

# Ottawa Community Immigrant Services Organization

## Financial Statements

March 31, 2015

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# Raymond Chabot Grant Thornton

L'instinct de la croissance<sup>MC</sup>  
An instinct for growth<sup>TM</sup>

## Independent Auditor's Report

**Raymond Chabot Grant Thornton**

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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, 2015 and the Statements of Operations, Change 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.



Raymond Chabot  
Grant Thornton

**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, 2015 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*

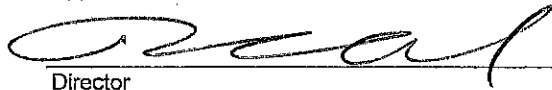
Chartered Accountants,  
Licensed Public Accountants

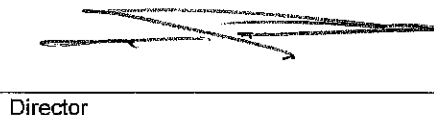
Ottawa, Canada  
July 15, 2015

**OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**  
**FINANCIAL POSITION**  
**As at March 31, 2015**

	Operating Fund	Inter-Amicos Fund	2015 Total	2014 Total
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Current</b>				
Cash	8,614	33,114	41,728	226,526
Investments (Note 4)	7,806	226,516	234,322	107,656
Grants receivable	43,351	-	43,351	149,898
Trade and other receivables (Note 5)	101,240	-	101,240	141,161
Prepaid expenses	6,886	-	6,886	4,626
<b>Long-Term</b>	<b>167,897</b>	<b>259,630</b>	<b>427,527</b>	<b>629,867</b>
Prepaid rent (Note 6)	107,772	-	107,772	107,772
Tangible capital assets (Note 7)	36,779	-	36,779	76,191
Deferred charges (Note 8)	148,572	-	148,572	160,000
	<u>461,020</u>	<u>259,630</u>	<u>720,650</u>	<u>973,830</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Bank indebtedness (Note 9)	75,158	-	75,158	326,101
Trade payables and other operating liabilities (Note 10)	168,780	176,426	345,206	406,740
Deferred revenue (Note 11)	294,731	-	294,731	185,698
Deferred contributions (Note 8)	11,428	-	11,428	11,428
Current portion of long-term debt (Note 13)	-	-	-	60,000
Current portion of obligations under capital lease (Note 12)	1,688	-	1,688	9,393
	<u>551,785</u>	<u>176,426</u>	<u>728,211</u>	<u>999,360</u>
<b>Long-Term</b>				
Deferred lease inducement (Note 14)	24,498	-	24,498	27,245
Deferred contributions (Note 8)	148,572	-	148,572	160,000
Obligations under capital lease (Note 12)	-	-	-	1,688
Long-term debt (Note 13)	-	-	-	50,000
	<u>724,855</u>	<u>176,426</u>	<u>901,281</u>	<u>238,933</u>
Fund balances (deficiency)	<u>(263,835)</u>	<u>83,204</u>	<u>(180,631)</u>	<u>(264,463)</u>
	<u>461,020</u>	<u>259,630</u>	<u>720,650</u>	<u>973,830</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, 2015

	Operating Fund \$	Inter- Amicos Fund \$	2015 Total \$	2014 Total \$
<b>Revenue</b>				
<b>Grants</b>				
Citizenship and Immigration Canada	3,308,927	-	3,308,927	3,601,381
Ministry of Citizenship - NSP	79,772	-	79,772	74,522
Ministry of Citizenship - Pay Equity	150,337	-	150,337	150,337
Boards of Education (Note 15)	414,653	-	414,653	386,350
Ministry of Education	9,500	-	9,500	-
Status of Women Canada	1,709	-	1,709	-
Canadian Council of Refugees	899	-	899	-
City of Ottawa	141,704	-	141,704	139,610
Ministry of Community Safety and Correctional Services	79,697	-	79,697	32,600
United Nations (Note 17)	13,838	-	13,838	21,710
United Way of Ottawa	126,649	-	126,649	126,650
LASI Employment Project	39,998	-	39,998	40,713
Jewish Family Services	20,043	-	20,043	14,898
Community Facilitation Service	7,115	-	7,115	4,714
Ontario Trillium Foundation	-	-	-	16,413
Juniper Networks	-	-	-	14,362
RBC Foundation	12,000	-	12,000	10,000
Ministry of Training, Colleges and Universities	67,021	-	67,021	18,821
Marion Dewar Scholarship	4,250	-	4,250	12,280
	<u>4,478,112</u>	<u>-</u>	<u>4,478,112</u>	<u>4,665,361</u>
Interest income	53	2,825	2,878	2,025
Changes in fair value of financial instruments	150	-	150	2,112
Membership	970	-	970	899
Donations	27,106	-	27,106	30,527
Professional services and miscellaneous	47,772	-	47,772	38,742
	<u>4,554,163</u>	<u>2,825</u>	<u>4,556,988</u>	<u>4,739,666</u>
<b>Expenditures</b>				
Amortization of tangible capital assets	44,012	-	44,012	57,980
Board and staff support	2,744	-	2,744	2,310
Occupancy	702,843	-	702,843	900,982
Administrative and related costs (Note 17)	250,757	136	250,893	271,314
Program support	90,444	-	90,444	91,179
Salaries and benefits	3,382,220	-	3,382,220	3,411,539
	<u>4,473,020</u>	<u>136</u>	<u>4,473,156</u>	<u>4,735,304</u>
Excess of revenues over expenditures	<u>81,143</u>	<u>2,689</u>	<u>83,832</u>	<u>4,362</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, 2015**

	Operating Fund	Externally Restricted Inter-Amicos Fund	2015 Total	2014 Total
	\$	\$	\$	\$
Fund Balances (deficiency), beginning of year	(346,115)	81,652	(264,463)	(268,825)
Excess (deficiency) of revenues over expenditures	81,143	2,689	83,832	4,362
Inter-fund transfer	1,137	(1,137)	-	-
Fund balance (deficiency), end of year	<u>(263,835)</u>	<u>83,204</u>	<u>(180,631)</u>	<u>(264,463)</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, 2015

	2015	2014
	\$	\$
<b>Operating Activities</b>		
Deficiency of revenues over expenditures	83,832	4,362
Non cash items		
Amortization of tangible capital assets	44,012	57,980
Amortization of deferred lease inducement	(2,747)	(2,748)
Changes in fair market value of investments	(150)	(2,112)
Changes in working capital items		
Grants receivable	106,547	275,103
Trade and other receivables	39,921	(10,869)
Prepaid expenses	(2,260)	12,777
Trade payables and other operating liabilities	(61,534)	(227,265)
Deferred revenue	109,033	(6,995)
Cash flows from operating activities	<u>316,654</u>	<u>100,233</u>
<b>Investing Activities</b>		
Acquisition of tangible capital assets	(4,600)	(29,578)
Acquisition of investments	(226,516)	(125,000)
Disposal of investments	100,000	379,761
Cash flows from (used in) investing activities	<u>(131,116)</u>	<u>225,183</u>
<b>Financing Activities</b>		
Long-term debt financing		120,000
Repayment of long-term debt	(110,000)	(140,000)
Repayment of lease obligations	(9,393)	(10,931)
Cash flows used in financing activities	<u>(119,393)</u>	<u>(30,931)</u>
Net increase in cash	66,145	294,485
Bank indebtedness, beginning of year	<u>(99,575)</u>	<u>(394,060)</u>
Bank indebtedness, end of year	<u>(33,430)</u>	<u>(99,575)</u>
Bank indebtedness comprises:		
Cash	41,728	226,526
Bank indebtedness	<u>(75,158)</u>	<u>(326,101)</u>
	<u>(33,430)</u>	<u>(99,575)</u>

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

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# OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2015

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## 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. Going Concern

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and on the basis of the going concern assumption, meaning the Organization will be able to realize its assets and discharge its liabilities in the normal course of operations.

In light of the deficiency of revenues over expenses accrued in the past years and a net deficiency, the Organization's ability to realize its assets and discharge its liabilities depends on the continued financial support of various government organizations. As well, the Organization's Board of Directors have taken steps to address issues raised by over reliance of one funder and its attending cash flow challenges. OCISO has started working on fundraising capabilities as an organization and initiatives to diversify its funding from other sources.

The Organization's 2012/2017 Strategic Plan, has identified fundraising as one of the strategic priorities.

The carrying amount of assets, liabilities, revenues and expenses presented in the financial statements and the balance sheet classification have not been adjusted as would be required if the going concern assumption were not appropriate.

## 3. 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 best 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.



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## OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2015

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### 3. Significant Accounting Policies (continued)

#### 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*

Restricted contributions of the Operating Fund are recognized as revenue in the year in which the related expenses are incurred.

Contributions and Sponsorship funds received in the Inter-Amicos fund are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### *Net investment income*

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual basis. Interest income is accrued based on the number of days the investment is held during the period. Gains or losses on the disposal of investments are calculated on an average cost basis. Transaction costs related to the acquisitions and disposals of investments are included in the cost of investments acquired or treated as a reduction of the proceeds on the disposal of investments.

#### Deferred Finance Charges

Deferred finance charges are amortized on a straight-line basis over the term of the lease.

#### Contributed Services

OCISO has 547 volunteers (2014 – 439) who have contributed 11,820 hours (2014 – 9,457 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.

#### Government contributions

Government contributions are subject to certain terms and conditions regarding the expenditure of these funds, with expenses charged against these contributions being subject to government audit. As a result, adjustments may be made to the original contributions received.

#### 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 mutual funds and securities which are measured at fair value.

**OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**

Notes To The Financial Statements

March 31, 2015

**3. Significant Accounting Policies (continued)**

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 rates and methods:

Equipment	5 year straight-line
Equipment under capital lease	straight-line, term of lease
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.

**4. Investments**

	2015	2014
	\$	\$
<b>Operating Fund</b>		
Sunlife Securities (Cost - \$Nil)	7,806	7,656
<b>Inter-Amicos Fund</b>		
National Bank of Canada GIC (Cost 2015 - \$226,516)	226,516	100,000
	<u>234,322</u>	<u>107,656</u>

**5. Trade and Other Receivables**

	2015	2014
	\$	\$
Employee advances	417	2,504
HST receivable	37,460	47,937
Property tax rebate	31,845	41,943
Other receivables	7,964	20,050
EHT receivable	26,325	28,727
Allowance for doubtful accounts	(2,771)	-
	<u>101,240</u>	<u>141,161</u>

**OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**

Notes To The Financial Statements

March 31, 2015

**6. Prepaid Rent**

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.

**7. Tangible Capital Assets**

	2015		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Equipment	35,320	34,205	1,115
IT infrastructure	42,971	42,971	-
Computers	339,056	322,755	16,301
Furniture and fixtures	225,444	221,347	4,097
Leasehold improvements	82,740	80,117	2,623
Leased tangible capital assets			
Equipment	118,865	106,222	12,643
	<u>844,396</u>	<u>807,617</u>	<u>36,779</u>
			2014
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Equipment	34,200	32,713	1,487
IT infrastructure	42,971	35,809	7,162
Computers	337,515	312,710	24,805
Furniture and fixtures	223,505	214,333	9,172
Leasehold improvements	82,740	77,249	5,491
Leased tangible capital assets			
Equipment	118,865	90,791	28,074
	<u>839,796</u>	<u>763,605</u>	<u>76,191</u>

**8. Deferred Charges and Deferred Contributions**

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

**OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**

Notes To The Financial Statements

March 31, 2015

**8. Deferred Charges and Deferred Contributions (continued)**

deferred contributions reflected on the balance sheet are being amortized to expenditure and revenue respectively at \$11,428 per annum over the term of the lease.

**9. Bank Indebtedness**

The Organization has an available line of credit in the amount of \$400,000. The line of credit bears interest at prime plus 2.25% and is secured by assets of the Organization. As at March 31, 2015, there is a balance of \$70,000 (2014 – \$300,000) outstanding on the line of credit. The fair value of the line of credit is equivalent to its carrying amount.

The Organization has \$5,158 in bank overdraft as at March 31, 2015 (2014 – \$26,101).

**10. Trade Payables and Other Operating Liabilities**

	2015	2015
	\$	\$
<b>Operating Fund</b>		
Trade payables	37,537	59,077
Salaries payable	<u>131,243</u>	<u>109,987</u>
	168,780	169,064
<b>Inter-Amicos Fund</b>		
Trade payables	<u>176,426</u>	<u>237,676</u>
	<u>345,206</u>	<u>406,740</u>

Government remittances total \$25,081 as at March 31, 2015 (\$19,973 as at March 31, 2014).

Trade payables as at March 31, 2015 includes an amount of \$5,500 (\$27,410 as at March 31, 2014) due to management for reimbursement of expenses paid on behalf of the Organization.

**11. Deferred Revenue**

Deferred revenue represents funds received prior to the beginning of the period to which they apply and is comprised of the following balances:

	2015	2014
	\$	\$
<i>Boards of Education:</i>		
Balance, beginning of year	145,777	161,919
Recognized as revenue	(138,227)	(161,919)
Received relating to the following year	<u>173,789</u>	<u>145,777</u>
Balance, end of year	<u>181,339</u>	<u>145,777</u>
<i>United Nations:</i>		
Balance, beginning of year	13,838	-
Recognized as revenue	(13,838)	-
Received relating to the following year	<u>-</u>	<u>13,838</u>
Balance, end of year	<u>-</u>	<u>13,838</u>
Balance forward	<u>181,339</u>	<u>159,615</u>

**OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**

Notes To The Financial Statements

March 31, 2015

	2015	2014
Balance forward	181,339	159,615
<i>Juniper Network Foundation:</i>		
Balance, beginning of year	-	14,362
Recognized as revenue	-	(14,362)
Received relating to the following year	-	-
Balance, end of year	-	-
<i>Ministry of Citizenship</i>		
Balance, beginning of year	5,250	-
Recognized as revenue	(5,250)	-
Received relating to the following year	-	5,250
Balance, end of year	-	5,250
<i>Employment and Social Development Canada</i>		
Balance, beginning of year	20,833	-
Recognized as revenue	(20,833)	-
Received relating to the following year	-	20,833
Balance, end of year	-	20,833
<i>Ontario Trillium Foundation</i>		
Balance, beginning of year	-	16,412
Recognized as revenue	-	(16,412)
Received relating to the following year	-	-
Balance, end of year	-	-
<i>City of Ottawa</i>		
Balance, beginning of year	-	17,000
Recognized as revenue	-	(17,000)
Received relating to the following year	-	-
Balance, end of year	-	-
<i>Status of Women Canada</i>		
Balance, beginning of year	-	-
Recognized as revenue	-	-
Received relating to the following year	105,292	-
Balance, end of year	105,291	-
<i>Minister of Education</i>		
Balance, beginning of year	-	-
Recognized as revenue	-	-
Received relating to the following year	8,100	-
Balance, end of year	8,100	-
	<u>294,731</u>	<u>185,698</u>

**OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**

Notes To The Financial Statements

March 31, 2015

**12. Obligations Under Capital Lease**

	2015	2014
	\$	\$
Obligation under capital lease, maturing in April 2013, interest rate at 6%, payable in blended quarterly instalments of \$925, secured by equipment	-	-
Obligation under capital lease, maturing in April 2013, interest rate at 6%, payable in blended quarterly instalments of \$850, secured by equipment	-	-
Obligation under capital lease, maturing February 2015, interest rate at 10.9%, repaid during the year	-	3,075
Obligation under capital lease, maturing April 2015, interest rate at 10.9%, payable in blended quarterly instalments of \$1,734, secured by equipment	1,688	8,006
	<u>1,688</u>	<u>11,081</u>
Current portion	<u>1,688</u>	<u>9,393</u>
	<u>-</u>	<u>1,688</u>

**13. Long-term Debt**

	2015	2014
	\$	\$
Term loan for capital campaign expenses, repaid during the year	-	110,000
	<u>-</u>	<u>110,000</u>
Current portion	<u>-</u>	<u>60,000</u>
	<u>-</u>	<u>50,000</u>

**14. 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, 2015 is \$24,498 (2014 - \$27,245).

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**OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION**

Notes To The Financial Statements

March 31, 2015

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**15. Boards of Education**

Revenue from Boards of Education comprises grants from the following donors:

	2015	2014
	\$	\$
Ottawa Carleton District School Board	391,583	370,928
Human Resources Development Canada (Seniors)	20,833	-
Community Foundation of Ottawa	-	9,180
Employment and Social Development Canada (Seniors)	2,237	2,075
Employment and Social Development Canada (Summer Student)	-	4,167
	<u>414,653</u>	<u>386,350</u>

**16. International Donors**

The Organization received \$13,838 (2014 - \$21,710) from the United Nations, of which \$13,838 (2014 - \$21,710) has been recognized as revenue for the current year. The terms of this contribution agreement dictate how these funds are to be spent by the Organization. Management is of the opinion that they are in compliance with these terms.

**17. Administrative and Related Costs**

	2015	2014
	\$	\$
Administration fees	991	2,765
Bank charges and interest	16,953	43,448
Computerization	2,939	19,300
Insurance	27,227	31,927
Interest on long-term debt	79	2,047
Office expenses	97,399	100,169
Photocopying and printing	4,345	5,566
Postage and courier	2,036	2,260
Professional fees	81,262	45,686
Bad debt expense	2,771	-
Telecommunications	14,754	17,394
	<u>250,757</u>	<u>270,562</u>

**18. 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.

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The credit risk regarding cash and cash equivalents is considered to be negligible because they are held by a reputable financial institution with an investment grade external credit rating.

**Market risk**

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

**Interest rate risk**

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

The guaranteed investment certificates and the long-term debt 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.

**Carrying amount of financial assets by category**

The carrying amount of the Organization's financial assets that are measured at amortized cost totals \$319,975 (\$498,978 as at March 31, 2014), whereas the carrying amount of financial assets measured at fair value totals \$7,806 (\$7,656 as at March 31, 2014).

**19. Commitments**

OCISO 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. In addition, OCISO leased office equipment. The minimum payments for the next 5 years are as follows:

	\$
2016	696,624
2017	695,790
2018	509,946
2019	450,521
2020	296,104
	<u>2,648,984</u>

**20. Contingency**

OCISO has received notice of a potential claim in the amount of \$2,250,000 seeking recourse as the result of an alleged breach of a lease contract. As OCISO is unable to accurately estimate the outcome of this action, and has legal counsel investigating the basis for the claim, no provision has been recorded in these financial statements. Any eventual settlement resulting from this potential claim will be recorded as an expense in a year of settlement.



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**21. Economic Dependence**

One funding agency contributes approximately 73% (2014 – 76%) of the Operating Fund revenue. The attainment of the objectives of OCISO is dependent upon this agency continuing to provide substantial financial support. OCISO is also bound by the terms of several funding agreements which require various terms of compliance to entitle the Organization to current and future funding.

**22. Comparative Figures**

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