

Ottawa Community Immigrant Services Organization

Financial Statements

March 31, 2018

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

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, 2018 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, 2018 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
September 7, 2018

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION
FINANCIAL POSITION
As at March 31, 2018

	Operating Fund \$	Inter-Amicos Fund \$	2018 Total \$	2017 Total \$
ASSETS				
Current				
Cash	912,524	143,956	1,056,480	423,935
Investments (Note 4)	439,406	250,072	689,478	606,901
Grants receivable	193,940	-	193,940	532,675
Trade and other receivables (Note 5)	163,670	-	163,670	136,007
Due to/from specified fund (Note 6)	(120,300)	120,300	-	-
Prepaid expenses	30,856	-	30,856	44,598
Long-Term	1,620,096	514,328	2,134,424	1,744,116
Rent deposits (Note 7)	107,772	-	107,772	107,772
Tangible capital assets (Note 8)	191,103	-	191,103	143,457
Deferred charges (Note 9)	114,286	-	114,286	125,716
	<u>2,033,257</u>	<u>514,328</u>	<u>2,547,585</u>	<u>2,121,061</u>
LIABILITIES				
Current				
Trade payables and other operating liabilities (Note 11)	454,272	427,162	881,434	815,466
Deferred contributions - Other (Note 13)	1,097,894	-	1,097,894	914,269
Deferred contributions - Ministry of Citizenship (Note 9)	11,428	-	11,428	11,428
	<u>1,563,594</u>	<u>427,162</u>	<u>1,990,756</u>	<u>1,741,163</u>
Long-Term				
Deferred lease inducement (Note 13)	16,254	-	16,254	19,002
Deferred contributions - Ministry of Citizenship (Note 9)	114,286	-	114,286	125,715
Deferred contributions related to tangible capital assets (Note 12)	186,366	-	186,366	133,189
	<u>1,880,500</u>	<u>427,162</u>	<u>2,307,662</u>	<u>2,019,069</u>
Fund balances				
Restricted	50,000	87,166	137,166	85,337
Unrestricted	102,757	-	102,757	16,655
	<u>152,757</u>	<u>87,166</u>	<u>239,923</u>	<u>101,992</u>
	<u>2,033,257</u>	<u>514,328</u>	<u>2,547,585</u>	<u>2,121,061</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, 2018

	Operating Fund \$	Inter- Amicos Fund \$	2018 Total \$	2017 Total \$
Revenue				
Grants				
Immigration, Refugees and Citizenship Canada	4,342,882	-	4,342,882	3,864,255
Ministry of Citizenship - NSP	74,522	-	74,522	74,522
Ministry of Citizenship - Pay Equity	150,337	-	150,337	150,337
Ottawa - Carleton District School Board	384,018	-	384,018	403,875
Status of Women Canada	77,531	-	77,531	57,680
City of Ottawa	157,232	-	157,232	146,168
Ministry of Community Safety and Correctional Services	105,431	-	105,431	66,418
United Way of Ottawa	75,777	-	75,777	132,100
World Skills	30,545	-	30,545	29,934
Jewish Family Services	36,101	-	36,101	27,004
Community Facilitation Service	-	-	-	2,272
Ministry of Citizenship - Refugee Settlement and Peer support	370,967	-	370,967	297,283
Crime Prevention Ottawa	66,586	-	66,586	87,568
Actions Interculturelles	-	-	-	420
Ontario Trillium Foundation	-	-	-	55,507
Community Foundation	109,379	-	109,379	88,002
Employment and Social Development	-	-	-	12,187
YMCA - YWCA	66,076	-	66,076	28,026
Canadian Red Cross	92,633	-	92,633	-
Amortization of deferred contributions related to tangible capital assets (Note 12)	45,550	-	45,550	15,892
	<u>6,185,567</u>	<u>-</u>	<u>6,185,567</u>	<u>5,539,450</u>
Other				
Interest income	6,487	2,092	8,579	3,609
Changes in fair value of financial instruments	870	-	870	1,332
Membership	1,971	-	1,971	1,535
Fundraising and donations	164,249	-	164,249	84,101
Professional services	8,151	-	8,151	17,918
Marion Dewar Scholarship	6,156	-	6,156	1,000
Miscellaneous income	23,475	-	23,475	37,580
	<u>6,396,926</u>	<u>2,092</u>	<u>6,399,018</u>	<u>5,686,525</u>
Expenditures				
Amortization of tangible capital assets	51,036	-	51,036	26,524
Professional development	7,859	-	7,859	12,714
Occupancy	718,933	-	718,933	715,009
Administrative and related costs (Note 15)	302,419	263	302,682	321,713
Program support	359,331	-	359,331	206,180
Salaries and benefits	4,821,246	-	4,821,246	4,237,749
	<u>6,260,824</u>	<u>263</u>	<u>6,261,087</u>	<u>5,519,889</u>
Excess of revenues over expenditures	<u>136,102</u>	<u>1,829</u>	<u>137,931</u>	<u>166,636</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, 2018

	Unrestricted Operating Fund \$	Internally Restricted Operating Fund \$	Externally Restricted Inter-Amicos Fund \$	2018 Total \$	2017 Total \$
Fund balances (negative), beginning of year	16,655	-	85,337	101,992	(64,644)
Excess of revenues over expenditures	136,102	-	1,829	137,931	166,636
	<u>152,757</u>	<u>-</u>	<u>87,166</u>	<u>239,923</u>	<u>101,992</u>
Interfund transfers (Note 3)	(50,000)	50,000	-	-	-
Fund balances, end of year	<u><u>102,757</u></u>	<u><u>50,000</u></u>	<u><u>87,166</u></u>	<u><u>239,923</u></u>	<u><u>101,992</u></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, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
Operating Activities		
Excess of revenues over expenditures	137,931	166,636
Non-cash items		
Amortization of tangible capital assets	51,036	26,524
Amortization of deferred contributions related to tangible capital assets	(45,550)	(15,892)
Amortization of deferred lease inducement	(2,748)	(2,748)
Net change in fair value of investments	(870)	(1,332)
Net change in working capital items		
Grants receivable	338,735	(355,607)
Trade and other receivables	(27,663)	(22,830)
Prepaid expenses	13,742	(36,616)
Trade payables and other operating liabilities	65,968	378,936
Deferred contributions	183,625	491,049
Cash flows from operating activities	<u>714,206</u>	<u>628,120</u>
Investing Activities		
Acquisition of tangible capital assets	(98,727)	(149,166)
Investments	(81,660)	(285,208)
Cash flows from investing activities	<u>(180,387)</u>	<u>(434,374)</u>
Financing activities		
Deferred contributions related to tangible capital assets and cash flows from financing activities	<u>98,727</u>	-
Net increase in cash	632,545	193,746
Cash, beginning of year	<u>423,935</u>	230,189
Cash, end of year	<u>1,056,480</u>	<u>423,935</u>

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

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2018

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 Unrestricted Fund. The Restricted Fund was established during the year for the purpose of providing a contingency reserve for future needs of the Organization. These funds are subject to internally imposed restrictions and will be utilized at the discretion of the Board of Directors for various projects including emergency funding requirements, development needs, strategic initiatives, significant acquisitions and unexpected administrative requirements.

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, 2018

2. Significant Accounting Policies (continued)Contributed Services

OCISO has 526 volunteers (2017 – 501) who have contributed 24,734 hours (2017 – 12,848 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
IT infrastructure	3 year straight-line
Computers	3 year straight-line
Furniture and fixtures	5 year straight-line
Leasehold improvements	5 - 6 year straight-line

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.

3. INTERFUND TRANSFERS

During the year, the Board of Directors approved a transfer of \$50,000 from the Unrestricted Operating Fund to the Restricted Operating Fund.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2018

4. Investments

	<u>2018</u>	<u>2017</u>
Operating Fund	\$	\$
Sunlife Securities	10,582	9,712
Royal Bank of Canada GIC (a)	428,824	371,661
	439,406	381,373
Inter-Amicos Fund		
Royal Bank of Canada GIC (b)	250,072	225,528
	689,478	606,901

(a) GIC's bear interest between 0.5% and 0.9% and mature between April 2018 to November 2018.

(b) GIC's bear interest between 0.9% and 1.1% and mature in March 2019.

5. Trade and Other Receivables

	<u>2017</u>	<u>2016</u>
	\$	\$
Employee advances	1,027	-
HST receivable	58,691	61,427
Property tax rebate	29,517	32,096
Other receivables	30,338	16,137
EHT receivable	44,097	26,347
	163,670	136,007

6. Due to/from specified fund

During the year, amounts totaling \$120,300 were transferred from the Inter-Amicos Fund's cash and investment accounts to the Operating Fund's cash account. This amount is to be repaid to the Inter-Amicos Fund's cash account in the following year.

7. 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, 2018

8. Tangible Capital Assets

	2018		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Equipment	174,646	124,573	50,073
IT infrastructure	42,971	42,971	-
Computers	184,771	109,719	75,052
Furniture and fixtures	165,561	156,192	9,369
Leasehold improvements	154,242	97,633	56,609
	<u>722,191</u>	<u>531,088</u>	<u>191,103</u>
	<hr/> 2017		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
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>

9. 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 premises. 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.

10. 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% (5.70%; 2017 – 4.95%) and is secured by a first ranking security interest in all personal assets of the Organization. As at March 31, 2018, there is a balance of \$Nil (2017 – \$Nil) outstanding on the line of credit.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2018

11. Trade Payables and Other Operating Liabilities

	<u>2018</u>	<u>2017</u>
Operating Fund	\$	\$
Trade payables	132,510	141,684
Salaries payable	321,762	279,004
	<u>454,272</u>	<u>420,688</u>
Inter-Amicos Fund		
Trade payables	427,162	394,778
	<u>881,434</u>	<u>815,466</u>

Government remittances total \$54,314 as at March 31, 2018 (\$12,040 as at March 31, 2017).

12. Deferred contribution related to tangible capital assets

Deferred contributions related to tangible capital assets represent restricted contributions from various donor organizations for the acquisition of tangible capital assets. The changes in the deferred contributions for the year are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance, beginning of year	133,189	-
Received during the year	98,727	149,081
Recognized as revenue	(45,550)	(15,892)
Balance, end of year	<u>186,366</u>	<u>133,189</u>

13. 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>2018</u>	<u>2017</u>
	\$	\$
Balance, beginning of year	914,269	572,300
Received during the year	1,260,771	1,410,370
Recognized as revenue	(1,077,146)	(1,608,401)
Balance, end of year	<u>1,097,894</u>	<u>914,269</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, 2018 is \$16,254 (2017 - \$19,002).

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes to the Financial Statements

March 31, 2018

15. Administrative and Related Costs – Operating Fund

	<u>2018</u>	<u>2017</u>
	\$	\$
Administration fees	514	320
Bank charges and interest	5,510	4,447
Board and staff support	4,209	2,976
Computerization	5,594	4,989
Insurance	25,426	30,619
Office expenses	138,202	159,688
Photocopying and printing	10,739	8,222
Postage and courier	1,821	1,241
Professional fees	95,280	91,227
Telecommunications	15,124	17,872
	<u>302,419</u>	<u>321,601</u>

16. 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.

17. 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 minimum payments on these commitments for the next five years are \$495,409 in 2019, \$281,568 in 2020, \$275,965 in 2021, \$275,965 in 2022, and \$194,483 in 2023.

18. Comparative figures

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