

HALTON MULTICULTURAL COUNCIL INC.
FINANCIAL STATEMENTS
AS AT
MARCH 31, 2023

Contents	Page
Independent auditors' report	1 – 2
Balance sheet	3
Statement of fund balances	4
Statement of revenue and expenditure	5
Statement of cash flows	6
Notes to financial statements	7 - 11

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, 2023, 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, 2023, 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, 2023 and March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 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 20, 2023

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)

Balance sheet**As at March 31, 2023**

	2023	2022
Assets (Note 7)		
Current assets		
Cash and cash equivalents	\$ 1,651,316	303,670
Grants and accounts receivable	195,128	242,214
HST receivable	50,990	35,860
Prepaid expenses	267,505	94,860
	2,164,939	676,604
Unrestricted property, plant and equipment (Notes 4, 7)		
At cost	1,728,666	1,946,846
Less accumulated amortization	886,927	897,212
	841,739	1,049,634
Restricted property, plant and equipment (Notes 5, 6)		
At cost	791,711	747,647
Less accumulated amortization	604,921	579,975
	186,790	167,672
Incorporation costs	100	100
	\$ 3,193,568	1,894,010
Liabilities and surplus		
Current liabilities		
Accounts payable and accrued liabilities	\$ 266,430	261,527
Deferred grants – operations (Note 8(a))	665,182	31,564
	931,612	293,091
Deferred grants – property, plant and equipment (Note 8(b))	275,938	422,007
	1,207,550	715,098
Fund balances		
Operating fund (Note 9)	1,233,329	383,513
Property, plant and equipment fund (Note 9)	752,689	795,399
	1,986,018	1,178,912
	\$ 3,193,568	1,894,010

Approved by the Board

President_____
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, 2023**

		Operating fund	Property, plant and equipment fund	Total 2023	Total 2022
Fund balances, beginning of year	\$	383,513	795,399	1,178,912	945,280
Excess of revenue over expenditure for year		339,408	-	339,408	342,375
Federal grants – property, plant and equipment		-	146,066	146,066	33,566
Amortization of property, plant and equipment		-	(141,164)	(141,164)	(142,121)
Gain on sale of property, plant and equipment		-	462,796	462,796	-
Allocation of interest on long-term debt		-	-	-	(188)
Purchase of property, plant and equipment		(106,158)	106,158	-	-
Sale of property, plant and equipment		616,566	(616,566)	-	-
Fund balances, end of year	\$	1,233,329	752,689	1,986,018	1,178,912

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, 2023**

	2023	2022
Revenue		
Federal grants	\$ 4,638,055	4,025,195
Newcomer settlement program (Note 10)	177,214	113,023
Homelessness Prevention Program	549,684	-
Other grants	1,093,286	805,666
Fees	445,421	292,169
Rent	125,487	125,121
Miscellaneous revenue	171,232	109,766
	7,200,379	5,470,940
Expenditure		
Advertising	515	29,214
Amortization	141,164	142,121
Equipment rental	18,072	15,283
Events	101,547	4,913
HST expense	40,637	36,569
Insurance	12,891	11,263
Interest and bank charges	19,990	18,544
Interest on long-term debt	-	188
Meetings and workshops	24,620	10,500
Membership fees	13,885	12,726
Office	2,765	4,294
Professional fees	14,739	7,900
Program	1,119,682	382,748
Rent	549,503	501,948
Repairs and maintenance	71,602	52,181
Salaries and benefits	4,600,105	3,903,710
Telephone and internet	74,926	70,121
Travel	10,312	3,033
Utilities	39,114	30,052
	6,856,069	5,237,308
Gain on sale of property, plant and equipment	462,796	-
Excess of revenue over expenditure for year	807,106	233,632
Allocation of Federal grants to property, plant and equipment fund	(146,066)	(33,566)
Allocation of amortization to property, plant and equipment fund	141,164	142,121
Allocation of gain on sale of property, plant and equipment to property, plant and equipment fund	(462,796)	-
Allocation of interest on long-term debt to property, plant and equipment fund	-	188
Excess of revenue over expenditure for year – operating fund	\$ 339,408	342,375

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, 2023**

	2023	2022
Cash flows from (used in) operating activities		
Excess of revenue over expenditure for year	\$ 807,106	233,632
Amortization of deferred grants - property, plant and equipment	(146,069)	(33,566)
Adjustments for		
Amortization of unrestricted property, plant and equipment	93,215	102,084
Amortization of restricted property, plant and equipment	47,949	40,037
Gain on sale of property, plant and equipment	(462,796)	-
	339,405	342,187
Changes in non-cash working capital		
Decrease (increase) in grants receivable	47,086	(182,480)
Increase in HST receivable	(15,130)	(3,281)
Increase in prepaid expenses	(172,645)	(34,002)
Increase in accounts payable and accrued liabilities	4,903	72,922
Increase (decrease) in deferred grants – operations	633,618	(6,247)
Cash flows from operating activities	837,237	189,099
Cash flows from (used in) investing activities		
Acquisition of unrestricted property, plant and equipment	(39,089)	(61,888)
Acquisition of restricted property, plant and equipment	(67,068)	(92,282)
Proceeds from sale of property, plant and equipment	616,566	-
Decrease in loan receivable	-	9,300
Cash flows from (used in) investing activities	510,409	(144,870)
Cash flows from (used in) financing activities		
Repayment of long-term debt	-	(30,028)
Cash flows used in financing activities	-	(30,028)
Net increase in cash and cash equivalents during year	1,347,646	14,201
Cash and cash equivalents, beginning of year	303,670	289,469
Cash and cash equivalents, end of year	\$ 1,651,316	303,670

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)

Notes to financial statements

As at March 31, 2023

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, 2023

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 credit risk.

i) 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. 45% of year end grants receivable is from one customer (2022 - 27% 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.

HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)

Notes to financial statements**As at March 31, 2023****4. Unrestricted property, plant and equipment**

		2023		2022
		Cost	Accumulated amortization	Net
Buildings	\$	1,182,495	487,960	694,535
Office equipment and furniture		168,180	129,393	38,787
Computer equipment		120,331	90,703	29,628
Leasehold improvements		257,660	178,871	78,789
	\$	1,728,666	886,927	841,739
				1,049,634

Amortization recorded during the year amounted to \$93,215 (2022 - \$102,084).

During the year, unrestricted property, plant and equipment were acquired for cash at an aggregate cost of \$39,089.

During the year, property, plant and equipment were sold for proceeds of \$616,566.

5. Restricted property, plant and equipment

		2023		2022
		Cost	Accumulated amortization	Net
Office equipment and furniture	\$	330,773	211,842	118,931
Computer equipment		460,938	393,079	67,859
	\$	791,711	604,921	186,790
				167,672

Amortization recorded during the year amounted to \$47,949 (2022 - \$40,037).

During the year, restricted property, plant and equipment were acquired for cash at an aggregate cost of \$67,068.

6. 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, 2023****7. Bank indebtedness**

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.

8. Deferred grants

	2023	2022
a) Operations		
Balance, beginning of year	\$ 31,564	37,811
Contributions received for future expenses	2,181,837	647,266
Recognized as other grants and miscellaneous revenue	(1,548,219)	(653,513)
Balance, end of year	<u>\$ 665,182</u>	<u>31,564</u>
b) Property, plant and equipment		
Balance, beginning of year	\$ 422,007	455,573
Recognized as other grants	(146,069)	(33,566)
Balance, end of year	<u>\$ 275,938</u>	<u>422,007</u>

9. 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.

10. Newcomer settlement program

The revenue and expenditure for the newcomer settlement program are:

	2023	2022
Revenue	\$ 177,214	113,023
Expenditure		
Staff salaries	123,822	75,162
Benefits	24,259	15,485
Program costs	2,741	5,480
Administration	26,392	16,896
	<u>177,214</u>	<u>113,023</u>
Excess of revenue over expenditure	<u>\$ Nil</u>	<u>Nil</u>

HALTON MULTICULTURAL COUNCIL INC.**(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)****Notes to financial statements****As at March 31, 2023**

11. 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.

12. Operating lease commitments

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

2024	\$	555,616
2025		518,193
2026		450,057
2027		450,327
2028		450,596
Thereafter		<u>2,374,438</u>
	\$	<u>4,799,227</u>

13. 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.

14. Economic dependence

During the year, approximately 64% of the Council's revenue was received from one funder. The continued viability of the Council's existence is dependent on future funding received from this funder.