

**Ottawa Chinese Community
Service Centre
Financial Statements
March 31, 2024**

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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, 2024, 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, 2024, 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, 2024 and 2023, current assets as at March 31, 2024 and 2023 and net assets as at April 01, 2023 and 2022 and March 31, 2024 and 2023.

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.

Raymond Chobot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
September 24, 2024

Ottawa Chinese Community Service Centre Operations and Net Assets

Year ended March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
Revenues		
Contributions		
Grants		
Immigration, Refugees and Citizenship Canada	2,190,250	1,991,778
City of Ottawa	88,730	85,967
LASI World Skills Inc.	75,162	71,425
Ontario Ministry of Citizenship and Immigration	85,744	85,744
Valencia		10,000
Jewish Family Services		14,898
Health Canada	10,000	
ACCT Foundation	3,500	6,930
YMCA-YWCA		3,672
Employment and Social Development Canada	694,853	807,153
Somerset West Community Health Centre	58,944	58,944
Lighthouse Labs Inc.	246,389	26,611
Donations and fundraising from individuals	3,545	10,494
User fees	102,778	71,367
Charging program	18,658	7,232
Membership	20	556
Net investment income	55,985	30,091
	<u>3,634,558</u>	<u>3,282,862</u>
Expenses		
Salaries and employee benefits	2,770,311	2,563,519
Pay equity	15,744	15,744
Training	93,246	100,430
Insurance	14,055	8,426
Rent and utilities (net of rent relief of \$103,019; nil in 2023)	208,140	329,583
Repairs and maintenance	2,635	20,216
Travel	34,885	29,827
Advertising and community relations	5,099	5,573
Consulting fees	8,169	
Office and general	90,958	83,407
Telecommunications	68,183	45,300
Membership	4,136	2,346
Professional fees	18,140	13,686
Bank, payroll service charges and interest	8,713	8,331
	<u>3,342,414</u>	<u>3,226,388</u>
Excess of revenues over expenses	292,144	56,474
Net assets, beginning of year	<u>1,563,536</u>	<u>1,507,062</u>
Net assets, end of year	<u><u>1,855,680</u></u>	<u><u>1,563,536</u></u>

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

Ottawa Chinese Community Service Centre

Cash Flows

Year ended March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	292,144	56,474
Non-cash items		
Changes in working capital items		
Trade and other receivables	167,909	(142,299)
Prepaid expenses	(16,248)	
Trade payables and other operating liabilities	12,209	(27,002)
Deferred revenues	(37,762)	(4,875)
Cash flows from operating activities	418,252	(117,702)
INVESTING ACTIVITIES		
Net changes in investments and cash flows from investing activities	(155,980)	(21,003)
Net increase (decrease) in cash	262,272	(138,705)
Cash, beginning of year	284,122	422,827
Cash, end of year	<u>546,394</u>	<u>284,122</u>

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

Ottawa Chinese Community Service Centre Financial Position

March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
ASSETS		
Current		
Cash	546,394	284,122
Trade and other receivables (Note 3)	171,775	339,684
Prepaid expenses	29,248	13,000
	<u>747,417</u>	<u>636,806</u>
Long-term		
Investments (Note 4)	1,283,153	1,127,173
	<u>2,030,570</u>	<u>1,763,979</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 5)	123,690	111,481
Deferred revenues (Note 6)	51,200	88,962
	<u>174,890</u>	<u>200,443</u>
UNRESTRICTED NET ASSETS	<u>1,855,680</u>	<u>1,563,536</u>
	<u>2,030,570</u>	<u>1,763,979</u>

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

On behalf of the Board,

Jun Chen

Director

Director

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2024

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.

User fees and charging programs

Revenue from user fees and charging programs are recognized proportionately over the time when the service is provided on the condition that there is an agreement between the parties, the services have been provided, the fees are fixed or determinable and collection is reasonably assured.

Net investment income

Net investment income includes interest income.

Interest income is recognized as revenue on a time apportionment basis.

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.

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2024

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Financial assets subsequently measured at amortized cost include cash, trade and other receivables. Financial liabilities measured at amortized cost include trade payables and other operating liabilities and deferred revenues.

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.

Cash and cash equivalents

The Centre's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Contributed services

Volunteers contribute to assist the organization in delivering its services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3 - TRADE AND OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u>
	\$	\$
Contributions receivable	43,081	312,612
Rent receivable (a)	104,134	
Indirect taxes receivable	<u>24,560</u>	<u>27,072</u>
	<u>171,775</u>	<u>339,684</u>

(a) During the year, the Centre received confirmation of approved rent relief in the amount of \$103,019 related to payments made during the COVID pandemic.

4 - INVESTMENTS

As at March 31, 2024, the Centre holds guaranteed investment certificates bearing interest between 4.75% and 5.71% (2023 - 3% and 4.5%) maturing from October to December 2024.

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2024

5 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2024</u>	<u>2023</u>
	\$	\$
Accounts payable and accrued liabilities	33,020	26,418
Salaries payable	<u>90,670</u>	<u>85,063</u>
	<u>123,690</u>	<u>111,481</u>

6 - DEFERRED REVENUES

	<u>2024</u>		<u>2023</u>
	<u>Contributions</u>	<u>Total</u>	<u>Total</u>
	(a)	Total	Total
	\$	\$	\$
Balance, beginning of year	88,962	88,962	93,837
Amount received during the year	237,490	237,490	122,527
Amount recognized in operations	<u>(275,252)</u>	<u>(275,252)</u>	<u>(127,402)</u>
Balance, end of year	<u>51,200</u>	<u>51,200</u>	<u>88,962</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 and rent receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Centre.

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.

Ottawa Chinese Community Service Centre

Notes to Financial Statements

March 31, 2024

8 - COMMITMENT

The Centre has entered into a long-term lease agreement for the rental of office space expiring on August 2026, which call for minimum lease payments of \$436,925.

Minimum lease payments for the next three years are \$179,919 in 2025, \$181,416 in 2026 and \$75,590 in 2027.