

Financial Statements

**Bangladesh Centre and Community Services
(BCCS)**

March 31, 2020

Bangladesh Centre and Community Services (BCCS)

March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bangladesh Centre and Community Services (BCCS)

Qualified Opinion

We have audited the financial statements of Bangladesh Centre and Community Services (BCCS) (the "Organization") as at March 31, 2020, and the statements of operations, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Bangladesh Centre and Community Services 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 Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary for recorded donations, the excess of revenues over expenses, cash flows from operating activities for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at April 1 and March 31 for both 2020 and 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified audit opinion.

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 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.

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Independent Auditor's Report to the Members of Bangladesh Centre and Community Services (BCCS)
(continued)

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.

Richmond Hill, Ontario
October 21, 2020

Draft
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

Bangladesh Centre and Community Services (BCCS)

STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash	129,938	184,813
Accounts receivable - <i>grants, no allowance</i>	—	1,600
	129,938	186,413
CAPTIAL ASSETS [Note 3]	357,553	367,142
	487,491	553,555
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	21,975	11,362
Deferred revenue [Note 4]	114,816	155,272
Harmonized sales tax payable	4,789	5,377
Current portion of mortgage payable [Note 6]	10,122	24,158
	151,702	196,169
ADVANCE [Note 5]	—	3,042
MORTGAGE PAYABLE [Note 6]	289,149	293,207
	440,851	492,418
Net assets		
Unrestricted fund	46,640	61,137
	46,640	61,137
	487,491	553,555

See accompanying notes

On behalf of the Board of Directors

_____ Director

_____ Director

Bangladesh Centre and Community Services (BCCS)

STATEMENT OF OPERATIONS

Year ended March 31, 2020

	Unrestricted fund \$	Grant programs fund \$	Total 2020 \$	Total 2019 \$
REVENUE				
Operating grants				
City of Toronto - <i>Community led consultation</i>	—	1,000	1,000	—
City of Toronto, Toronto Public Health - <i>Prevention of type 2 diabetes</i>	—	7,500	7,500	13,425
Ontario Trillium Foundation - <i>Elevator Project</i>		20,327	20,327	1,413
Ministry of Employment and Social Development Canada - <i>Canada summer job</i>	—	6,408	6,408	3,713
New Horizons for Senior Services - <i>Gather to Dance Together</i>	—	20,129	20,129	—
Multicultural Community Capacity Grant Program - <i>Empowering parents through harnessing social connections</i>	—	—	—	8,000
Ministry of Immigration, Refugees and Citizenship - <i>Moving seniors to digital era</i>	—	—	—	24,456
Rental income	41,971	—	41,971	47,882
Membership fees and donations	21,294	—	21,294	25,470
Fundraising and other	11,012	—	11,012	8,285
	74,277	55,364	129,641	132,644
EXPENDITURES				
Direct program [Note 9]	—	55,539	55,539	51,183
Salaries and wages	20,015	—	20,015	11,311
Property taxes	13,907	—	13,907	13,402
Mortgage interest	11,163	—	11,163	12,405
Renovation	10,000	—	10,000	4,747
Insurance	5,348	—	5,348	4,435
Utilities	4,971	—	4,971	5,856
Professional fees	4,155	—	4,155	3,277
Office and general	3,977	—	3,977	2,770
Fundraising and other expenses	2,605	—	2,605	520
Repairs and maintenance	1,101	—	1,101	1,521
Telecommunications	892	—	892	944
Bank charges and interest	876	—	876	343
	79,010	55,539	134,549	112,714
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED ITEM				
	(4,733)	(175)	(4,908)	19,930
Amortization	9,589	—	9,589	9,988
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES				
	(14,322)	(175)	(14,497)	9,942

See accompanying notes

Bangladesh Centre and Community Services (BCCS)

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2020

	Unrestricted fund \$	Grant programs fund \$	Total 2020 \$	Total 2019 \$
NET ASSETS - BEGINNING OF YEAR	61,137	—	61,137	51,195
(Deficiency) excess of revenue over expenditures	(14,322)	(175)	(14,497)	9,942
Interfund transfer	(175)	175	—	—
NET ASSETS - END OF YEAR	46,640	—	46,640	61,137

See accompanying notes

Bangladesh Centre and Community Services (BCCS)

STATEMENT OF CASH FLOWS

Year ended March 31, 2020

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditures	(14,497)	9,942
Items not affecting cash:		
Amortization	9,589	9,988
	(4,908)	19,930
Change in non-cash working capital items:		
Accounts receivable	1,600	—
Accounts payable and accrued liabilities	10,613	5,036
Deferred revenue	(40,456)	124,891
Harmonized sales tax payable	(588)	117
Cash (used in) provided by operating activities	(33,739)	149,974
FINANCING ACTIVITIES		
Repayment of advance	(3,042)	—
Repayment of mortgage payable	(18,094)	(23,907)
Cash used in financing activities	(21,136)	(23,907)
(DECREASE) INCREASE IN CASH	(54,875)	126,067
CASH - BEGINNING OF YEAR	184,813	58,746
CASH - END OF YEAR	129,938	184,813

See accompanying notes

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

1. INCORPORATION AND PURPOSE

Bangladesh Centre and Community Services (BCCS) (the “Organization”) was incorporated without share capital, under the laws of the Province of Ontario on March 10, 2010. The Organization is a registered charity under the Income Tax Act and is not subjected to income tax. The objective of the Organization is to help newcomers and long-time residents integrate into Canadian society through knowledge, skills, and other support by:

- a. Responding to the community’s needs;
- b. Promoting independence and dignity;
- c. Participating in community activities;
- d. Operating efficiently, honestly, and openly; and
- e. Providing a voice to the South Asian community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as contained in Part III of the Chartered Professional Accountant Canada (“CPAC”) Handbook. To the extent Part III of the CPAC Handbook does not address certain matters applicable to the Organization; it will use accounting standards for private enterprises contained in Part II of the CPAC Handbook. The significant accounting policies are detailed as follows:

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread has affected the Organization’s normal operations. To the date of issuance of these financial statements, the Organization is still assessing such impacts on its operations and fund balances, and will account for and disclose them as soon as reliable estimates become available.

Donated equipment

Donations of equipment are recorded at fair value when fair value can reasonably be estimated and when such value is significant.

Donated material and services

Volunteers contribute extensive time and effort to assist the Organization in carrying out its activities. The value of donated materials and services are not recorded in these financial statements due to the difficulty in determining their fair value.

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting

All programs receive program specific government grants, the uses of which are restricted to specific programs. In order to ensure observance of the restrictions on the use of resources, the Organization has classified these activities for accounting and reporting purposes into funds as follows:

- Unrestricted revenue and expenses relating to non-program activities are reported in the unrestricted fund.
- Contributions restricted to programs, program revenues and program expenses are reported in the grant programs fund.

Interfund transfers comprise transfers of financial resources from the unrestricted fund to the grant programs fund in order to cover deficiencies resulting when expenses of programs exceed the programs specific revenues.

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions for programs which are reported in the grant programs fund. Restricted contributions are recognized as revenue of the restricted grant programs fund in the year received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions, which consists of subscriptions, donations and fundraising, for which no corresponding programs fund is presented are recognized in the unrestricted fund in accordance with the deferral method. Restricted contributions for expenses of future periods are deferred and recognized as revenue in the same period as the related expenses are incurred. Contributions restricted for the purchase of equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired equipment. Unrestricted contributions, revenue from fundraising activities and other income are recognized as revenue of the unrestricted fund in the year received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Rental income is recognized on a straight-line basis over the lease term.

Cash

The Organization's policy is to present bank balances under cash.

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets is stated at cost less accumulated amortization. Capital assets, other than the land, is amortized over its estimated useful life using the following rate and method:

Building	4%	declining balance method
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Land is not amortized.

All additions made during the year are amortized at 50% of the above rate.

Impairment of capital assets

The Organization reviews capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured at the amount by which the carrying amount of the capital assets exceeds its fair value. There were no significant indications of impairment of the carrying value of the Organization's capital assets as at March 31, 2020.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at carrying amount or exchange amount, as appropriate.

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

Financial assets measured at cost or amortized cost consist of cash and accounts receivable.

Financial liabilities measured at cost or amortized cost consist of accounts payable and accrued liabilities, advance and mortgage payable.

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial instruments

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates include useful life of capital assets and accruals, and as adjustments become necessary they are reported in earnings in the period in which they become known. Actual results may vary from the current estimates.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Land	127,422	—	127,422	127,422
Building	300,000	69,869	230,131	239,720
	427,422	69,869	357,553	367,142

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

4. DEFERRED REVNUUE

<i>New Horizons for Senior Services - Gather to Dance Together</i>		
	2020	2019
	\$	\$
DEFERRED REVENUE - BEGINNING OF YEAR	21,685	—
Funds received	—	21,685
Less: revenue recognized during the year	(20,129)	—
DEFERRED REVENUE - END OF YEAR	1,556	21,685

<i>Ontario Trillium Foundation - Elevator Project</i>		
	2020	2019
	\$	\$
DEFERRED REVENUE - BEGINNING OF YEAR	133,587	—
Funds received	—	135,000
Less: revenue recognized during the year	(20,327)	(1,413)
DEFERRED REVENUE - END OF YEAR	113,260	133,587

5. ADVANCE

The advance was payable to a related party who is a member of the Organization's board of directors. The advance was unsecured, non-interest bearing, and had no set terms of repayment.

6. MORTGAGE PAYABLE

	2020	2019
	\$	\$
The mortgage is repayable in monthly instalments of \$1,887, including principal and interest at a rate of 4.43% and maturing in 2040. The mortgage is secured by the capital assets, with a net carrying amount of \$357,553 as at March 31, 2020.	299,271	317,365
Less: current portion	(10,122)	(24,158)
	289,149	293,207

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

6. MORTGAGE PAYABLE (continued)

The mortgage principal repayments required during the next five years are estimated as follows:

	\$
2021	10,122
2022	10,576
2023	11,049
2024	11,544
2025	12,061
Thereafter	243,919
	<u>299,271</u>

7. RELATED PARTY TRANSACTIONS

Transactions between the Organization and its board members and/or entities with common control are considered to be related party transactions. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2020	2019
	\$	\$
Transactions:		
Included in donations are donations from directors of the Organization	<u>4,287</u>	<u>765</u>

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

8. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure at the balance sheet date, March 31, 2020:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligation. The Organization is exposed to credit risk through its cash and accounts receivable balances. The Organization reduces credit risk from its cash balance by maintaining its funds with credit worthy financial institutions. The Organization does not believe there is significant credit risk with respect to the accounts receivable as it relates to a government grant. In the opinion of management, the credit risk exposure to the Organization is not significant.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with the settlement of its financial liabilities. The Organization is exposed to liquidity risk with respect to its accounts payable and accrued liabilities and the mortgage payable. The Organization has a plan in place to meet its obligations as they come due, primarily from maintaining sufficient cash on hand, and advances from members of the Organization's board of directors.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Organization is exposed to interest rate risk primarily through its mortgage payable. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities.

9. DIRECT PROGRAM EXPENSES

Direct expenses include salaries and wages amounting to \$6,415 (2019 - \$3,713) relating to Canada Summer Jobs Program.

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

10. ECONOMIC DEPENDENCE

The Organization is dependent on government funding to sustain its operations.

11. CAPITAL MANAGEMENT

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2020, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.