Native Canadian Centre of Toronto

Financial Statements

March 31, 2023

Native Canadian Centre of Toronto
March 31, 2023

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INDEPENDENT AUDITORS' REPORT

To: The Members of Native Canadian Centre of Toronto

We have audited the accompanying financial statements of Native Canadian Centre of Toronto, which comprise of the statement of financial position as at March 31, 2023, and the statement of changes in net assets, the statement of operations and the statement of cash flows for the year then ended March 31, 2023, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Native Canadian Centre of Toronto as at March 31, 2023, and the results of its operations and its cash flows for the year ended in accordance with accounting standards for not-for-profit Organizations ("ASNFPO").

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 ASNFPO 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.

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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.

Silverberg & Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
December 13, 2023

Native Canadian Centre of Toronto
Statement of Financial Position
As at March 31

	Operating Funds	Restricted Funds (Note 3)	2023 Total	2022
ASSETS				
Current				
Cash	$ 186,104	$ -	$ 186,104	$ 598,681
Term deposits (note 4)	1,965,045	-	1,965,045	2,527,191
Due from operating funds	-	22,301	22,301	22,301
Accounts receivable	1,342,945	-	1,342,945	361,092
Inventories	154,787	-	154,787	129,099
Prepaid expenses	62,640	-	62,640	52,390
	3,711,521	22,301	3,733,822	3,690,754
Property and equipment (note 5)	1,790,376	-	1,790,376	1,680,698
Works of art (note 2)	851	-	851	851
	$ 5,502,748	$ 22,301	$ 5,525,049	$ 5,372,303
LIABILITIES				
Current				
Accounts payable	$ 462,489	$ -	$ 462,489	$ 378,990
Due to restricted funds	22,301	-	22,301	22,301
Deferred revenue (note 7)	1,372,051	-	1,372,051	1,252,938
	1,856,841	-	1,856,841	1,654,229
Long term				
Deferred contributions (note 8)	730,962	-	730,962	757,532
	2,587,803	-	2,587,803	2,411,761
NET ASSETS				
Capital funds	1,059,414	-	1,059,414	923,166
Operating funds	1,855,531	-	1,855,531	2,015,075
Restricted funds	-	22,301	22,301	22,301
	2,914,945	22,301	2,937,246	2,960,542
	$ 5,502,748	$ 22,301	$ 5,525,049	$ 5,372,303

See accompanying notes.

APPROVED ON BEHALF OF THE BOARD:

_____________________ Director

_____________________ Director

Native Canadian Centre of Toronto
Statement of Changes in Net Assets
As at March 31

	Invested in Capital (Note 9)	Operating Funds	Restricted Funds	Total 2023	Total 2022
Net Assets					
Balance at beginning of year as originally stated	$ 923,165	$ 2,015,076	$ 22,301	$2,960,542	$3,506,062
Prior period adjustment (note 16)	-	205,000	-	205,000	-
Opening balance as restated	923,165	2,220,076	22,301	3,165,542	3,506,062
Excess (deficiency) of revenues over expenses	-	(228,296)	-	(228,296)	(545,520)
Purchase of assets (net)	109,678	(109,678)	-	-	-
Funds applied during the year	26,571	(26,571)	-	-	-
Balance at end of year	$1,059,414	$ 1,855,531	$ 22,301	$2,937,246	$2,960,542

See accompanying notes.

Native Canadian Centre of Toronto
Statement of Operations
For the year ended March 31

	2023	2022
Grant revenue:		
Aboriginal Affairs and Northern Development Canada	$ 225,000	$ 147,708
Aboriginal Labour Force Development Circle	377,601	40,812
City of Toronto	1,553,158	1,583,839
City of Toronto - EarlyON	448,412	633,893
Federal Economic Development Agency for Southern Ontario	397,500	-
Ministry of Community Youth Services	187,574	183,609
Ministry of Health and Long Term Care	1,497,805	1,523,740
Ministry of Indigenous Affairs	100,000	-
Miziwe Biik - Aboriginal Employment and Training	136,371	96,616
National Association of Friendship Centres	1,458	109,115
Ontario Federation of Indigenous Friendship Centres	372,874	16,288
Ontario Trillium Foundation	204,343	165,285
Toronto Aboriginal Support Services Council	324,097	679,862
United Way of Greater Toronto	427,552	488,876
	6,253,745	5,669,643
Other revenue:		
Fundraising	99,750	41,201
Overhead recovery (note 11)	269,138	173,646
Donations and memberships	285,695	253,024
Rental income	60,649	48,742
Craft shop sales	412,419	87,540
	1,127,651	604,153
Total revenue	7,381,396	6,273,796
Expenses:		
Core Services		
Salaries and benefits	890,525	576,039
Office and general	200,157	98,958
Building and occupancy	278,607	143,193
Amortization	97,794	75,232
Purchased services	219,736	251,532
Transportation and travel	7,849	7,072
	1,694,668	1,152,026

See accompanying notes.

Native Canadian Centre of Toronto
Statement of Operations
(Continued)
For the year end March 31

	2023	2022
Programs		
Community meal program	75,161	84,850
Craft shop - cost of sales	203,446	21,783
Craft shop - expenses	316,751	108,795
Dodem Kanonhsa - Cultural facility	224,951	149,771
EarlyON	439,549	658,347
Fundraising activities and community outreach	528,442	208,170
Home for Good Innovative Housing	838,289	1,100,017
Home for Good Support Services	113,032	173,410
Housing Stability	238,642	6,314
Indigenize Our Minds	103,807	13,266
Indigenous Marketplace	332,984	152,285
Mental Health and Addiction - LHINS	419,301	633,860
Mental Health and Addiction - MCYS	325,731	184,997
Mino Maaziwin - Urban Indigenous Youth	88,267	115,018
Miziwe Biik Aboriginal Language Program	125,152	92,426
Reaching Home	113,871	-
Services to seniors (note 10)	1,135,225	933,116
Special projects	54,443	89,416
Support for Student Learning Program	2,546	106,570
Toronto Aboriginal Support Services Council - COVID-19	64,634	670,485
Toronto Urban Health Fund	91,587	105,826
Youth craft shop - cost of sales	28,570	13,233
Youth craft shop - expenses	50,643	45,335
	5,915,024	5,667,290
Total expenses	7,609,692	6,819,316
Excess (deficiency) of revenue over expenses	$ (228,296)	$ (545,520)

See accompanying notes.

Native Canadian Centre of Toronto
Statement of Cash Flows
For the year ended March 31

	2023	2022
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (228,296)	$ (545,520)
Item not affecting cash:		
Amortization	186,521	160,977
	(41,775)	(384,543)
Changes in non-cash working capital accounts:		
Accounts receivable	(981,853)	(181,999)
Inventories	(25,688)	(80,325)
Prepaid expenses	(10,250)	(45,201)
Accounts payable	83,499	113,117
Deferred revenue	119,113	(410,701)
Prior period adjustment	205,000	-
Cash used in operating activities	(651,954)	(989,652)
Investing activities:		
Purchase of property and equipment	(296,198)	(283,308)
Proceeds from maturity of term deposits	562,146	482,474
Cash provided by investing activities	265,948	199,166
Financing activities:		
Loan payable	-	(56,065)
Deferred contributions	(26,571)	2,791
Cash used in financing activities	(26,571)	(53,274)
Net decrease in cash for the year	(412,577)	(843,760)
Cash, beginning of year	598,681	1,442,441
Cash, end of year	$ 186,104	$ 598,681

See accompanying notes.

1. Purpose of the organization:

Native Canadian Centre of Toronto is a local organization operating programs and providing the following services:

- Social, cultural and recreational programs to Native people.
- Programming, including information and referrals and to act as a community resource.
- Provide outreach services to Native and Non-Native communities in the Greater Metropolitan Toronto area.

2. Summary of accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

(a) Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains two funds: the Operating fund and the Restricted fund.

The Operating fund reports unrestricted resources and revenue and expenses related to program delivery and administrative activities.

Amounts invested in capital assets include the assets, liabilities, revenue and expenses related to capital assets.

The Restricted fund reports obligations related to the Christmas fund.

(b) 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Grant revenues are recognized in the year in which the related expenses are incurred.

2. Summary of accounting policies (continued):

Rental income and craft shop sales are recognized when rental space is provided and when sales occur.

(c) Inventories

Inventories consist of craft shop merchandise and are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less direct selling costs, if any.

(d) Property and Equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the methods described below at the following rates intended to amortize the cost of assets over their estimated useful lives.

Building	Straight-line over 40 years
Computer equipment	30% declining balance
Computer software	100% declining balance
Furniture and fixtures	20% declining balance
Automobile	30% declining balance
Parking lot	8% declining balance
Surveillance cameras	20% declining balance

Except for the land and building, property, plant and equipment acquired in prior years were charged to operations in the year of purchase. These assets have not been capitalized, as the necessary financial information is not readily determinable.

Property and Equipment purchased during the year from either the general funding or program funding have been capitalized and amortization has been deducted at the rates specified above.

(e) Works of art

The works of art are recognized in the statement of financial position. Purchases of collection items are accounted for at cost of $850 (2022 - $850). Contributions of collection items are accounted for at a nominal value of $1 (2022 - $1). The appraised value of contributed works of art, as of November 2013, is estimated to be $645,911.

2. Summary of accounting policies (continued):

(f) Grants

Grants are received for specific contracts and are recorded in deferred revenue until the related expenses are incurred.

(g) Contributed services

Volunteers contribute their services to assist the organization in its service delivery activities. Because of the difficulty of determining the fair value of contributed services, they have not been recognized in the financial statements.

(h) Measurement uncertainty

The preparation of 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on estimated useful lives of property and equipment. Provisions are made when the claw-back of funding received is known or expected and the amount can be reasonably estimated.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue and expenses in the periods in which they become known.

(i) Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures all financial assets and liabilities at cost or amortized cost.

2. Summary of accounting policies (continued):

Transactions costs and financing fees are added to the carrying amount for financial instruments subsequently measured at cost or amortized cost.

(j) Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers several criteria in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets where there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue and expenses in the year the reversal occurs.

(k) Impairment of long-lived assets

Long-lived assets consist of property and equipment and works of art. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

(l) Allocation of expenses

The Organization engages in various types of programs promoting the aboriginal community. The costs of each program include the costs of training, workshops, events and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The Organization allocates its general support expenses by identifying the amount of each general expense used for the specific program. Each project agrees on an amount that can be allocated to cover the applicable share of core service expenses.

2. Summary of accounting policies (continued):

(m) Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent the unamortized portion of contributed property and equipment and restricted contributions that were used to purchase several of the Organization's assets. Recognition of these amounts as revenue is deferred to periods when the related property and equipment are amortized.

3. Restricted funds:

	2023	2022
Christmas fund	$ 22,301	$ 22,301

4. Term deposits

Term deposits consist of short term guaranteed investment certificates maturing as follows:

Issuer	Interest Rate	Due Date	2023	2022
Scotiabank	4.90%	April 8, 2024	$ 1,533,534	$ -
Scotiabank	3.75%	March 7, 2024	401,027	-
Scotiabank	1.50%	April 20, 2023	30,484	-
Scotiabank	1.68%	March 6, 2023	-	2,527,191
			$ 1,965,045	$ 2,527,191

5. Property and Equipment:

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 281,676	$ -	$ 281,676	$ -
Building	1,636,608	690,742	1,629,108	649,919
Computer equipment	728,757	527,655	654,244	457,436
Computer software	15,126	15,126	15,126	14,882
Furniture and fixtures	512,640	319,872	401,675	285,550
Automobile	284,218	173,882	222,063	139,914
Parking lot	25,000	9,182	25,000	7,807
Surveillance cameras	57,068	14,258	16,003	8,689
	3,541,093	$1,750,717	3,244,895	$1,564,197
	1,750,717		1,564,197	
Net book value	$1,790,376		$1,680,698	

6. Credit facility

The Organization has a credit card with a credit limit of $25,000 and a balance outstanding at year end of 15,774 (2022 - $0).

7. Deferred revenue

Deferred revenue consist of unspent contributions externally restricted for delivery of various programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred revenue balance are as follows:

	2023	2022
Balance, beginning of the year	$ 1,252,938	$ 1,663,639
Amounts received during the year	6,372,858	5,258,942
Less: Amounts recognized as revenue during the year	(6,253,745)	(5,669,643)
Balance, end of year	$ 1,372,051	$ 1,252,938

8. Deferred contributions:

	Contribution	Funds Applied	2023 Net	2022 Net
Ontario Native Affairs Secretariat	$ 47,880	$ 46,819	$ 1,061	$ 1,328
Vision, renovation fund	388,269	128,518	259,751	269,458
City of Toronto Homelessness Partnership, renovation fund	55,405	15,236	40,168	41,553
MAF - Senior's elevator	59,644	17,861	41,783	43,274
OFIFC HVAC	249,356	68,573	180,783	187,017
MCYS - Parking area	25,000	9,182	15,818	17,193
MCYS - Surveillance cameras	10,000	7,051	2,949	3,686
Toronto Aboriginal Support Services Council	199,557	116,420	83,137	118,766
Vehicles	150,693	45,181	105,512	75,257
	$ 1,185,804	$ 454,841	$ 730,962	$ 757,532

This funding was received and used to purchase equipment and for renovations to the centre. These contributions will be recognized as income at the same rates used to amortize the related assets.

9. Invested in Capital:

Invested in capital is made up of property and equipment less deferred contributions as follows:

	2023	2022
Property and equipment	$ 1,790,376	$ 1,680,698
Deferred contributions	730,962	757,532
	$ 1,059,414	$ 923,166

10. Services to Seniors:

Services to Seniors include the following six programs:

- Supportive housing
- Outreach homemaking
- Congregate dining
- Transportation
- Reassurance
- Intervention and assistance

11. Overhead recovery:

Overhead recovery is costs for utilities, building maintenance, telephone, computer supplies and administration charged to programs.

12. Concentration of credit risk:

Cash is deposited with a major Canadian chartered bank. Management does not believe that the organization is subject to any significant credit risk in this regard.

13. Financial instruments risk management:

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

<u>Interest Rate Risk</u> Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on their fair value of other financial assets or liabilities, known as price risk.

<u>Liquidity Risk</u> Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates within 12 months.

The Organization manages its liquidity risk through ensuring that sufficient cash is on hand to meet its obligations when they come due.

<u>Credit Concentration</u> As at March 31, 2023, the Organization has determined no credit concentration exists with respect to any specific funder. The Organization believes that there is minimal risk associated with the collection of amounts outstanding as at March 31, 2023.

14. Economic dependence:

The Organization's primary source of revenue is funding from government sources. In particular, funding received from the Ontario Ministry of Health and Long Term Care ("MOHLTC") represents 20% (2022 - 24%) of total revenue. This funding is governed by an agreement which sets out terms and conditions related to this funding. The Organization provides an Annual Reconciliation Report to MOHLTC which is used to determine whether any amounts must be repaid. Amounts repayable are estimated and accrued in the financial statements. The MOHLTC may terminate the agreement if it determines that the Organization is in breach of any of its terms and conditions and the breach is not cured within an established time period. Upon termination, funding received in relation to certain capital assets may have to be repaid if the assets are sold. As at the date of these financial statements, management is of the opinion that the Organization is in compliance with the agreement.

15. Income tax status:

The Centre is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes. The organization is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the organization must meet certain requirements within the Act. In the opinion of management these requirements have been met.

16. Prior period adjustment:

Prior period adjustment represents prior years' stale-dated cheques that were written off in the current year.