The Institute for Canadian Citizenship
Financial Statements
For the Year Ended March 31, 2023

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Contents

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Independent Auditor's Report

To the Board of Directors of The Institute for Canadian Citizenship

Opinion

We have audited the financial statements of The Institute for Canadian Citizenship (the Organization), which comprise the statement of financial position as at March 31, 2023, 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 the Organization 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 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.

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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
July 24, 2023

The Institute for Canadian Citizenship
Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash (Note 2)	**$ 9,094**	$ 104,007
Short-term investments (Note 3)	**1,358,475**	449,053
Accounts receivable	**164,285**	34,332
HST rebate receivable	**62,875**	112,471
Prepaid expenses	**34,129**	31,249
Promissory note receivable (Note 4)	**150,000**	500,000
	1,778,858	1,231,112
Long-term investments (Note 3)	**-**	28,542
Capital asset	**-**	15,105
	$ 1,778,858	$ 1,274,759
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	**$ 99,598**	$ 114,382
Deferred contributions (Note 5)	**1,066,901**	662,138
	1,166,499	776,520
Net Assets		
Unrestricted	**612,359**	498,239
	$ 1,778,858	$ 1,274,759

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

The Institute for Canadian Citizenship
Statement of Operations and Changes in Net Assets

For the year ended March 31	2023	2022
Revenue		
Immigration, Refugee and Citizenship Canada grant (Note 7)	**$ 2,014,941**	$ 1,860,966
Donations (Note 8)	**1,701,401**	596,256
Other government grants	**73,706**	36,281
Interest income	**13,824**	5,039
Ticket sales	**9,930**	-
Government subsidies (Note 9)	**-**	144,161
	3,813,802	2,642,703
Expenses		
Programming	**3,049,011**	2,212,140
Administration	**534,293**	325,080
Fundraising	**116,378**	94,593
	3,699,682	2,631,813
Excess of revenues over expenses	**114,120**	10,890
Net assets, beginning of the year	**498,239**	487,349
Net assets, end of the year	**$ 612,359**	$ 498,239

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

The Institute for Canadian Citizenship
Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Excess of revenues over expenses	$ **114,120**	$ 10,890
Items not affecting cash:		
Amortization of capital asset	**15,105**	15,106
	129,225	25,996
Changes in non-cash working capital:		
Accounts receivable	**(129,953)**	222,587
HST rebate receivable	**49,596**	(53,118)
Prepaid expenses	**(2,880)**	12,924
Accounts payable and accrued liabilities	**(14,784)**	(73,858)
Government remittances payable	**-**	(18,022)
Deferred contributions	**404,763**	1,296
	435,967	117,805
Cash flows from investing activities		
Purchase of investments	**(900,000)**	-
Loan repayment (advancement)	**350,000**	(500,000)
Net investment activity	**19,120**	(27,538)
	(530,880)	(527,538)
Net decrease in cash	**(94,913)**	(409,733)
Cash, beginning of the year	**104,007**	513,740
Cash, end of the year	$ **9,094**	$ 104,007

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

March 31, 2023

1. Significant Accounting Policies

Nature and Purpose of Organization

The Institute for Canadian Citizenship (the "Organization") was incorporated without share capital on October 6, 2005 under the laws of Ontario for the purpose of delivering programs and special projects that inspire inclusion, create opportunities to connect, and encourage active citizenship across Canada.

The Organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Leasehold improvements	Straight-line	5 years

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions 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.

Unrestricted net investment income is recognized as revenue when earned. Interest income is recognized as revenue on a time proportion basis over the term of the guaranteed investment certificate.

Government subsidies are recorded as an offset to the expenses in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

March 31, 2023

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market are recorded at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates included in the financial statements include accrued liabilities and amortization of capital assets. Actual results could differ from those estimates and may have impact on future periods.

Contributed Materials

Contributed materials which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value can be reasonably estimated.

Allocation of Expenses

Certain expenses of the Organization involve program, administrative and fundraising functions. The distribution of these expenses between program, administrative and fundraising expenditures is based on time tracked in these functions by certain officers and employees.

March 31, 2023

2. Cash

The Organization's bank accounts are held at one chartered bank.

The Organization has access to a $250,000 revolving demand credit facility that is unsecured, repayable on demand, and bears interest at the bank's prime rate plus 0.75%. As at March 31, 2023, there was no balance outstanding on the credit facility (2022 - $NIL).

3. Investments

The carrying amounts of investments are comprised of the following:

	2023	2022
Guaranteed investment certificates	$ 1,358,241	$ 449,053
Marketable securities	234	28,542
	1,358,475	477,595
Less: Short-term investments	(1,358,475)	(449,053)
Long-term investments	$ -	$ 28,542

Guaranteed investment certificates totaling $1,358,241 (2022 - $449,053) bear interest between 4.73% and 5.05% (2022 - 1.0%) per annum and mature between April 2023 and October 2023 (2022 - January 2023).

4. Promissory Note Receivable

On January 1, 2022, the Organization advanced $500,000 to Windmill Microlending, an unrelated third party, as an unsecured promissory note, bearing interest of 0.60% per annum, which was repaid December 31, 2022.

On January 1, 2023, the Organization advanced $150,000 to Windmill Microlending as an unsecured promissory note, bearing an interest rate of 2.50% per annum, repayable December 31, 2023.

Interest is payable on September 30 and March 31 of each year until the promissory note is repaid. The Board of Directors made the strategic decision to advance the funds to Windmill Microlending as this organization aligns with the Organization's strategic direction.

March 31, 2023

5. Deferred Contributions

Deferred contributions represent unspent resources restricted for research purposes and operating funding received in the current period that is related to expenses of a subsequent period. Changes in the deferred contributions balance are as follows:

	Opening Balance	Contribution	Recognized in Revenue	March 31, 2023
Strategy Hub	$ 662,138	$ 43,976	$ (185,370)	$ 520,744
Employment and Social Development Canada	-	599,863	(53,706)	546,157
	$ 662,138	$ 643,839	$ (239,076)	$ 1,066,901

6. Commitments

In the course of normal operations, the Organization entered into commitments for the rental of office space.

The minimum annual commitment payments over the next two years are as follows:

2024	$ 140,364
2025	33,900
	$ 174,264

7. Economic Dependence

The Organization received 53% (2022 - 70%) of its eligible funding from Immigration, Refugees and Citizenship Canada. The future of the Organization is reliant on Immigration, Refugees and Citizenship Canada providing sufficient funding to manage the requirements of current and future years. At March 31, 2023, the Organization has completed three years of a five year funding agreement with Immigration, Refugees and Citizenship Canada.

8. Contributed Materials

During the year, the Organization received in-kind contributions in the amount of $422,681 (2022 - $NIL).

9. Government Subsidies

During the year, the Organization qualified to receive governmental assistance of $NIL (2022 - $91,589) in the form of the Canadian Emergency Wage Subsidy ("CEWS") and $NIL (2022 - $52,572) in the form of the Canadian Emergency Rent Subsidy ("CERS").

10. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Organization is exposed to credit risk resulting mainly from its accounts receivable, investments and promissory note receivable balances. There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. There have not been any changes in the risk from the prior year.