

Ottawa Community Immigrant Services Organization

Financial Statements

March 31, 2017

Contents

Independent Auditor's Report	1-2
Financial Statements	
Financial Position	3
Operations	4
Changes In Fund Balances	5
Cash Flows	6
Notes to Financial Statements	7-13



Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
2505 St-Laurent Blvd.
Ottawa, Ontario K1H 1E4

Telephone: 613-236-2211
Fax: 613-236-6104
www.rcgt.com

To the Members of
Ottawa Community Immigrant Services Organization

We have audited the accompanying financial statements of the Ottawa Community Immigrant Services Organization, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ottawa Community Immigrant Services Organization as at March 31, 2017 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.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
October 17, 2017

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION
FINANCIAL POSITION
As at March 31, 2017

	Operating Fund	Inter-Amicos Fund	2017 Total	2016 Total
	\$	\$	\$	\$
ASSETS				
Current				
Cash	169,348	254,587	423,935	230,189
Investments (Note 3)	381,373	225,528	606,901	320,361
Grants receivable	532,675	-	532,675	177,068
Trade and other receivables (Note 4)	136,007	-	136,007	113,177
Prepaid expenses	44,598	-	44,598	7,982
Long-Term	1,264,001	480,115	1,744,116	848,777
Rent deposits (Note 5)	107,772	-	107,772	107,772
Tangible capital assets (Note 6)	143,457	-	143,457	20,815
Deferred charges (Note 7)	125,716	-	125,716	137,144
	<u>1,640,946</u>	<u>480,115</u>	<u>2,121,061</u>	<u>1,114,508</u>
LIABILITIES				
Current				
Trade payables and other operating liabilities (Note 9)	420,688	394,778	815,466	436,530
Deferred contributions related to tangible capital assets (Note 10)	133,189	-	133,189	-
Deferred contributions - Other (Note 11)	914,269	-	914,269	572,300
Deferred contributions - Ministry of Citizenship (Note 7)	11,428	-	11,428	11,428
	<u>1,479,574</u>	<u>394,778</u>	<u>1,874,352</u>	<u>1,020,258</u>
Long-Term				
Deferred lease inducement (Note 12)	19,002	-	19,002	21,750
Deferred contributions - Ministry of Citizenship (Note 7)	125,715	-	125,715	137,144
	<u>1,624,291</u>	<u>394,778</u>	<u>2,019,069</u>	<u>1,179,152</u>
Fund balances (negative)				
Restricted		85,337	85,337	84,809
Unrestricted	16,655		16,655	(149,453)
	<u>16,655</u>	<u>85,337</u>	<u>101,992</u>	<u>(64,644)</u>
	<u>1,640,946</u>	<u>480,115</u>	<u>2,121,061</u>	<u>1,114,508</u>

Approved on behalf of the Board:

Director

Director

The attached notes form an integral part of these financial statements.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION
OPERATIONS
For the year ended March 31, 2017

	Operating Fund \$	Inter- Amicos Fund \$	2017 Total \$	2016 Total \$
Revenue				
Grants				
Citizenship and Immigration Canada (Note 10)	3,879,170	-	3,879,170	3,306,933
Ministry of Citizenship - NSP	74,522	-	74,522	74,522
Ministry of Citizenship - Pay Equity	150,337	-	150,337	150,337
Boards of Education	403,875	-	403,875	409,591
Ministry of Education	-	-	-	9,500
Status of Women Canada	57,680	-	57,680	77,405
City of Ottawa	146,168	-	146,168	145,179
Ministry of Community Safety and Correctional Services	66,418	-	66,418	79,661
United Way of Ottawa	132,100	-	132,100	99,409
LASI Employment Project	29,934	-	29,934	27,152
Jewish Family Services	27,004	-	27,004	47,054
Community Facilitation Service	2,272	-	2,272	3,966
Ministry of Citizenship - Refugee Settlement	298,160	-	298,160	73,854
Crime Prevention Ottawa	87,568	-	87,568	41,712
Actions Interculturelles	420	-	420	2,250
Ontario Trillium Foundation	55,507	-	55,507	65,593
Algonquin College	-	-	-	45,395
Community Foundation (Note 10)	88,103	-	88,103	40,978
Employment and Social Development	12,187	-	12,187	-
YMCA - YWCA	28,026	-	28,026	-
Ministry of Training, Colleges and Universities	-	-	-	5,769
Marion Dewar Scholarship	1,000	-	1,000	1,000
	<u>5,540,451</u>	<u>-</u>	<u>5,540,451</u>	<u>4,707,260</u>
Other				
Interest income	2,968	640	3,608	2,287
Changes in fair value of financial instruments	1,332	-	1,332	574
Membership	1,535	-	1,535	3,215
Donations	84,101	-	84,101	55,981
Professional services	17,918	-	17,918	17,067
Miscellaneous income	37,580	-	37,580	20,949
	<u>5,685,885</u>	<u>640</u>	<u>5,686,525</u>	<u>4,807,333</u>
Expenditures				
Amortization of tangible capital assets	26,524	-	26,524	28,608
Professional development	12,714	-	12,714	2,769
Occupancy	715,009	-	715,009	706,040
Administrative and related costs (Note 13)	321,601	112	321,713	231,968
Program support	206,180	-	206,180	186,877
Salaries and benefits	4,237,749	-	4,237,749	3,534,984
	<u>5,519,777</u>	<u>112</u>	<u>5,519,889</u>	<u>4,691,246</u>
Excess of revenues over expenditures	<u>166,108</u>	<u>528</u>	<u>166,636</u>	<u>115,987</u>

The attached notes form an integral part of these financial statements.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**CHANGES IN FUND BALANCES**For the year ended March 31, 2017

	Operating Fund	Externally Restricted Inter-Amicos Fund	2017 Total	2016 Total
	\$	\$	\$	\$
Fund balances (negative), beginning of year	(149,453)	84,809	(64,644)	(180,631)
Excess of revenues over expenditures	166,108	528	166,636	115,987
Fund balances (negative), end of year	<u>16,655</u>	<u>85,337</u>	<u>101,992</u>	<u>(64,644)</u>

The attached notes form an integral part of these financial statements

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**CASH FLOWS**For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
Operating Activities		
Excess of revenues over expenditures	166,636	115,987
Non-cash items		
Amortization of tangible capital assets	26,524	28,608
Amortization of deferred capital contributions	(15,892)	
Amortization of deferred lease inducement	(2,748)	(2,748)
Net change in fair value of investments	(1,332)	(574)
Net change in working capital items		
Grants receivable	(355,607)	(133,717)
Trade and other receivables	(22,830)	(11,937)
Prepaid expenses	(36,616)	(1,096)
Trade payables and other operating liabilities	378,936	91,324
Deferred contributions	491,049	277,569
Cash flows from operating activities	<u>628,120</u>	<u>363,416</u>
Investing Activities		
Acquisition of tangible capital assets	(149,166)	(12,644)
Investments	(285,208)	(310,465)
Receipt of investments		225,000
Cash flows from investing activities	<u>(434,374)</u>	<u>(98,109)</u>
Financing Activities		
Repayment of bank indebtedness	-	(70,000)
Repayment of long-term debt	-	
Repayment of lease obligations	-	(1,688)
Cash flows from financing activities	<u>-</u>	<u>(71,688)</u>
Net increase in cash	193,746	193,619
Cash, beginning of year	<u>230,189</u>	<u>36,570</u>
Cash, end of year	<u>423,935</u>	<u>230,189</u>

The attached notes form an integral part of these financial statements.

1. Governing Statutes and Purpose of the Organization

The Ottawa Community Immigrant Services Organization (OCISO), founded in 1978, is a community-based organization which provides multi-cultural services promoting the integration of newcomers into the community.

In fiscal 2003, the Organization changed its name from Ottawa-Carleton Immigrant Services Organization.

Not-For-Profit Charitable Status

OCISO was incorporated without share capital under the Ontario Business Corporations Act, as a not-for-profit charitable organization registered under the applicable provisions of the Income Tax Act and is not subject to income taxes.

2. Significant Accounting Policies

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

OCISO follows the restricted fund method of accounting.

Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Operating Fund

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

Inter-Amicos Fund

The Inter-Amicos Fund is a special purpose fund established in 1982 to assist in the sponsorship of refugees from abroad. The funds are subject to externally imposed restrictions related to the facilitation of this sponsorship and therefore are not available for other purposes.

Revenue Recognition

Contributions

Contributions restricted for operating expenses are recognized as revenue in the Operating Fund, using the deferral method, in the year during which the related expenses are incurred. Restricted contributions for which the Organization does not have a related restricted fund are recognized in the Operating Fund using the deferral method. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant Accounting Policies (continued)Contributed Services

OCISO has 501 volunteers (2016 – 230) who have contributed 12,848 hours (2016 – 10,138 hours) in total to assist OCISO 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.

Financial assets and liabilities*Initial measurement*

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for securities which are measured at fair value.

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Amortization is provided under the following annual periods and methods:

Equipment	5 year straight-line
Computers	3 year straight-line
Furniture and fixtures	5 year straight-line
Leasehold improvements	straight-line, term of premises lease

Write-down

When the Organization recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the statement of operations.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2017

3. Investments

	<u>2017</u>	<u>2016</u>
Operating Fund	\$	\$
Sunlife Securities	9,712	8,380
Royal Bank of Canada GIC (a)	371,661	111,346
	381,373	7,806
Inter-Amicos Fund		
Royal Bank of Canada GIC (b)	225,528	200,635
	606,901	320,361

(a) GIC's bear interest of 0.5% and mature between June 2017 to March 2018.

(b) GIC's bear interest between 0.5% and 1.05% and mature between June 2017 and March 2018.

4. Trade and Other Receivables

	<u>2017</u>	<u>2016</u>
	\$	\$
Employee advances	-	1,545
HST receivable	61,427	44,740
Property tax rebate	32,096	32,096
Other receivables	16,137	8,454
EHT receivable	26,347	26,342
	136,007	113,177

5. Rent deposits

OCISO entered into a 15 year lease, commencing February 1, 2008, for a second building located at 945 Wellington. As per the lease terms, OCISO has made a deposit for the last month's rent in the amount of \$20,539.

OCISO entered into a 10 year lease, commencing September 1, 2008, for various suites on the third level of a building located at 1800 Bank St. As per the lease terms, OCISO has made a deposit for the last month's rent in the amount of \$48,572.

OCISO entered into a 10 year lease, commencing May 1, 2009, for various suites on the second level of a building located at 1800 Bank St. As per the lease terms, OCISO has made a deposit for the last month's rent in the amount of \$27,233.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2017

6. Tangible Capital Assets

	<u>2017</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Equipment	143,270	115,123	28,147
IT infrastructure	42,971	42,971	-
Computers	125,866	80,554	45,312
Furniture and fixtures	158,965	154,277	4,688
Leasehold improvements	152,437	87,127	65,310
	<u>623,509</u>	<u>480,052</u>	<u>143,457</u>
	<u>2016</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Equipment	154,185	153,858	327
IT infrastructure	42,971	42,971	-
Computers	351,699	334,432	17,267
Furniture and fixtures	225,444	223,215	2,229
Leasehold improvements	82,740	81,749	991
	<u>857,039</u>	<u>836,225</u>	<u>20,815</u>

7. Deferred Charges and Deferred Contributions – Ministry of Citizenship

During the fiscal years 1994 to 1996, the Organization received a total of \$400,000 in grants from the Ministry of Citizenship. The purpose of the grants was to ensure a long-term lease for the Organization at its 959 Wellington premise. These funds have been paid to OCISO Non-Profit Housing Corporation pursuant to a 35-year lease effective April 1, 1994. Deferred charges and deferred contributions reflected on the statement of financial position are being amortized to expenditure and revenue respectively at \$11,428 per annum over the term of the lease.

8. Bank Indebtedness

The Organization has an available line of credit in the amount of \$400,000 which is subject to renewal annually. The line of credit bears interest at prime plus 2.25% and is secured by a first ranking security interest in all personal assets of the Organization. As at March 31, 2017, there is a balance of \$Nil (2016 – \$Nil) outstanding on the line of credit.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2017

9. Trade Payables and Other Operating Liabilities

	<u>2017</u>	<u>2016</u>
Operating Fund	\$	\$
Trade payables	141,684	51,313
Salaries payable	279,004	216,791
	420,688	268,104
Inter-Amicos Fund		
Trade payables	394,778	168,426
	815,466	436,530

Government remittances total \$12,040 as at March 31, 2017 (\$21,750 as at March 31, 2016).

10. Deferred contribution related to tangible capital assets

Deferred contributions related to tangible capital assets represent restricted contributions from Immigration, Refugees & Citizenship Canada and the United Way for the acquisition of leasehold improvements and other tangible capital assets. The changes in the deferred contributions for the year are as follows:

	<u>2017</u>
	\$
Balance, beginning of year	-
Received during the year	149,081
Recognized as revenue	(15,892)
Balance, end of year	133,189

The amount recognized in the current year is included in the Immigration, Refugees & Citizenship Canada and United Way grant revenue.

11. Deferred contributions - Other

Other deferred contributions represent unused resources which, as a result of external restrictions, are intended to cover operating expenses for the coming year. The changes in other deferred contributions for the year are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance, beginning of year	572,300	294,731
Received during the year	1,410,370	544,413
Recognized as revenue	(1,068,401)	(266,844)
Balance, end of year	914,269	572,300

12. Deferred Lease Inducement

The lease that was negotiated for 945 Wellington provided for 3 months of free rent. The value of the rent free period was determined to be \$41,216 and was recognized as a deferred lease inducement to be amortized on a straight-line basis over the remainder of the lease. The net book value as at March 31, 2017 is \$19,002 (2016 - \$21,750).

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2017

13. Administrative and Related Costs – Operating Fund

	<u>2017</u>	<u>2016</u>
	\$	\$
Administration fees	320	356
Bank charges and interest	4,447	5,630
Board and staff support	2,976	343
Computerization	4,989	9,214
Insurance	30,619	27,483
Office expenses	159,688	103,797
Photocopying and printing	8,222	4,720
Postage and courier	1,241	1,553
Professional fees	91,227	64,249
Telecommunications	17,872	14,623
	<u>321,601</u>	<u>231,968</u>

14. Financial Instruments**Financial risks**

The Organization's main financial risk exposure is detailed as follows.

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are grants receivable and trade and other receivables since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Market risk

The Organization's financial instruments expose it to market risk, in particular, to interest rate risk, resulting from its investing activities:

- Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The guaranteed investment certificates bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2017

14. Financial Instruments (continued)**Carrying amount of financial assets by category**

The Organization's financial assets, as presented on the balance sheet, are classified in the following categories:

	<u>2016</u>	<u>2015</u>
Financial assets measured at amortized cost	<u>\$</u>	<u>\$</u>
Cash	423,935	230,189
Investments in Guaranteed Investment Certificates	597,186	311,981
Grants receivable	532,675	177,068
Trade and other receivables	16,137	9,999
	<u>1,569,933</u>	<u>729,237</u>
Financial assets measured at fair value		
Investments in securities	<u>9,712</u>	<u>8,380</u>

15. Commitments

The Organization has entered into various lease agreements for its offices and classroom spaces ranging from 3 to 35 years, one with an option to renew for another 5 years.

The estimated payments on these commitments for the next five years are \$673,893 in 2018, \$484,548 in 2019, \$270,707 in 2020, \$265,104 in 2021, and \$265,104 in 2022.

16. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.