

***Aperture***  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

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**Centre for Newcomers Society of Calgary**

**Operating As Centre for Newcomers**

**Financial Statements**

**March 31, 2022**

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To the Board of  
Centre for Newcomers Society of Calgary  
O/A Centre for Newcomers,

**Opinion**

We have audited the accompanying financial statements of Centre for Newcomers Society of Calgary O/A Centre for Newcomers (CFN), which comprise of the statement of financial position as at March 31, 2022, statement of revenue and expenses, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Centre for Newcomers Society of Calgary O/A Centre for Newcomers as at March 31, 2022 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

**Basis for Opinion**

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 CFN 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 opinion.

**Responsibilities of Management's and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing CFN's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate CFN or to cease operations, or has no realistic alternative to do so.

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

### **Auditor's Responsibility 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 CFN'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 CFN'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 CFN 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.

Calgary, Alberta  
June 20, 2022

The logo for Aperture Chartered Professional Accountants, featuring the word "Aperture" in a stylized, cursive script font.

CHARTERED PROFESSIONAL ACCOUNTANTS

## Statement of Financial Position

as at March 31	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and term deposits	\$ 4,785,310	\$ 2,929,420
Grants receivable	498,890	401,563
Other receivables	690,541	277,112
Prepaid expenses	228,632	137,940
	6,203,373	3,746,035
<b>Restricted cash (note 3)</b>	<b>110,000</b>	<b>110,000</b>
<b>Capital assets (note 4)</b>	<b>2,304,639</b>	<b>454,598</b>
	<b>\$ 8,618,012</b>	<b>\$ 4,310,633</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,646,976	\$ 1,123,036
Unearned grants and deferred revenues	2,900,168	1,371,971
Undisbursed designated funds (note 5)	106,171	95,750
	4,653,315	2,590,757
<b>Tenant allowance (note 6)</b>	<b>-</b>	<b>28,037</b>
<b>Deferred rent (note 7)</b>	<b>405,468</b>	<b>-</b>
<b>Deferred contributions related to capital assets (note 8)</b>	<b>2,265,969</b>	<b>407,504</b>
	<b>7,324,752</b>	<b>3,026,298</b>
<b>Bank Loan (note 9)</b>		
<b>Commitments (note 10)</b>		
<b>NET ASSETS</b>		
<b>Invested in capital assets</b>	<b>38,670</b>	<b>47,094</b>
<b>Internally restricted (note 3)</b>	<b>50,000</b>	<b>50,000</b>
<b>Unrestricted</b>	<b>1,204,590</b>	<b>1,187,241</b>
	1,293,260	1,284,335
	<b>\$ 8,618,012</b>	<b>\$ 4,310,633</b>

On behalf of the Board:

Director



Director



## Statement of Changes in Net Assets

for the year ended March 31

	Invested in Capital Assets		Internally Restricted	Unrestricted	Total 2022	Total 2021
<b>Balance, beginning of year</b>	\$ 47,094		\$ 50,000	\$1,187,241	\$1,284,335	\$1,265,355
(Deficiency) excess of revenue over expenses	(41,801)	<sup>1</sup>	-	50,726	8,925	18,980
Interfund transfers	33,377	<sup>2</sup>	-	(33,377)	-	-
<b>Balance, end of year</b>	<b>\$ 38,670</b>		<b>\$ 50,000</b>	<b>\$ 1,204,590</b>	<b>\$ 1,293,260</b>	<b>\$1,284,335</b>

<sup>1</sup> Consists of:

Purchase of capital assets with restricted funds	\$ 1,966,021
Deferred contributions related to capital assets	(1,966,021)
Amortization of deferred contributions related to capital assets	107,556
Amortization of capital assets	(149,357)
	<u>\$ (41,801)</u>

<sup>2</sup> Consists of:

Purchase of capital assets	\$ 1,999,398
Capital Assets contributions by funders	(1,966,021)
	<u>\$ 33,377</u>

## Statement of Revenue and Expenses

	2022	(note 14) 2021
<b>REVENUE</b>		
Federal grants	\$ 9,842,316	\$ 8,816,244
Federal grants capital	988,276	342,616
Provincial grants (note 11, 12)	5,258,145	4,225,766
Provincial grants capital	559,183	28,225
Community grants (note 11, 13)	1,500,995	1,129,243
Community grants capital	418,562	-
Donations	112,906	100,937
Designated donations (note 5)	52,351	32,222
Catering	73,266	45,756
Amortization of tenant improvement allowance (note 6)	27,392	109,566
Amortization of deferred contributions related to capital assets (note 8)	107,556	138,288
Other revenue	63,264	110,737
	<u>19,004,212</u>	<u>15,079,600</u>
<b>EXPENSES</b>		
Personnel costs	10,966,531	9,409,018
Direct program costs	3,631,487	2,924,059
Building rent and maintenance	1,499,260	1,436,335
Designated expenses (note 5)	52,351	32,222
Amortization	149,357	369,495
Capital assets contributed by Funders (note 8)	1,966,021	370,841
Other operating expenses	730,280	518,650
	<u>18,995,287</u>	<u>15,060,620</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 8,925</b>	<b>\$ 18,980</b>

## Statement of Cash Flows

for the year ended March 31

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	\$ 8,925	\$ 18,980
Amortization of capital assets	149,357	369,495
Amortization of deferred contributions related to capital assets	(107,556)	(138,288)
Amortization of tenant improvement allowance (note 6)	(27,392)	(109,566)
Net change in non-cash working capital	1,865,933	1,568,282
<b>Net cash generated through operating activities</b>	<b>1,889,267</b>	<b>1,708,903</b>
<b>Cash flows from financing and investing activities</b>		
Purchase of capital assets	(1,999,398)	(377,088)
Capital assets contributions by funders	1,966,021	370,841
<b>Net cash used in financing and investing activities</b>	<b>(33,377)</b>	<b>(6,247)</b>
Net change in cash	1,855,890	1,702,656
Cash, beginning of year	3,039,420	1,336,764
<b>Cash, end of year</b>	<b>\$ 4,895,310</b>	<b>\$ 3,039,420</b>
<b>Cash consists of:</b>		
Cash and term deposits	\$ 4,785,310	\$ 2,929,420
Restricted cash (note 3)	110,000	110,000
	<b>\$ 4,895,310</b>	<b>\$ 3,039,420</b>

# Notes to Financial Statements

Year ended March 31, 2022

## 1. Purpose of the Organization

Centre for Newcomers Society of Calgary operating as Centre for Newcomers ("CFN") is a Calgary organization operating programs and performing research aimed at providing language instruction, job search and settlement assistance to newcomers. CFN is incorporated under the Societies Act of the Province of Alberta as a not-for-profit organization and is a registered charity under the Income Tax Act. The organization is dependent on Government funding and contributions from its contributors to continue as a going concern.

## 2. Significant Accounting Policies

### A. Use of Estimates

The preparation of financial statements in accordance 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 period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

Significant estimates included in these financial statements include amortization of capital assets, amortization of contributions related to capital assets, salary accrual and ability to collect on accounts receivable.

### B. Revenue Recognition

CFN follows the deferral method of accounting for contributions. Contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. All other contributions are reported as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### C. Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is calculated on a straight-line basis over the assets' estimated useful lives. CFN regularly reviews its capital assets to eliminate obsolete items and determine any impairment.

### D. Contributed Services

Volunteers contributed an estimated 9,892 hours in this fiscal year (8,433 hours in 2021) to assist CFN in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

### E. Financial Instruments

CFN's financial instruments consist mainly of cash and term deposits, grants receivable, other receivables and accounts payable, and accrued liabilities. Unless otherwise indicated, it is management's opinion that CFN is not exposed to significant interest or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

## 3. Cash and Term Deposits

All cash and term deposits are available for current purposes with the exception of \$110,000. \$50,000 has been internally restricted by the Board of Directors for working capital purposes and \$60,000 has been invested into a GIC as collateral for the credit cards. The GIC of \$60,000 has maturity date of November 26, 2022 and annual interest rate of 0.6%.

#### 4. Capital Assets

	Amortization Period (Years)	2022			2021		
		Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
<b>CFN</b>							
Catering	5-10	\$ 73,145	\$ 73,145	\$ -	\$ 73,145	\$ 71,104	\$ 2,041
Computer	3	43,258	23,781	19,477	25,330	18,181	7,149
Office equipment	3 - 5	31,218	12,023	19,195	15,770	9,574	6,196
Leasehold	1-10	-	-	-	1,205,815	1,174,106	31,709
Vehicle	5	16,543	16,543	-	16,543	16,543	-
		<b>164,164</b>	<b>125,492</b>	<b>38,672</b>	<b>1,336,603</b>	<b>1,289,508</b>	<b>47,095</b>
<b>Funder</b>							
Catering	10	49,675	45,803	3,872	47,528	44,317	3,211
Computer	3	600,004	328,462	271,542	378,532	249,570	128,962
Office equipment	3 - 5	554,781	70,029	484,752	318,180	54,967	263,213
Leasehold	1-10	1,505,801	-	1,505,801	454,140	442,023	12,117
Vehicle	5	7,295	7,295	-	7,295	7,295	-
		<b>2,717,556</b>	<b>451,589</b>	<b>2,265,967</b>	<b>1,205,675</b>	<b>798,172</b>	<b>407,503</b>
		<b>\$ 2,881,720</b>	<b>\$ 577,081</b>	<b>\$ 2,304,639</b>	<b>\$ 2,542,278</b>	<b>\$ 2,087,680</b>	<b>\$ 454,598</b>

During the fiscal year, capital assets in the amount of \$1,999,398 were purchased, \$1,966,021 of which were funded by program grants.

#### 5. Designated Donations

	2021	Receipts	Disbursements	2022
Women's Programming	\$ 16,722			\$ 16,722
Real Me Youth Program	10,069	1,000	4,183	6,886
Refugee Initiatives	23,501	44,357	1,117	66,741
LGBTQ Initiatives	45,458	17,415	47,051	15,822
	<b>\$ 95,750</b>	<b>\$ 62,772</b>	<b>\$ 52,351</b>	<b>\$ 106,171</b>

#### 6. Tenant Allowance

During fiscal year 2012 leasehold improvements were completed at leased premises at Bay 1010 Pacific Place Shopping Centre and CFN received a cash allowance from the property owner in the amount of \$1,121,285. This tenant allowance was amortized over the lease term of 10 years. Amortization of the tenant allowance during fiscal year 2022 was \$28,037, of which \$27,392 was amortized to revenue and \$645 was amortized to G.S.T. receivable. Amortization of the tenant allowance during fiscal year 2021 was \$112,128, of which \$109,566 was amortized to revenue and \$2,562 was amortized to G.S.T. receivable.

	2022	2021
Beginning balance	\$ 28,037	\$ 140,165
Amount amortized to revenue and G.S.T. receivable	(28,037)	(112,128)
Ending balance	\$ -	\$ 28,037



## 7. Deferred Rent

CFN has entered into an agreement with 698000 Alberta LTD to rent office space at Northgate Village under an operating lease. The agreement is for fifteen years commencing July 15, 2021 and expiring on July 31, 2036. CFN was not obligated to pay minimum rent during first four months. The rent expenses have been calculated on a straight-line basis during the lease period. The deferred rent is a difference between amount expensed and the cash paid. The cumulative balance of the deferred rent will be zero at the end of the lease agreement.

## 8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the value of capital assets contributions to CFN by funders. These deferred contributions are recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

	2022	2021
Beginning balance	\$ 407,504	\$ 174,951
Capital assets contributed by funders	1,966,021	370,841
Amount amortized to revenue	(107,556)	(138,288)
Ending balance	\$ 2,265,969	\$ 407,504

## 9. Bank Loan

CFN has an operating loan with a maximum credit limit of \$250,000. The interest rate on this operating loan is bank prime rate plus 1.67% per annum. The balance of the operating loan was nil at March 31, 2022 and the balance was nil at March 31, 2021. This credit facility is scheduled to mature on July 31, 2022.

## 10. Commitments

As a part of the lease agreement with 698000 Alberta LTD to rent office space at Northgate Village, the Landlord will reimburse to CFN \$125 per square foot of the rentable area (50,447 Sq.Ft.) plus applicable sales taxes to be applied to the actual costs of constructing leasehold improvements within the lease premises. All the leasehold improvement reimbursed by the Landlord will belong to the Landlord. As at March 31, 2022 accounts receivable from the Landlord was \$475,899 (2021 - \$196,973).

Future obligations for the next five years consist of photocopier and rental lease payments, as follows:

2023	\$1,261,878
2024	1,273,787
2025	1,293,461
2026	1,314,144
2027	1,334,828

## 11. Coronavirus pandemic (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally, resulting in an economic slowdown.

CFN has determined that COVID-19 has had no negative impact on CFN's operations and financials. As our organization provides services to vulnerable people, there has been increased demand for CFN services and CFN expects this to continue. During the year CFN recognized \$1,937,166 (2021 - \$1,891,846) of additional revenue to cover expenses incurred to address COVID-19 issues and provide emergency funds and food hampers to the most vulnerable people in our community.

## 12. Alberta Health Services Grant

During the year CFN received \$225,000 through the agreement with Alberta Health Services for Become a Better You program. The funds have been spent as follows:

	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>	<b>\$ 225,000</b>	<b>\$ 225,000</b>
<b>Expenditures</b>		
Salaries, Wages, and Benefits	193,041	192,533
Staff Travel	350	44
Staff Education	3,000	3,448
Recruitment	220	225
Licences and Dues	2,000	2,502
Client Travel	125	144
Direct Program Supplies	900	929
Food & Kitchen Supplies	600	613
Translation and Interpretation	800	657
Professional Fees	1,030	1,030
Office Supplies	997	1,016
Liability Insurance	948	948
Other Administrative Expenses	2,226	2,226
Rental of Space	9,450	3,262
Maintenance & Repairs	1,600	-
Set-up Costs	2,200	-
Communication Services	3,150	3,933
Capital Equipment Purchases	-	9,276
Technical Support	2,363	2,214
<b>Total Expenditures</b>	<b>225,000</b>	<b>225,000</b>
<b>Surplus / (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>

## 13. Calgary Homeless Foundation Grant

During the year CFN received \$740,150 through the agreement with Calgary Homeless Foundation for COVID-19 – Housing Support for Vulnerable Populations Project. The funds have been spent as follows:

	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>	<b>\$ 740,150</b>	<b>\$ 740,150</b>
<b>Costs</b>		
Service and Volunteer Coordination	110,250	111,122
Rental/Damage Deposit Supplements	562,500	448,446
Administration	67,400	67,400
<b>Total Costs</b>	<b>740,150</b>	<b>626,968</b>
<b>Outstanding Funds</b>	<b>\$ -</b>	<b>\$ 113,182</b>

## 14. Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation.