

# **IMMIGRANT SERVICES CALGARY SOCIETY**

**Financial Statements**

**March 31, 2024**

# Independent auditor's report

To the Directors of Immigrant Services Calgary Society

## Opinion

We have audited the financial statements of Immigrant Services Calgary Society ("the Society"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in fund balances 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 Immigrant Services Calgary Society as at March 31, 2024, 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.

## Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Society's current liabilities exceeded its current assets, the Society reported a deficiency of revenues over expenses and the Society reported a cumulative deficit as at and for the year ended March 31, 2024. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Society's ability to continue as a going concern.

## Other Matter

The financial statements for the year ended March 31, 2023 were audited by another firm of chartered professional accountants who expressed an unmodified opinion on those financial statements on July 10, 2023.

## Responsibilities of Management 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 the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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, Canada  
December 18, 2024

*Doane Grant Thornton LLP*  
Chartered Professional Accountants

# IMMIGRANT SERVICES CALGARY SOCIETY


## Statement of Financial Position

As at March 31

	General Fund	Special Purposes Fund	2024	2023
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 157,719	\$ 71,057	\$ 228,776	\$ 753,083
Accounts receivable	149,924	–	149,924	1,023,792
Government receivable	387,439	–	387,439	733,737
Interfund balances	71,057	(71,057)	–	–
Prepaid expenses	159,280	–	159,280	111,460
	925,419	–	925,419	2,622,072
Rental deposit (note 6)	194,903	–	194,903	194,903
Capital assets (note 7)	5,555,212	–	5,555,212	5,794,632
<b>Total assets</b>	<b>\$ 6,675,534</b>	<b>\$ –</b>	<b>\$ 6,675,534</b>	<b>\$ 8,611,607</b>
<b>Liabilities and fund balances</b>				
<b>Current</b>				
Bank overdraft (note 12)	\$ 192,954	–	\$ 192,954	\$ 140,198
Accounts payable and accruals (note 15)	938,342	–	938,342	1,807,343
Deferred contributions (note 8)	722,507	–	722,507	820,251
Current portion of debt (note 12)	31,876	–	31,876	55,172
	1,885,679	–	1,885,679	2,822,964
Deferred capital contributions (note 8)	5,539,460	–	5,539,460	5,706,260
Debt (note 12)	300,841	–	300,841	292,515
<b>Total liabilities</b>	<b>7,725,980</b>	<b>–</b>	<b>7,725,980</b>	<b>8,821,739</b>
<b>Fund balances</b>				
Invested in capital assets	44,002	–	44,002	88,372
Internally restricted (note 9)	–	–	–	671,015
Unrestricted	(1,094,448)	–	(1,094,448)	(969,519)
<b>Total fund balances</b>	<b>(1,050,446)</b>	<b>–</b>	<b>(1,050,446)</b>	<b>(210,132)</b>
Going concern (note 2)				
Economic dependence (note 4)				
Commitments (note 11)				
Contingencies (note 14)				
Subsequent events (note 16)				
<b>Total liabilities and fund balances</b>	<b>\$ 6,675,534</b>	<b>\$ –</b>	<b>\$ 6,675,534</b>	<b>\$ 8,611,607</b>

See accompanying notes to financial statements

Approved on behalf of the Board



Director



Director

# IMMIGRANT SERVICES CALGARY SOCIETY

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2024

	General Fund	Special Purposes Fund	2024	2023
<b>Revenues:</b>				
Program funding	\$ 12,514,726	\$—	\$ 12,514,726	\$ 11,686,785
Donations	506,996	—	506,996	430,569
Fund development	485,673	—	485,673	483,718
Amortization of deferred capital contributions	673,780	—	673,780	96,754
Interest income	34	43	77	6,631
Other income	91,444	—	91,444	26,300
	14,272,653	43	14,272,696	12,730,757
<b>Expenses:</b>				
Salaries and benefits	10,622,923	—	10,622,923	10,250,675
Occupancy costs	819,027	—	819,027	823,975
Office and administrative expenses	927,049	—	927,049	1,082,536
Professional fees and program consultants	1,745,840	—	1,745,840	1,601,399
Fund development	117,812	—	117,812	86,069
Conferences and staff development	136,603	—	136,603	91,831
Amortization	718,356	—	718,356	142,874
Accretion expense (note 12(c))	25,400	—	25,400	900
	15,113,010	—	15,113,010	14,080,259
(Deficiency) excess of revenues over expenses	\$ (840,357)	\$ 43	\$ (840,314)	\$ (1,349,502)
Fund balances, beginning of year	(881,147)	671,015	(210,132)	1,139,370
Interfund transfers	671,058	(671,058)	—	—
<b>Fund balances, end of year</b>	<b>\$ (1,050,446)</b>	<b>\$—</b>	<b>\$ (1,050,446)</b>	<b>\$ (210,132)</b>

See accompanying notes to financial statements.

# IMMIGRANT SERVICES CALGARY SOCIETY

Statement of Cash Flows  
Year ended March 31, 2024

	2024	2023
Cash and cash equivalents provided by (used in)		
Operations:		
Deficiency of revenue over expenses	\$ (840,314)	\$ (1,349,502)
Items not affecting cash		
Fair value discount – debt (note 12(c))	–	(26,300)
Accretion expense	25,400	900
Amortization of capital assets	718,356	142,874
Amortization of deferred capital contributions (note 8)	(673,780)	(96,754)
	(770,338)	(1,328,782)
Changes to non-cash working capital:		
Accounts and government receivable	1,220,166	(688,344)
Prepaid expenses	(47,820)	(44,759)
Deposits	–	(33,992)
Accounts payable and accruals	(869,001)	909,020
Deferred contributions	(97,744)	160,510
	(564,737)	(1,026,347)
Financing:		
Proceeds of debt	–	387,200
Repayment of debt	(40,370)	(14,113)
Deferred capital contributions received	506,980	5,474,283
Increase in bank overdraft	52,756	140,198
	519,366	5,987,568
Investing:		
Purchase of capital assets	(478,936)	(5,512,752)
Proceeds from investments	–	664,436
	(478,936)	(4,848,316)
(Decrease) increase in cash and cash equivalents	(524,307)	112,905
Cash and cash equivalents, beginning of year	753,083	640,178
Cash and cash equivalents, end of year	\$228,776	\$ 753,083

See accompanying notes to the financial statements.

# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

March 31, 2024

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## 1. Purpose of the organization:

Immigrant Services Calgary Society (the "Society") is a not-for-profit organization incorporated under the Societies Act Alberta. The Society is committed to being a comprehensive settlement agency working together with immigrants and their families to make Canada home.

The Society is registered as a charitable organization under the Income Tax Act Canada and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes.

## 2. Going concern

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of operations.

The Society reported a deficiency of revenues over expenses and a cumulative deficit as at and for the year ended March 31, 2024, and the Society's current liabilities exceeded its current assets. These circumstances lend doubt as to the ability of the Society to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to address the aforementioned matters, management is engaged in a number of matters including but not limited to the following:

- Renewal of contribution agreements with key funders (refer to note 16);
- Zero-based program budgeting, updating operational and cash flow forecasting models and modification of organizational structure including administrative expense reductions;
- Securing unrestricted contributions to support program delivery and the significant and ongoing transformation the Society; and
- Securing access to credit facilities to support cash flow management and associated forecasting models.

The accompanying financial statements do not include any adjustments to the recoverability and classification of recorded assets and liability amounts and the reported expenses that might be necessary should the Society be unable to continue as a going concern and these adjustments could be material.

# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

March 31, 2024

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## 3. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) in Part III of the Canadian Chartered Professional Accountants of Canada Handbook.

### (a) Fund accounting:

Funds have been established by the Society as follows:

#### (i) The General Fund:

To account for the various sources of revenue and expenses related to direct services and administration and to account for capital assets related to general fund activities.

#### (ii) The Special Purposes Fund:

Internally restricted reserve account to support the ongoing and long-term financial stability of the Society and to maintain the essential functions of the Society. These amounts are not available for other purposes without approval from the Board.

### (b) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued if collection is reasonably assured and the amount to be received is fixed or determinable. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions externally restricted for the purchase of capital assets are recognized as deferred capital contributions when the external restrictions have been satisfied and are deferred and amortized as revenue on a straight-line basis on the same basis as the related capital asset or assets acquired.

### (c) Contributed services:

Volunteers contribute hours to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

### (d) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash and short-term investments with an original maturity date at the time of acquisition of three months or less.



# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements  
March 31, 2024

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## 3. Significant accounting policies (continued)

(e) Accounts receivable:

Accounts receivable and government receivable are recorded net of allowances for estimated non-collectible accounts.

(f) Capital assets:

Capital assets are recorded at cost less accumulated amortization and impairment losses, if any. Contributed capital assets are recorded at estimated fair value at the date of contribution where such value can be reasonably estimated, otherwise the assets are recorded at a nominal value. Amortization is charged on a straight-line basis over the useful life of the asset. Computer and office equipment is amortized over 5 years, office furniture is amortized over 10 years and leasehold improvements are amortized over the remaining lease term plus optional renewal periods that are more likely than not to be exercised.

The carrying amount of an item in capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount or service potential of the item may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(g) Government assistance:

Government assistance is recorded as other income in the statement of operations as determined by the terms and conditions of the agreement under which the assistance is provided to the Society or the nature of the expenditures which give rise to the assistance. Government assistance is recorded when the receipt is reasonably assured.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for certain non-arm's length transactions that are measured at cost or fair value, depending on the nature of the related party transaction, and are subsequently recorded at amortized cost. The Society has no non-arm's length transactions recorded at fair value. Equity instruments that are quoted in an active market, including investments in marketable securities, are recorded at fair value. All other financial instruments are recorded at cost or amortized cost.

Transaction costs relating to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset, or netted against the carrying value of the liability, and are then recognized over the expected useful life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is also amortized over the expected useful life of the instrument using the straight-line method and is recognized in the statement of operations.

# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

March 31, 2024

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## 3. Significant accounting policies (continued)

### (h) Financial instruments (continued)

Financial assets measured at amortized cost are assessed for indicators of impairment when there is an indication of impairment indicating a significant, adverse change in the expected timing or amount of future cash flows to be derived from the use and eventual disposition of the asset.

### (i) Use of estimates:

The preparation of financial statements in accordance with ASNPO 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. Significant items subject to such estimates and assumptions include the useful life of capital assets and the collectability of accounts and government receivables. Actual results could differ from those estimates.

## 4. Economic dependence

The Society receives the majority of revenue in the form of program funding from Canadian federal, provincial and municipal governments (note 5). The Society is dependent upon the continued support of these governments and associated agencies to provide current levels of programming.

## 5. Revenue

	2024	2023
Federal government	\$ 10,022,494	\$ 8,924,405
Provincial and territorial governments	934,858	1,265,810
Municipal and regional governments	940,228	480,563
Other registered charities	414,065	1,054,427
Other program funding	201,587	58,334
	12,513,232	11,783,539
Other revenue	1,461,921	947,218
	\$ 13,975,153	\$ 12,730,757

# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

March 31, 2024

## 6. Rental deposit

As at March 31, 2024, a rental deposit of \$194,903 (2023 – \$194,903) is held by the Landlord as security for the performance of the Society's obligations under its premises lease agreement.

## 7. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer and office equipment	\$ 1,974,771	\$ 1,037,953	\$ 936,818	\$ 919,709
Office furniture	982,313	442,863	539,450	441,437
Leasehold improvements	4,656,220	577,276	4,078,944	4,433,486
Balance, end of year	\$ 7,613,304	\$ 2,058,092	\$ 5,555,212	\$ 5,794,632

## 8. Deferred contributions and deferred capital contributions

Deferred contributions reported in the General Fund relate to externally restricted operating funding received in the current year for subsequent years' expenses. These contributions must be used for specific purposes designated by the various funders. Agreements representing \$722,507 (2023 – \$820,251) in deferred contributions require that unexpended funds be returned at the end of the funding period. Management expects to utilize these funds in the Society's programs by the end of the related funding periods.

Deferred capital contributions reported in the General Fund relate to contributions received and used for the purchase of capital assets. Deferred capital contributions are amortized into revenue at a rate corresponding with the amortization rate of the assets purchased.

The change in the deferred capital contribution balance is as follows:

	2024	2023
Balance, beginning of year	\$ 5,706,260	\$ 328,731
Contributions received during the year	506,980	5,474,283
Amortization of deferred capital contributions	(673,780)	(96,754)
Balance, end of year	\$ 5,539,460	\$ 5,706,260

# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

March 31, 2024

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## 9. Internally restricted funds

The Society's Board of Directors has internally restricted resources amounting to \$nil (2023 – \$671,015) to be used with the Board's approval for either essential functions or strategic matters of the Society. During the year, \$671,058 (2023 – \$nil) was transferred from the Special Purposes Fund to the General Fund for these purposes.

## 10. Financial instruments and related risks

### a. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Society is exposed to interest rate risk with respect to bank overdraft and debt. Floating-rate financial liabilities subject the Society to a cash flow risk and fixed-rate financial liabilities subject the Society to a fair value risk.

### b. Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to its cash and cash equivalents and accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides an allowance for impairment for any amounts that are not considered collectible. The Society mitigates credit risk by holding its cash with high quality Canadian financial institutions. The maximum exposure to credit risk on these instruments is their carrying value.

### c. Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements, preparing operating budgets and cash flow forecasts and maintaining access to an operating line of credit to ensure it has sufficient funds to fulfill its obligations as they become due in the ordinary course of operations.

# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

March 31, 2024

## 11. Commitments

The Society has a long-term lease for its premises which expires on March 31, 2035. The Society also leases office equipment. The minimum lease payments, excluding operating costs, under these lease arrangements are as follows:

	Building	Office equipment
2025	417,860	17,350
2026	417,860	17,350
2027	487,503	17,350
2028	487,503	—
2029	438,753	—
Thereafter	3,021,271	—

## 12. Debt

- The Society has a credit agreement for a revolving line of credit available to a maximum of \$500,000 (2023 – \$1,500,000) of which \$192,954 (2023 – \$140,198) was drawn at year end. The line of credit is secured by a general security agreement and bears interest at the bank's prime rate plus 0.50%. The bank's prime rate at March 31, 2024 was 7.5% (2023 – 6.7%).
- The Society secured a \$250,000 loan from the Calgary Foundation. The loan is to be repaid in 28 payments of \$11,380 quarterly with interest calculated at 7% per annum starting August 2022. The loan matures July 2029. The loan is collateralized by a general security agreement covering all assets of the Society. As at March 31, 2024 the Society was not in compliance with a loan coverage ratio covenant governing this credit facility. On December 12, 2024, the Calgary Foundation waived any existing event of default related to the loan coverage ratio and replaced the loan coverage ratio covenant with a requirement that the Society maintain a balance of cash and cash equivalents balance in the Special Purposed Fund of not less than 30% of the outstanding principal amount of the loan. This amended financial covenant is required for the duration of the term loan.

For the year ended March 31, 2024, interest expense of \$15,742 (2023 – \$8,628) was recorded in the statement of operations. As at March 31, 2024, the Society had \$206,148 (2023 – \$235,887) outstanding under this facility.

# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

March 31, 2024

## 12. Debt (continued)

- c. The Society entered into an agreement for a loan from the University Technologies International for \$137,200. The loan is repayable over a period of 10 years until January 31, 2033. Repayment is calculated at 2.5% of earnings from the authorized purpose being the Society's Interpretation and Translation Centre. The loan is interest free. The fair value of the loan at inception was \$110,900 using a 7% discount rate, with the difference of \$26,300 accounted for as other income in the statement of operations and changes in fund balances. The accretion on the loan in 2024 was \$25,400 (2023 – \$900).

As at March 31, 2024, the Society had \$126,569 (2023 – \$137,200) outstanding under the facility.

A summary of the Society's debt as at March 31 is presented below:

	2024	2023
Calgary Foundation	\$ 206,148	\$ 235,887
University Technologies International	126,569	137,200
Closing balance	332,717	373,087
Less: fair value discount	-	(25,400)
Less: current portion of debt	(31,876)	(55,172)
Long term	\$ 300,841	\$292,515

## 13. Fundraising

As required under Section 7(2) of the Regulations of the Charitable Fundraising Act of Alberta, the Society is required to disclose expenditures during the year incurred for the purposes of soliciting contributions. During the 2024 and 2023 years, expenditures incurred by the Society for the purpose of soliciting contributions are considered to be nominal.

## 14. Contingencies

The Society is involved in various claims and litigations arising in the normal course of operations, primarily relating to former employees. The Society accrues for anticipated settlement losses, if any, when such losses can be reasonably estimated. While the outcome of these matters is uncertain and there is no assurance that such matters will be resolved in the Society's favor, the Society currently believes that adverse outcomes, if any, would not have a material impact on its financial position or results of operations.

# IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

March 31, 2024

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## 15. Government remittances

Included in accounts payable and accruals are government remittances payable of \$48,306 (2023 – \$43,833), relating to GST and payroll related taxes.

## 16. Subsequent events

In September 2024, the Society's primary Canadian Municipal Government contributor (note 5) advised the Society that it is recommending the Society receive approximately \$1 million in program funding for the period from January 1, 2025 through December 31, 2028.

In December 2024, the Society's primary Canadian Federal Government contributor (note 5) identified the Society's programming proposals for funding for the fiscal 2026, 2027 and 2028 years. The current funding agreement with this contributor expires in fiscal 2025, and negotiation of funding amounts identified in the programming proposals is expected to conclude prior to March 31, 2025.

## 17. Comparative information

Certain of the comparative information has been amended to conform to the presentation adopted for the current year.