

Ottawa Community Immigrant Services Organization

Financial Statements

March 31, 2014

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	7-16



Raymond Chabot Grant Thornton

L'instinct de la croissance^{MC}
An instinct for growthTM

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, 2014 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.



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, 2014 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.

Report on other legal and regulatory requirements

As required by Part II of the Canada Corporations Act, we report that, in our opinion, the accounting principles in Canadian accounts standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
September 24, 2014

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION
FINANCIAL POSITION
As at March 31, 2014

	Operating Fund	Inter-Amicos Fund	2014-03-31 Total	2013-03-31 Total
	\$	\$	\$	\$
ASSETS				
Current				
Cash	7,198	219,328	226,526	40,595
Investments (Note 4)	7,656	100,000	107,656	360,305
Grants receivable (Note 5)	149,898	-	149,898	425,001
Trade and other receivables (Note 6)	141,161	-	141,161	130,292
Prepaid expenses	4,626	-	4,626	6,980
Long-Term	310,539	319,328	629,867	963,173
Prepaid rent (Note 7)	107,772	-	107,772	118,195
Tangible capital assets (Note 8)	76,191	-	76,191	104,593
Deferred charges (Note 9)	160,000	-	160,000	171,429
	<u>654,502</u>	<u>319,328</u>	<u>973,830</u>	<u>1,357,390</u>
LIABILITIES				
Current				
Bank indebtedness (Note 10)	326,101	-	326,101	434,655
Trade payables and other operating liabilities (Note 11)	169,064	237,676	406,740	634,005
Deferred revenue (Note 12)	185,698	-	185,698	192,693
Deferred contributions (Note 9)	11,428	-	11,428	11,428
Current portion of long-term debt (Note 14)	60,000	-	60,000	80,000
Current portion of obligations under capital lease (Note 13)	9,393	-	9,393	11,059
	<u>761,684</u>	<u>237,676</u>	<u>999,360</u>	<u>1,363,840</u>
Long-Term				
Deferred lease inducement (Note 15)	27,245	-	27,245	29,993
Deferred contributions (Note 9)	160,000	-	160,000	171,429
Obligations under capital lease (Note 13)	1,688	-	1,688	10,953
Long-term debt (Note 14)	50,000	-	50,000	50,000
	<u>1,000,617</u>	<u>237,676</u>	<u>238,933</u>	<u>262,375</u>
Fund balances (deficiency)	<u>(346,115)</u>	<u>81,652</u>	<u>(264,463)</u>	<u>(268,825)</u>
	<u>654,502</u>	<u>319,328</u>	<u>973,830</u>	<u>1,357,390</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, 2014

	Operating Fund \$	Inter- Amicos Fund \$	2014-03-31 Total \$	2013-03-31 Total \$
Revenue				
Grants				
Citizenship and Immigration Canada	3,601,381	-	3,601,381	4,226,821
Ministry of Citizenship - NSP	74,522	-	74,522	74,522
Ministry of Citizenship - Pay Equity	150,337	-	150,337	150,337
Boards of Education (Note 16)	386,350	-	386,350	408,267
City of Ottawa	139,610	-	139,610	154,042
Ministry of Community Safety and Correctional Services	32,600	-	32,600	11,200
Information and Communication Technology Council	-	-	-	2,860
United Nations (Note 17)	21,710	-	21,710	22,274
United Way of Ottawa	126,650	-	126,650	144,289
LASI Employment Project	40,713	-	40,713	34,153
Jewish Family Services	14,898	-	14,898	14,898
Community Facilitation Service	4,714	-	4,714	5,109
Ontario Trillium Foundation	16,413	-	16,413	148,588
Juniper Networks	14,362	-	14,362	10,258
RBC Foundation	10,000	-	10,000	-
Ministry of Training, Colleges and Universities	18,821	-	18,821	-
Marian Dewar Scholarship	12,280	-	12,280	14,075
	<u>4,665,361</u>	<u>-</u>	<u>4,665,361</u>	<u>5,421,693</u>
Interest income	77	1,948	2,025	3,173
Changes in fair value of financial instruments	2,112	-	2,112	810
Membership	899	-	899	870
Donations	30,527	-	30,527	42,882
Professional services and miscellaneous	38,742	-	38,742	28,061
EHT rebate	28,727	-	28,727	31,200
	<u>4,766,445</u>	<u>1,948</u>	<u>4,768,393</u>	<u>5,528,689</u>
Expenditures				
Amortization of tangible capital assets	57,980	-	57,980	71,394
Board and staff support	2,310	-	2,310	8,645
Occupancy	900,982	-	900,982	978,366
Administrative and related costs (Note 18)	270,562	752	271,314	261,030
Program support	91,179	-	91,179	155,071
Salaries and benefits	3,440,266	-	3,440,266	4,131,435
	<u>4,763,279</u>	<u>752</u>	<u>4,764,031</u>	<u>5,605,941</u>
Excess (deficiency) of revenues over expenditures	<u>3,166</u>	<u>1,196</u>	<u>4,362</u>	<u>(77,252)</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, 2014

	Operating Fund \$	Externally Restricted Inter-Amicos Fund \$	2014-03-31 Total \$	2013-03-31 Total \$
Fund Balances (deficiency), beginning of year	(369,279)	100,454	(268,825)	(191,573)
Excess (deficiency) of revenues over expenditures	3,166	1,198	4,362	(77,252)
Inter-fund transfer	19,998	(19,998)	-	-
Fund balance (deficiency), end of year	<u>(346,115)</u>	<u>81,652</u>	<u>(264,463)</u>	<u>(268,825)</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, 2014

	<u>2014-03-31</u>	<u>2013-03-31</u>
	\$	\$
Operating Activities		
Deficiency of revenues over expenditures	4,362	(77,252)
Non cash items		
Amortization of tangible capital assets	57,980	71,394
Amortization of deferred lease inducement	(2,748)	(2,748)
Changes in fair market value of investments	(2,112)	(810)
Changes in working capital items		
Grants receivable	275,103	(97,741)
Trade and other receivables	(10,869)	17,082
Prepaid expenses	12,777	(471)
Trade payables and other operating liabilities	(227,265)	(13,971)
Deferred revenue	(6,995)	16,576
Cash flows from (used in) operating activities	<u>100,233</u>	<u>(87,941)</u>
Investing Activities		
Acquisition of tangible capital assets	(29,578)	-
Acquisition of investments	(125,000)	(350,000)
Disposal of investments	379,761	66,913
Cash flows used in investing activities	<u>225,183</u>	<u>(283,087)</u>
Financing Activities		
Long-term debt financing	120,000	130,000
Repayment of long-term debt	(140,000)	-
Repayment of lease obligations	(10,931)	(20,698)
Cash flows from (used in) financing activities	<u>(20,000)</u>	<u>109,302</u>
Net increase (decrease) in cash	305,416	(261,726)
Bank indebtedness, beginning of year	<u>(394,060)</u>	<u>(132,334)</u>
Bank indebtedness, end of year	<u>(88,644)</u>	<u>(394,060)</u>
Bank indebtedness comprises:		
Cash	226,526	40,596
Bank indebtedness	<u>(326,101)</u>	<u>(434,655)</u>
	<u>(99,575)</u>	<u>(394,060)</u>

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

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

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 Canada 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.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

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 439 volunteers (2013 – 523) who have contributed 9,457 hours (2013 – 15,052 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, 2014

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

	<u>2014-03-31</u>	<u>2013-03-31</u>
	\$	\$
Operating Fund		
Sunlife Securities (Cost - \$Nil)	7,656	5,544
Inter-Amicos Fund		
National Bank of Canada GIC (Cost 2014 - \$100,000)	<u>100,000</u>	<u>354,761</u>
	<u>107,656</u>	<u>360,305</u>

5. Grants Receivable

	<u>2014-03-31</u>	<u>2013-03-31</u>
	\$	\$
Grants receivable	149,898	491,389
Allowance for doubtful accounts	<u>-</u>	<u>(66,388)</u>
	<u>149,898</u>	<u>425,001</u>

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

6. Trade And Other Receivables

	<u>2014-03-31</u>	<u>2013-03-31</u>
	\$	\$
Employee advances	2,504	2,936
HST receivable	47,937	56,157
Property tax rebate	41,943	39,998
Other receivables	20,050	-
EHT receivable	<u>28,727</u>	<u>31,201</u>
	<u>141,161</u>	<u>130,292</u>

7. 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.

8. Tangible Capital Assets

	<u>2014-03-31</u>		
	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	<u>118,865</u>	<u>90,791</u>	<u>28,074</u>
	<u>839,796</u>	<u>763,605</u>	<u>76,191</u>

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

8. Tangible Capital Assets (continued)

	2013-03-31		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Equipment	34,200	30,413	3,787
IT infrastructure	42,971	21,486	21,485
Computers	309,931	304,673	5,258
Furniture and fixtures	223,505	199,113	24,392
Leasehold improvements	80,746	74,580	6,166
Leased tangible capital assets			
Equipment	118,865	75,360	43,505
	<u>810,218</u>	<u>705,625</u>	<u>104,593</u>

9. 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 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.

10. 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, 2014, there is a balance of \$300,000 (2013 – \$400,000) outstanding on the line of credit. The fair value of the line of credit is equivalent to its carrying amount.

The Organization has \$26,101 in bank overdraft as at March 31, 2014 (2013 – \$34,655).

11. Trade Payables and Other Operating Liabilities

	2014-03-31	2013-03-31
	\$	\$
Operating Fund		
Trade payables	59,077	216,893
Salaries payable	<u>109,987</u>	<u>128,897</u>
	169,064	345,790
Inter-Amicos Fund		
Trade payables	<u>237,676</u>	<u>288,215</u>
	<u>406,740</u>	<u>634,005</u>

Government remittances total \$19,973 as at March 31, 2014 (\$21,388 as at March 31, 2013).

Trade payables as at March 31, 2014 includes an amount of \$27,410 (\$Nil as at March 31, 2013) due to management for reimbursement of expenses paid on behalf of the Organization.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

12. 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:

	<u>2014-03-31</u>	<u>2013-03-31</u>
<i>Boards of Education:</i>	\$	\$
Balance, beginning of year	161,919	159,117
Recognized as revenue	(161,919)	(159,117)
Received relating to the following year	145,777	161,919
Balance, end of year	<u>145,777</u>	<u>161,919</u>
<i>United Nations:</i>		
Balance, beginning of year	-	-
Recognized as revenue	-	-
Received relating to the following year	13,838	-
Balance, end of year	<u>13,838</u>	<u>-</u>
<i>Juniper Network Foundation:</i>		
Balance, beginning of year	14,362	-
Recognized as revenue	(14,362)	-
Received relating to the following year	-	14,362
Balance, end of year	<u>-</u>	<u>14,362</u>
<i>Ministry of Citizenship</i>		
Balance, beginning of year	-	-
Recognized as revenue	-	-
Received relating to the following year	5,250	-
Balance, end of year	<u>5,250</u>	<u>-</u>
<i>Employment and Social Development Canada</i>		
Balance, beginning of year	-	-
Recognized as revenue	-	-
Received relating to the following year	20,833	-
Balance, end of year	<u>20,833</u>	<u>-</u>
<i>Ontario Trillium Foundation</i>		
Balance, beginning of year	16,412	-
Recognized as revenue	(16,412)	-
Received relating to the following year	-	16,412
Balance, end of year	<u>-</u>	<u>16,412</u>
<i>City of Ottawa</i>		
Balance, beginning of year	17,000	17,000
Recognized as revenue	(17,000)	(17,000)
Received relating to the following year	-	-
Balance, end of year	<u>-</u>	<u>-</u>
	<u>185,698</u>	<u>192,693</u>

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

13. Obligations Under Capital Lease

	<u>2013-03-31</u>	<u>2012-03-31</u>
	\$	\$
Obligation under capital lease, maturing in April 2013, interest rate at 6%, payable in blended quarterly instalments of \$925, secured by equipment	-	1,751
Obligation under capital lease, maturing in April 2013, interest rate at 6%, payable in blended quarterly instalments of \$850, secured by equipment	-	813
Obligation under capital lease, maturing February 2015, interest rate at 10.9%, payable in blended quarterly instalments of \$822, secured by equipment	3,075	5,815
Obligation under capital lease, maturing April 2015, interest rate at 10.9%, payable in blended quarterly instalments of \$1,734, secured by equipment	8,006	13,633
	<u>11,081</u>	<u>22,012</u>
Current portion	<u>9,393</u>	<u>11,059</u>
	<u>1,688</u>	<u>10,953</u>

Minimum lease payments for the next three years are: \$10,226 in 2015 and \$1,734 in 2016.

Amounts included in minimum lease payments are: \$879 of interest expense.

14. Long-term Debt

	<u>2014-03-31</u>	<u>2013-03-31</u>
	\$	\$
Term loan for capital campaign expenses, maturing on December 31, 2015, payments of \$10,000 due monthly until November 1, 2014, with the remainder due at maturity, interest rate at 7.25%	110,000	130,000
	<u>110,000</u>	<u>130,000</u>
Current portion	<u>60,000</u>	<u>80,000</u>
	<u>50,000</u>	<u>50,000</u>

Minimum re-payments for the next two years are: \$60,000 in 2015 and \$50,000 in 2016.

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

15. 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, 2014 is \$27,245 (2013 - \$29,993).

16. Boards of Education

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

	<u>2014-03-31</u>	<u>2013-03-31</u>
	\$	\$
Ottawa Carleton District School Board	370,928	387,204
Conseil des écoles publiques de l'Est de l'Ontario	-	15,063
Conseil des écoles catholiques de langue française du Centre Est	-	6,000
Community Foundation of Ottawa	9,180	-
Employment and Social Development Canada (Seniors)	2,075	-
Employment and Social Development Canada (Summer Student)	4,167	-
	<u>386,350</u>	<u>408,267</u>

17. International Donors

The Organization received \$21,710 (2013 - \$22,274) from the United Nations, of which \$21,710 (2013 - \$22,274) 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.

18. Administrative and Related Costs

	<u>2014-03-31</u>	<u>2013-03-31</u>
	\$	\$
Administration fees	2,765	4,402
Bank charges and interest	43,448	38,860
Computerization	19,300	31,975
Insurance	31,927	35,292
Interest on long-term debt	2,047	3,427
Office expenses	100,169	80,130
Photocopying and printing	5,566	9,152
Postage and courier	2,260	1,749
Professional fees	45,686	34,689
Telephone	17,394	21,168
	<u>270,562</u>	<u>260,844</u>

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

19. 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.

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 \$498,978 (\$395,356 as at March 31, 2013), whereas the carrying amount of financial assets measured at fair value totals \$7,656 (\$5,544 as at March 31, 2013).

OTTAWA COMMUNITY IMMIGRANT SERVICES ORGANIZATION

Notes To The Financial Statements

March 31, 2014

20. 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 computer servers, laptops and other office equipment. The minimum payments for the next 5 years are as follows:

	\$
2015	689,880
2016	699,611
2017	695,790
2018	509,946
2019	<u>450,521</u>
	<u>3,045,748</u>

21. 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.

22. Economic Dependence

One funding agency contributes approximately 76% (2013 – 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.

23. Comparative Figures

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