
**INSTITUTE FOR CANADIAN
CITIZENSHIP/ INSTITUT POUR LA
CITOYENNETÉ CANADIENNE**

FINANCIAL STATEMENTS

MARCH 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Institute for Canadian Citizenship / Institut pour la citoyenneté canadienne,

Opinion

We have audited the financial statements of Institute for Canadian Citizenship / Institut pour la citoyenneté canadienne (the organization), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in net assets and 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 Institute for Canadian Citizenship / Institut pour la citoyenneté canadienne as at March 31, 2020 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 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 the organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 organization 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

October 1, 2020
Toronto, Ontario

**INSTITUTE FOR CANADIAN CITIZENSHIP /
INSTITUT POUR LA CITOYENNETÉ CANADIENNE**

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 82,488	\$ 239,116
Guaranteed investment certificates (note 3)	434,797	1,504,472
Grants receivable	154,813	402,871
HST rebate recoverable	29,940	95,461
Prepaid expenses	<u>29,396</u>	<u>34,771</u>
	731,434	2,276,691
Capital assets (note 4)	<u>42,043</u>	<u>55,512</u>
	<u>\$ 773,477</u>	<u>\$ 2,332,203</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 187,998	\$ 496,388
Payroll source deductions payable	45,391	29,982
Deferred contributions (note 6)	<u>-</u>	<u>224,804</u>
	<u>233,389</u>	<u>751,174</u>
Net assets		
Invested in capital assets	42,043	55,512
Unrestricted	<u>498,045</u>	<u>1,525,517</u>
	<u>540,088</u>	<u>1,581,029</u>
	<u>\$ 773,477</u>	<u>\$ 2,332,203</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

**INSTITUTE FOR CANADIAN CITIZENSHIP /
INSTITUT POUR LA CITOYENNETÉ CANADIENNE**

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUE		
Immigration, Refugees and Citizenship Canada grants (note 7)	\$ 1,300,566	\$ 2,675,802
Other contributions (note 8)	1,096,344	1,601,971
Other government grants	539,517	858,186
Ticket sales	24,771	36,448
Interest	<u>16,207</u>	<u>48,416</u>
	<u>2,977,405</u>	<u>5,220,823</u>
EXPENSES		
6 Degrees (note 8)	1,308,646	1,818,579
Building Citizenship	1,180,455	1,147,667
Cultural Access Pass	834,120	1,311,761
Administration	506,110	567,014
Ideas & Insights	<u>189,015</u>	<u>317,561</u>
	<u>4,018,346</u>	<u>5,162,582</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(1,040,941)	58,241
Net assets, beginning of year	<u>1,581,029</u>	<u>1,522,788</u>
NET ASSETS, END OF YEAR	<u>\$ 540,088</u>	<u>\$ 1,581,029</u>

see accompanying notes

**INSTITUTE FOR CANADIAN CITIZENSHIP /
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$(1,040,941)	\$ 58,241
Add back non-cash items - Amortization	13,469	13,878
Net change in non-cash working capital items (see below)	<u>(198,831)</u>	<u>(1,084,596)</u>
Net cash used for operating activities	<u>(1,226,303)</u>	<u>(1,012,477)</u>
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed	1,069,675	800,880
Proceeds from sale of equities	<u>-</u>	<u>(69,390)</u>
Net cash generated from investing activities	<u>1,069,675</u>	<u>731,490</u>
NET DECREASE IN CASH FOR THE YEAR	(156,628)	(280,987)
Cash, beginning of year	<u>239,116</u>	<u>520,103</u>
CASH, END OF YEAR	<u>\$ 82,488</u>	<u>\$ 239,116</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Grants receivable	\$ 248,059	\$ 33,137
HST rebate recoverable	65,521	(49,571)
Prepaid expenses	5,375	95,810
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(308,391)	361,012
Payroll source deductions payable	15,409	1,449
Deferred contributions	<u>(224,804)</u>	<u>(1,526,433)</u>
	<u>\$ (198,831)</u>	<u>\$ (1,084,596)</u>

see accompanying notes

INSTITUTE FOR CANADIAN CITIZENSHIP / INSTITUT POUR LA CITOYENNETÉ CANADIENNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

Institute for Canadian Citizenship / Institut pour la citoyenneté canadienne (the Institute) is continued under the Canada Not-for-profit Corporations Act. The Institute is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Institute delivers programs and special projects that inspire inclusion, create opportunities to connect, and encourage active citizenship.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The Institute follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including government grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Contributed materials and services

With the exception of travel vouchers, contributed materials and services which are normally purchased by the organization, are not recorded in the accounts. Contributed travel vouchers are recognized as revenue and as an expense in the same year. Volunteers contribute their time to assist the Institute in delivering its services. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Ticket sales

Ticket sales are recognized as revenue in the year in which the event occurs.

Interest

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

Allocation of expenses

The Institute allocates salary, professional fees and premises costs by financial statement expense category. Salary expenses and professional fees are allocated to the various programs based on the proportion of hours spent on each by the Institute's personnel. Rent expense is allocated based on space utilized.

Capital assets

Capital asset purchases are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Leasehold improvements - straight-line, over the term of the lease

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

2. FINANCIAL INSTRUMENTS

The Institute's financial instruments include cash, guaranteed investment certificates, grants receivable, accounts payable and accrued liabilities. Grants receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates, which are issued and held by a major Canadian chartered bank bear interest at 2.25% and mature in January 2021.

4. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2020 Net	2019 Net
Leasehold improvements	<u>\$ 69,390</u>	<u>\$ (27,347)</u>	<u>\$ 42,043</u>	<u>\$ 55,512</u>

5. CREDIT FACILITIES

The Institute has a \$250,000 revolving demand credit facility that is unsecured, repayable on demand and bears interest at the bank's prime rate. As at March 31, 2020, there was no balance used of the credit facility (\$nil as at March 31, 2019). The Institute also has credit cards with a combined credit limit of \$250,000.

6. DEFERRED CONTRIBUTIONS

Deferred contributions are as follows:

	2020	2019
Cultural Access Pass	<u>\$ -</u>	<u>\$ 224,804</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 224,804	\$ 1,751,236
Add cash received from grants and other contributions	2,711,623	3,609,527
Less grant and other contribution revenue recognized	<u>(2,936,427)</u>	<u>(5,135,959)</u>
Deferred contributions, end of year	<u>\$ -</u>	<u>\$ 224,804</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

7. IMMIGRATION, REFUGEES AND CITIZENSHIP CANADA (IRCC) GRANT REVENUE

IRCC grant revenue recognized in the year was as follows:

	2020	2019
Contribution agreement	\$ 1,300,566	\$ 1,299,932
Start-up funding	<u>-</u>	<u>1,375,870</u>
	<u>\$ 1,300,566</u>	<u>\$ 2,675,802</u>

8. IN-KIND CONTRIBUTIONS AND EXPENSES

Included in other contribution revenue and in 6 Degrees expenses are in-kind contributions of travel vouchers received by the Institute. In-kind revenues and expenses recognized for the year ended March 31, 2020 was \$41,325 (2019 - \$88,844).

9. LEASE COMMITMENT

The Institute leases office space in Toronto, Canada. Minimum annual payments over the term of the lease, which expires in June 2023, are as follows:

2021	\$ 154,656
2022	154,656
2023	154,656
2024	38,664

10. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. This presents uncertainty regarding the Institute's future cash flows. The impact of social distancing may significantly impact the Institute's future operations. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.