HALTON MULTICULTURAL COUNCIL INC.

FINANCIAL STATEMENTS

AS AT

MARCH 31, 2024

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Glenn
Graydon
Wright LLP

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, 2024. 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, 2024, 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, 2024 and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2023 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.

John R. Nunnikhoven, CPA, CA **Anthony Falco**, CPA, CA **Atif Akhtar**, CPA, CA **Christopher J. Reinhardt**, CPA, CA
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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 18, 2024

John R. Nunnikhoven, CPA, CA **Anthony Falco**, CPA, CA **Atif Akhtar**, CPA, CA **Christopher J. Reinhardt**, CPA, CA

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HALTON MULTICULTURAL COUNCIL INC.

(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Balance sheet
As at March 31, 2024

		2024	2023
Assets (Note 7)			
Current assets			
Cash and cash equivalents	$	1,527,134	1,651,316
Grants and accounts receivable		294,247	195,128
HST receivable		45,850	50,990
Prepaid expenses		241,563	267,505
		2,108,794	2,164,939
Unrestricted property, plant and equipment (Notes 4, 7)			
At cost		1,737,377	1,728,666
Less accumulated amortization		981,786	886,927
		755,591	841,739
Restricted property, plant and equipment (Notes 5, 6)			
At cost		819,042	791,711
Less accumulated amortization		653,164	604,921
		165,878	186,790
Incorporation costs		100	100
	$	3,030,363	3,193,568
Liabilities and surplus			
Current liabilities			
Accounts payable and accrued liabilities	$	274,857	266,430
Deferred grants – operations (Note 8(a))		286,360	665,182
		561,217	931,612
Deferred grants – property, plant and equipment (Note 8(b))		251,372	275,938
		812,589	1,207,550
Fund balances			
Operating fund (Note 9)		1,547,579	1,233,329
Property, plant and equipment fund (Note 9)		670,195	752,689
		2,217,774	1,986,018
	$	3,030,363	3,193,568

Approved by the Board

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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, 2024

		Operating fund	Property, plant and equipment fund	Total 2024	Total 2023
Fund balances, beginning of year	$	1,233,329	752,689	1,986,018	1,178,912
Excess of revenue over expenditure for year		350,291	-	350,291	339,408
Federal grants – property, plant and equipment		-	24,566	24,566	146,066
Amortization of property, plant and equipment		-	(143,101)	(143,101)	(141,164)
Gain on sale of property, plant and equipment		-	-	-	462,796
Purchase of property, plant and equipment		(36,041)	36,041	-	-
Fund balances, end of year	$	1,547,579	670,195	2,217,774	1,986,018

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, 2024

		2024	2023
Revenue			
Federal grants	$	5,037,195	4,638,055
Newcomer settlement program (Note 10)		233,051	177,214
Homelessneess Prevention Program		811,777	549,684
Other grants		1,691,598	1,093,286
Fees		496,108	445,421
Rent		108,069	125,487
Miscellaneous revenue		142,106	171,232
		8,519,904	7,200,379
Expenditure			
Advertising		303	515
Amortization		143,101	141,164
Equipment rental		19,636	18,072
Events		118,165	101,547
HST expense		39,808	40,637
Insurance		12,990	12,891
Interest and bank charges		26,866	19,990
Meetings and workshops		20,761	24,620
Membership fees		14,432	13,885
Office		17,018	2,765
Professional fees		20,790	14,739
Program		1,764,544	1,119,682
Rent		592,980	549,503
Repairs and maintenance		37,974	71,602
Salaries and benefits		5,310,688	4,600,105
Telephone and internet		79,677	74,926
Travel		22,059	10,312
Utilities		46,356	39,114
		8,288,148	6,856,069
Gain on sale of property, plant and equipment		-	462,796
Excess of revenue over expenditure for year		231,756	807,106
Allocation of Federal grants to property, plant and equipment fund		(24,566)	(146,066)
Allocation of amortization to property, plant and equipment fund		143,101	141,164
Allocation of gain on sale of property, plant and equipment to property, plant and equipment fund		-	(462,796)
Excess of revenue over expenditure for year – operating fund	$	350,291	339,408

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, 2024

		2024	2023
Cash flows from (used in) operating activities			
Excess of revenue over expenditure for year	$	231,756	807,106
Amortization of deferred grants - property, plant and equipment		(24,566)	(146,069)
Adjustments for			
Amortization of unrestricted property, plant and equipment		94,858	93,215
Amortization of restricted property, plant and equipment		48,243	47,949
Gain on sale of property, plant and equipment		-	(462,796)
		350,291	339,405
Changes in non-cash working capital			
(Increase) decrease in grants receivable		(99,119)	47,086
Decrease (increase) in HST receivable		5,140	(15,130)
Decrease (increase) in prepaid expenses		25,942	(172,645)
Increase in accounts payable and accrued liabilities		8,427	4,903
(Decrease) increase in deferred grants – operations		(378,822)	633,618
Cash flows (used in) from operating activities		(88,141)	837,237
Cash flows from (used in) investing activities			
Acquisition of unrestricted property, plant and equipment		(8,710)	(39,089)
Acquisition of restricted property, plant and equipment		(27,331)	(67,068)
Proceeds from sale of property, plant and equipment		-	616,566
Cash flows (used in) from investing activities		(36,041)	510,409
Net (decrease) increase in cash and cash equivalents during year		(124,182)	1,347,646
Cash and cash equivalents, beginning of year		1,651,316	303,670
Cash and cash equivalents, end of year	$	1,527,134	1,651,316

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

Office equipment and furniture
20% diminishing balance basis

Computer equipment
30% and 100% diminishing balance basis

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

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. 54% of year end grants receivable is from one customer (2023 - 45% 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.

3. Financial instruments – continued

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. Unrestricted property, plant and equipment

		2024			2023
		Cost	Accumulated amortization	Net	Net
Buildings	$	1,182,495	535,260	647,235	694,535
Office equipment and furniture		168,180	137,150	31,030	38,787
Computer equipment		120,332	99,592	20,740	29,628
Leasehold improvements		266,370	209,784	56,586	78,789
	$	1,737,377	981,786	755,591	841,739

Amortization recorded during the year amounted to $94,858 (2023 - $93,215).

During the year, unrestricted property, plant and equipment were acquired for cash at an aggregate cost of $8,710 (2023 - $39,089).

During the year, property, plant and equipment were sold for proceeds of $Nil (2023 - $616,566).

5. Restricted property, plant and equipment

		2024			2023
		Cost	Accumulated amortization	Net	Net
Office equipment and furniture	$	330,773	235,628	95,145	118,931
Computer equipment		488,269	417,536	70,733	67,859
	$	819,042	653,164	165,878	186,790

Amortization recorded during the year amounted to $48,243 (2023 - $47,949).

During the year, restricted property, plant and equipment were acquired for cash at an aggregate cost of $27,331 (2023 - $67,068).

HALTON MULTICULTURAL COUNCIL INC.
(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Notes to financial statements
As at March 31, 2024

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.

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

a) Operations

		2024	2023
Balance, beginning of year	$	665,182	31,564
Contributions received for future expenses		2,357,604	2,181,837
Recognized as other grants and miscellaneous revenue		(2,736,426)	(1,548,219)
Balance, end of year	$	286,360	665,182

b) Property, plant and equipment

		2024	2023
Balance, beginning of year	$	275,938	422,007
Recognized as other grants		(24,566)	(146,069)
Balance, end of year	$	251,372	275,938

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.

HALTON MULTICULTURAL COUNCIL INC.
(Incorporated under the Corporations Act of Ontario as a Non-Profit Organization)
Notes to financial statements
As at March 31, 2024

10. Newcomer settlement program

The revenue and expenditure for the newcomer settlement program are:

		2024	2023
Revenue	$	233,051	177,214
Expenditure			
Staff salaries		165,701	123,822
Benefits		31,280	24,259
Program costs		2,135	2,741
Administration		33,935	26,392
		233,051	177,214
Excess of revenue over expenditure	$	Nil	Nil

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:

2025	$	518,193
2026		450,057
2027		450,327
2028		450,596
2029		416,595
Thereafter		1,957,843
	$	4,243,611

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 59% 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.

15. Subsequent event

During the year, the Council entered into a purchase and sale agreement to acquire a condominium unit for the transitional housing program at a cost of $415,000. The transaction was completed and closed on May 1, 2024.