

Ottawa Community Immigrant Services Organization

Financial Statements

March 31, 2016

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Independent Auditor's Report

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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, 2016 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, 2016 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.

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
October 7, 2016

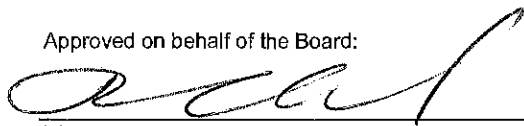
OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

FINANCIAL POSITION

As at March 31, 2016

	Operating Fund \$	Inter-Amicos Fund \$	2016 Total \$	2015 Total \$
ASSETS				
Current				
Cash	177 589	52 600	230 189	41 728
Investments (Note 3)	119 728	200 635	320 361	234 322
Grants receivable	177 068	-	177 068	43 351
Trade and other receivables (Note 4)	113 177	-	113 177	101 240
Prepaid expenses	7 982	-	7 982	6 886
Long-Term	595 542	253 235	848 777	427 527
Rent deposits (Note 5)	107 772	-	107 772	107 772
Tangible capital assets (Note 6)	20 815	-	20 815	36 779
Deferred charges (Note 7)	137 144	-	137 144	148 572
	<u>861 273</u>	<u>253 235</u>	<u>1 114 508</u>	<u>720 650</u>
LIABILITIES				
Current				
Bank indebtedness (Note 8)	-	-	-	75 158
Trade payables and other operating liabilities (Note 9)	268 104	168 426	436 530	345 206
Deferred contributions - Other (Note 10)	572 300	-	572 300	294 731
Deferred contributions - Ministry of Citizenship (Note 7)	11 428	-	11 428	11 428
Obligations under capital lease (Note 11)	-	-	-	1 898
	<u>851 832</u>	<u>168 426</u>	<u>1 020 258</u>	<u>728 211</u>
Long-Term				
Deferred lease inducement (Note 12)	21 750	-	21 750	24 498
Deferred contributions - Ministry of Citizenship (Note 7)	137 144	-	137 144	148 572
	<u>1 010 726</u>	<u>168 426</u>	<u>1 179 152</u>	<u>901 281</u>
Fund balances (negative)	(149 453)	84 809	(64 644)	(180 631)
	<u>861 273</u>	<u>253 235</u>	<u>1 114 508</u>	<u>720 650</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, 2016

	Operating Fund \$	Inter- Amicos Fund \$	2016 Total \$	2015 Total \$
Revenue				
Grants				
Citizenship and Immigration Canada	3 306 933	-	3 306 933	3 308 927
Ministry of Citizenship - NSP	74 522	-	74 522	79 772
Ministry of Citizenship - Pay Equity	150 337	-	150 337	150 337
Boards of Education	409 591	-	409 591	414 653
Ministry of Education	9 500	-	9 500	9 500
Status of Women Canada	77 405	-	77 405	1 709
Canadian Council of Refugees	-	-	-	899
City of Ottawa	145 179	-	145 179	141 704
Ministry of Community Safety and Correctional Services	79 661	-	79 661	79 697
United Nations	-	-	-	13 838
United Way of Ottawa	99 409	-	99 409	126 649
LASI Employment Project	27 152	-	27 152	39 998
Jewish Family Services	47 054	-	47 054	20 043
Community Facilitation Service	3 966	-	3 966	7 115
MCIIT - Refugee Settlement	73 854	-	73 854	-
Crime Prevention Ottawa	41 712	-	41 712	-
Actions Interculturelles	2 250	-	2 250	-
Ontario Trillium Foundation	65 593	-	65 593	-
Algonquin College	45 395	-	45 395	-
Community Foundation	40 978	-	40 978	-
RBC Foundation	-	-	-	12 000
Ministry of Training, Colleges and Universities	5 769	-	5 769	67 021
Marion Dewar Scholarship	1 000	-	1 000	4 250
	<u>4 707 260</u>	<u>-</u>	<u>4 707 260</u>	<u>4 478 112</u>
Interest income	582	1 705	2 287	2 878
Changes in fair value of financial instruments	574	-	574	150
Membership	3 215	-	3 215	970
Donations	55 981	-	55 981	27 106
Professional services and miscellaneous	38 016	-	38 016	47 772
	<u>4 805 628</u>	<u>1 705</u>	<u>4 807 333</u>	<u>4 556 968</u>
Expenditures				
Amortization of tangible capital assets	28 608	-	28 608	44 012
Board and staff support	3 112	-	3 112	2 744
Occupancy	706 040	-	706 040	702 843
Administrative and related costs (Note 13)	231 625	100	231 725	250 893
Program support	186 877	-	186 877	90 444
Salaries and benefits	3 534 984	-	3 534 984	3 382 220
	<u>4 691 246</u>	<u>100</u>	<u>4 691 346</u>	<u>4 473 156</u>
Excess of revenues over expenditures	<u>114 382</u>	<u>1 605</u>	<u>115 987</u>	<u>83 832</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, 2016

	Operating Fund \$	Externally Restricted Inter-Amicos Fund \$	2016 Total \$	2015 Total \$
Fond balances (negative), beginning of year	(263 835)	83 204	(180 631)	(264 483)
Excess of revenues over expenditures	114 382	1 605	115 987	83 832
Fund balances (negative), end of year	<u>(149 453)</u>	<u>84 809</u>	<u>(64 644)</u>	<u>(180 631)</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, 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
Operating Activities		
Excess of revenues over expenditures	115 987	83 832
Non-cash Items		
Amortization of tangible capital assets	28 608	44 012
Amortization of deferred lease Inducement	(2 748)	(2 747)
Net change in fair value of investments	(574)	(150)
Net change in working capital items		
Grants receivable	(133 717)	106 547
Trade and other receivables	(11 937)	39 921
Prepaid expenses	(1 096)	(2 260)
Trade payables and other operating liabilities	91 324	(61 534)
Deferred contributions	277 569	109 033
Cash flows from operating activities	<u>363 416</u>	<u>316 654</u>
Investing Activities		
Acquisition of tangible capital assets	(12 644)	(4 600)
Investments	(310 465)	(226 516)
Receipt of investments	225 000	100 000
Cash flows from investing activities	<u>(98 109)</u>	<u>(131 116)</u>
Financing Activities		
Repayment of bank indebtedness	(70 000)	(230 000)
Repayment of long-term debt		(110 000)
Repayment of lease obligations	(1 688)	(9 393)
Cash flows from financing activities	<u>(71 688)</u>	<u>(349 393)</u>
Net increase in cash and cash equivalents	193 619	(163 855)
Cash and cash equivalents, beginning of year	<u>36 570</u>	<u>200 425</u>
Cash and cash equivalents, end of year	<u>230 189</u>	<u>36 570</u>
Cash and cash equivalents comprises:		
Cash	230 189	41 728
Bank overdraft	-	(5 158)
	<u>230 189</u>	<u>36 570</u>

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

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2016

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.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2016

2. Significant Accounting Policies (continued)Contributed Services

OCISO has 230 volunteers (2015 – 547) who have contributed 10,138 hours (2015 – 11,820 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, 2016

3. Investments

	<u>2016</u>	<u>2015</u>
Operating Fund	\$	\$
Sunlife Securities	8,380	7,806
Royal Bank of Canada GIC	<u>111,346</u>	<u> </u>
	119,726	7,806
Inter-Amicos Fund		
Royal Bank of Canada GIC	<u>200,635</u>	<u>226,516</u>
	<u>320,361</u>	<u>234,322</u>

4. Trade and Other Receivables

	<u>2016</u>	<u>2015</u>
	\$	\$
Employee advances	1,545	417
HST receivable	44,740	37,460
Property tax rebate	32,096	31,845
Other receivables	8,454	7,964
EHT receivable	26,342	26,325
Allowance for doubtful accounts	-	(2,771)
	<u>113,177</u>	<u>101,240</u>

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, 2016

6. Tangible Capital Assets

	2016		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
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>
	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>

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, 2016, there is a balance of \$Nil (2015 – \$70,000) outstanding on the line of credit.

The Organization has \$Nil in bank overdraft as at March 31, 2016 (2015 – \$5,158).

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2016

9. Trade Payables and Other Operating Liabilities

	<u>2016</u>	<u>2015</u>
Operating Fund	\$	\$
Trade payables	51,313	37,537
Salaries payable	<u>216,791</u>	<u>131,243</u>
	<u>268,104</u>	<u>168,780</u>
Inter-Amicos Fund		
Trade payables	<u>168,426</u>	<u>176,426</u>
	<u>436,530</u>	<u>345,206</u>

Government remittances total \$21,750 as at March 31, 2016 (\$25,081 as at March 31, 2015).

10. Deferred contributions - Other

The other deferred contributions represents funds received prior to the beginning of the period to which they apply and is comprised of the following balances:

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance, beginning of year	294,731	185,698
Recognized as revenue	(266,844)	(178,148)
Received relating to the following year	<u>544,413</u>	<u>287,181</u>
Balance, end of year	<u>572,300</u>	<u>294,731</u>

11. Obligations under Capital Lease

	<u>2016</u>	<u>2015</u>
	\$	\$
Obligation under capital lease, matured during the year, interest rate at 10.9%, payable in blended quarterly instalments of \$1,734, secured by equipment		1,688
		<u>1,688</u>
Current portion		<u>1,688</u>
	<u>-</u>	<u>-</u>

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, 2016 is \$21,750 (2015 - \$24,498).

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2016

13. Administrative and Related Costs – Operating Fund

	<u>2016</u>	<u>2015</u>
	\$	\$
Administration fees	356	991
Bank charges and interest	5,630	16,953
Computerization	9,214	2,939
Insurance	27,483	27,227
Interest on long-term debt	-	79
Office expenses	103,797	97,399
Photocopying and printing	4,720	4,345
Postage and courier	1,553	2,036
Professional fees	64,249	81,262
Bad debt expense	-	2,771
Telecommunications	14,623	14,754
	<u>231,625</u>	<u>250,757</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, 2016

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	\$	\$
Cash	230,189	41,728
Investments in Guaranteed Investment Certificates	311,981	226,516
Grants receivable	177,068	43,351
Trade and other receivables	9,999	8,380
	<u>729,237</u>	<u>319,975</u>
Financial assets measured at fair value		
Investments in securities	<u>8,380</u>	<u>7,806</u>

15. 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:

	\$
2017	692,413
2018	506,569
2019	457,646
2020	303,230
2021	292,692
	<u>2,252,550</u>

16. 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.

17. Comparative Figures

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