestricted property, plant and equipment		98,383	91,610
Amortization of restricted property, plant and equipment		26,219	20,948
		289,998	146,893
Changes in non-cash working capital			
Decrease (increase) in grants receivable		204,423	(161,197)
Decrease in HST receivable		587	7,115
(Increase) decrease in prepaid expenses		(254)	5,061
Increase (decrease) in accounts payable and accrued liabilities		20,729	(31,945)
Increase (decrease) in deferred grants – operations		421	(7,687)
Cash flows from (used in) operating activities		515,904	(41,760)
Cash flows from (used in) investing activities			
Acquisition of unrestricted property, plant and equipment		(39,956)	(402,112)
Acquisition of restricted property, plant and equipment		(85,005)	(2,097)
Decrease in loan receivable		950	750
Cash flows used in investing activities		(124,011)	(403,459)
Cash flows from (used in) financing activities			
Decrease in deferred grants – property, plant and equipment		(33,566)	(33,566)
Repayment of long-term debt		(3,571)	(3,337)
Cash flows used in financing activities		(37,137)	(36,903)
Net increase (decrease) in cash and cash equivalents during year		354,756	(482,122)
(Bank indebtedness) cash and cash equivalents, beginning of year		(65,287)	416,835
Cash and cash equivalents (bank indebtedness), end of year	$	289,469	(65,287)

HALTON MULTICULTURAL COUNCIL INC.
(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Notes to financial statements
As at March 31, 2021

1. Purpose of the Council

Halton Multicultural Council Inc. (the "Council") is a non-profit organization incorporated without share capital. It is a community agency dedicated to enabling every individual, regardless of racial or ethnic origin, to participate as a full and creative member of the Halton community through fostering mutual respect and understanding of one another.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the financial statements in conformity 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The Council follows the deferral method of accounting for contributions.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

d) Property, plant and equipment – unrestricted and restricted

Property, plant and equipment are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. In the year of acquisition, property, plant and equipment are amortized at one-half of the normal rate. Restricted property, plant and equipment are purchased for specific projects using monies specified by the supporting agency. At the end of the project, the assets are disposed of according to the supporting agency's directions. Methods and rates used are:

Buildings
Straight-line basis over 25 years

Computer equipment
30% and 100% diminishing balance basis

Office equipment and furniture
20% diminishing balance basis

Leasehold improvements
Straight-line basis over the remaining term of the lease

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Notes to financial statements
As at March 31, 2021

2. Significant accounting policies – continued

e) Revenue recognition

Operations

Grants are recognized as revenue in the year in which the related expenses are incurred and in the year specified in the terms and conditions of each respective grant.

Fees are recognized as revenue once the service has been provided and collection is reasonably assured.

Rental and miscellaneous revenues are recognized when received.

Capital

Deferred grants are recognized as revenue over the useful life of the related asset.

f) Contributed materials and services

The value of contributed materials and services is not reflected in these financial statements.

3. Financial instruments

a) Fair value

The Council initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

b) 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 underlying market factors. The Council is exposed to interest rate risk and credit risk.

i) 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 Council's loan receivable and long-term debt bear interest at fixed rates or are non-interest bearing. Consequently, the cash flow risks are not significant. However, there is a risk of a change in fair value on this part of the asset and debt, respectively.

3. Financial instruments – continued

b) Market risk - continued

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

The Council is subject to credit risk. 66% of year end grants receivable is from one customer (2020 - 65% from one customer). To mitigate this, the Council actively manages and monitors its receivables and obtains security where warranted. Bad debt experience has not been significant.

c) Liquidity risk

Liquidity risk is the risk that the Council cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Council is not subject to significant liquidity risk. The Council manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- having committed borrowing facilities or other lines of credit that it can access to meet liquidity needs.

4. Loan receivable

		2021	2020
Loan receivable, unsecured, non-interest bearing, receivable in monthly payments of $200 to February 2025	$	9,300	10,250
Less current portion		2,400	3,000
	$	6,900	7,250

During the year, the terms of the loan receivable was re-negotiated. Previously, the loan receivable was due September 2022 with monthly payments of $250.

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Notes to financial statements
As at March 31, 2021

5. Unrestricted property, plant and equipment

		2021			2020
		Cost	Accumulated amortization	Net	Net
Buildings	$	1,407,494	487,860	919,634	937,449
Office equipment and furniture		168,180	107,575	60,605	73,252
Computer equipment		85,466	70,317	15,149	21,641
Leasehold improvements		223,818	129,376	94,442	115,915
	$	1,884,958	795,128	1,089,830	1,148,257

Amortization recorded during the year amounted to $98,383 (2020 - $91,610).

During the year, unrestricted property, plant and equipment were acquired for cash at an aggregate cost of $39,956.

6. Restricted property, plant and equipment

		2021			2020
		Cost	Accumulated amortization	Net	Net
Office equipment and furniture	$	217,464	170,151	47,313	16,112
Computer equipment		437,901	369,787	68,114	40,529
	$	655,365	539,938	115,427	56,641

Amortization recorded during the year amounted to $26,219 (2020 - $20,948).

During the year, restricted property, plant and equipment were acquired for cash at an aggregate cost of $85,005.

7. Immigration, Refugee and Citizenship Canada programs

Immigration, Refugee and Citizenship Canada has made hardware and software equipment available to the Council for the purposes of the Developing English Language Skills for Newcomers in Halton and Creating a Welcoming Community in Halton programs. The government may at any time during the projects or at the cessation of the projects, transfer title of ownership to the Council. If at any time the Council gains title to the assets, the fair market value of the assets, at the time title is transferred, will be recorded in the Council's records.

During the use of the computer equipment for the listed programs, the Council is required to insure the assets as program expenses.

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Notes to financial statements
As at March 31, 2021

8. Bank indebtedness

Bank indebtedness is secured by a registered general security agreement covering all assets of the Council, including collateral mortgages to a maximum of $180,000 against certain buildings. The Council has an authorized line of credit totaling $300,000 at a rate of bank prime plus 1% per annum, which remained unused at year end. The Council has a secondary authorized line of credit in the amount of $300,000 at a rate of bank prime plus 1% that is available from April to July each fiscal year. This line of credit remained unused at year end. The collateral mortgages were discharged subsequent to year-end upon repayment of the long-term debt described in Note 10.

9. Deferred grants

a) Operations

		2021	2020
Balance, beginning of year	$	37,390	45,077
Contributions received for future expenses		387,675	785,035
Recognized as other grants and miscellaneous revenue		(387,254)	(792,722)
Balance, end of year	$	37,811	37,390

b) Property, plant and equipment

		2021	2020
Balance, beginning of year	$	489,139	522,705
Recognized as other grants		(33,566)	(33,566)
Balance, end of year	$	455,573	489,139

10. Long-term debt

		2021	2020
Loan bearing interest at 3.76% per annum, repayable in monthly blended payments of $399 to May 2021, secured by collateral mortgage, insurance and building	$	30,028	33,599
Less current portion		30,028	3,497
	$	Nil	30,102

Interest expense related to long-term debt amounted to $1,235 during the year.

Subsequent to the year end, the loan was repaid.

11. Fund accounting

The operating fund accounts for the Council's program delivery, administrative activities and general operations.

The property, plant and equipment fund represents the net book value of restricted and unrestricted property, plant and equipment and other long-term assets, net of deferred grants and long-term debt. Transfers to this fund are for the acquisition of property, plant and equipment and the repayment of long-term debt.

12. Newcomer settlement program

The revenue and expenditure for the newcomer settlement program are:

		2021	2020
Revenue	$	113,023	113,023
Expenditure			
Staff salaries		78,461	75,209
Benefits		12,980	16,177
Program costs		4,685	4,740
Administration		16,897	16,897
		113,023	113,023
Excess of revenue over expenditure	$	Nil	Nil

13. Transfers

Transfers represent reallocations within the fund balances of the Council. Transfers between the operating fund and the property, plant and equipment fund are based on the discretion of the Board of Directors in order to repay principal amounts and interest charged on long-term debt.

14. Operating lease commitments

Future minimum rental payments required under operating leases that have initial terms in excess of one year are:

2022	$	477,031
2023		442,145
2023		400,908
2024		244,003
	$	1,564,087

15. Income taxes

The Council is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

16. Economic dependence

During the year, approximately 76% of the Council's grants were received by one program. There are no outstanding grants receivable due from this program at March 31, 2021. The continued viability of the Council's existence is dependent on future funding received from this program.

17. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Council in future periods.