



MCLENEHAN AND ASSOCIATES
CHARTERED PROFESSIONAL ACCOUNTANTS
CORPORATION

IMMIGRANT CENTRE MANITOBA INC.

Financial Statements

Year Ended March 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of Immigrant Centre Manitoba Inc.

Opinion

We have audited the financial statements of Immigrant Centre Manitoba Inc. (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba
May 23, 2019


CHARTERED PROFESSIONAL ACCOUNTANTS

IMMIGRANT CENTRE MANITOBA INC.


Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 294,057	\$ 312,485
Grants receivable (Note 3)	273,905	267,872
Accounts receivable (Note 4)	44,193	38,902
Prepaid expenses	9,660	9,761
	621,815	629,020
CAPITAL ASSETS (Note 5)	230,111	308,629
	\$ 851,926	\$ 937,649
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 91,870	\$ 61,234
Government remittances payable	9,934	9,551
Deferred revenue (Note 7)	202,545	249,593
Current portion of long term debt (Note 8)	39,284	37,016
	343,633	357,394
LONG TERM DEBT (Note 8)	74,363	113,341
DEFERRED REVENUE RELATED TO CAPITAL ASSETS (Note 9)	141,579	190,248
	559,575	660,983
NET ASSETS (Note 10)	292,351	276,666
	\$ 851,926	\$ 937,649

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

IMMIGRANT CENTRE MANITOBA INC.**Statement of Revenues and Expenditures****Year Ended March 31, 2019**

	2019	2018
REVENUE		
Operating grants and donations <i>(Note 11)</i>	\$ 2,733,238	\$ 2,636,292
Language Bank	200,202	208,827
Memberships	30	40
	2,933,470	2,845,159
EXPENSES		
Advertising and promotion	20,050	34,144
Board and staff meetings	752	553
Client resources	3,421	3,185
Computer supplies and support	29,112	21,976
Conferences and staff development	28,715	33,633
Equipment maintenance	4,880	4,552
GST expense - IRCC	8,047	8,680
Insurance	13,500	11,931
Interest and bank charges	8,856	8,724
Interest on long term debt	7,388	8,334
Office	26,372	25,998
Parking and transportation	6,006	5,470
Postage and delivery	3,334	3,092
Professional fees	19,926	15,805
Programs	154,654	180,769
Rent	264,385	267,279
Repairs and maintenance	36,333	39,724
Salaries and benefits	2,234,346	2,088,905
Sundry	734	1,343
Telephone	17,580	17,171
	2,888,391	2,781,268
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	45,079	63,891
OTHER INCOME (EXPENSES)		
Amortization of deferred contributions <i>(Note 9)</i>	61,223	72,964
Interest and miscellaneous	5,493	3,021
Loss on disposal of capital assets	-	(129)
Amortization of capital assets	(96,110)	(107,354)
	(29,394)	(31,498)
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 15,685	\$ 32,393

IMMIGRANT CENTRE MANITOBA INC.**Statement of Changes in Net Assets****Year Ended March 31, 2019**

	Capital Assets	Internally Restricted	Unrestricted	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ (31,973)	\$ 308,639	\$ -	\$ 276,666	\$ 244,273
Excess (deficiency) of revenue over expenses	(34,887)	-	50,572	15,685	32,393
Repayment of long-term debt	36,710	-	(36,710)	-	-
Purchase of Capital Assets	17,592	-	(17,592)	-	-
Proceeds from Capital Grants	(12,554)	-	12,554	-	-
Internally imposed restrictions <i>(Note 10)</i>	-	8,824	(8,824)	-	-
NET ASSETS - END OF YEAR	\$ (25,112)	\$ 317,463	\$ -	\$ 292,351	\$ 276,666

IMMIGRANT CENTRE MANITOBA INC.**Statement of Cash Flows****Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 15,685	\$ 32,393
Items not affecting cash:		
Amortization of capital assets	96,110	107,354
Amortization of deferred contributions	(61,223)	(72,964)
Loss on disposal of capital assets	-	129
	50,572	66,912
Changes in non-cash working capital:		
Grants receivable	(6,033)	(15,643)
Accounts receivable	(5,291)	(8,809)
Prepaid expenses	101	(671)
Accounts payable and accrued liabilities	30,636	(3,245)
Government remittances payable	383	2,261
Deferred revenue	(47,048)	(25,666)
	(27,252)	(51,773)
Cash flow from operating activities	23,320	15,139
INVESTING ACTIVITIES		
Purchase of capital assets	(17,592)	(12,895)
Contributions received to fund the purchase of capital assets	12,554	12,275
Cash flow used by investing activities	(5,038)	(620)
FINANCING ACTIVITY		
Repayment of long term debt	(36,710)	(35,258)
DECREASE IN CASH FLOW	(18,428)	(20,739)
CASH - BEGINNING OF YEAR	312,485	333,224
CASH - END OF YEAR	\$ 294,057	\$ 312,485

IMMIGRANT CENTRE MANITOBA INC.

Notes to Financial Statements

Year Ended March 31, 2019

1. NATURE OF ACTIVITIES

Founded in 1969, Immigrant Centre Manitoba Inc.'s (the Organization) mission is to deliver quality innovative immigrant and settlement services in Manitoba with the goal of empowering newcomers to connect, integrate and fully participate in Canadian society.

The Organization is a non-profit organization, incorporated under the Corporation Act of Manitoba, with registered charitable status, operating under the auspices of a community-based volunteer Board of Directors.

The various levels of government, foundations and the United Way of Winnipeg fund the Organization's services and programs. In addition, support is also received from individual and group memberships as well as donations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Revenue recognition

The Organization follows the deferral method of accounting for grants and donations. Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred. Restricted funds received for which the related expenses have not been incurred as at the Organization's year end are recorded as deferred revenue. Unrestricted grants and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and short term investments

Cash and short-term investments consist of balances with banks and investments in bank savings accounts.

Grants receivable

Grants receivable represents amounts due under funding agreements for services, which have already been provided in compliance with these agreements.

Capital assets

Capital assets are recorded at cost, less accumulated amortization. Amortization is being provided for by the straight-line method or declining balance method over the following estimated useful lives:

Computer equipment	3 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Leasehold improvements	12 years	declining balance method

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Net assets internally restricted

These net assets are internally restricted for specific purposes as detailed in Note 10.

(continues)

IMMIGRANT CENTRE MANITOBA INC.

Notes to Financial Statements

Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

The Organization is a not-for-profit entity without capital stock and, as such, is exempt from income taxes.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the statement of Revenues and Expenditures in the period in which they are known. Actual results could differ from these estimates. Significant estimates include the useful lives of capital assets which is used to calculate amortization.

Financial instruments policy

The Organization initially measures its financial assets and financial liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in marketable securities that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in the statement of Revenues and Expenditures and statement of Changes in Net Assets.

Financial assets measured at amortized cost include cash, grants and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities, current portion of long-term debt and long-term debt.

Financial assets are tested for impairment at the end of the reporting period if there are indications that the assets may be impaired.

3. GRANTS RECEIVABLE

	2019	2018
Government of Canada - Immigration, Refugees and Citizenship Canada	\$ 227,788	\$ 238,652
Province of Manitoba - Education and Training	39,367	18,450
City of Winnipeg	6,750	-
Calgary Catholic Immigration Society	-	3,252
Winnipeg Foundation	-	7,518
	\$ 273,905	\$ 267,872

IMMIGRANT CENTRE MANITOBA INC.**Notes to Financial Statements****Year Ended March 31, 2019****4. ACCOUNTS RECEIVABLE**

	2019	2018
GST Refund	\$ 12,437	\$ 13,076
Other receivables	31,756	25,826
	\$ 44,193	\$ 38,902

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Furniture and fixtures	\$ 267,601	\$ 247,378	\$ 20,223	\$ 19,744
Computer equipment	99,104	84,538	14,566	15,237
Leasehold improvements	939,261	743,939	195,322	273,648
	\$ 1,305,966	\$ 1,075,855	\$ 230,111	\$ 308,629

6. BANK OPERATING LINE OF CREDIT

Organization possesses a line of credit up to a maximum of \$300,000 with the Assiniboine Credit Union, which bears interest at prime plus 3.00% per annum. The Organization has pledged as collateral a registered General Security Agreement and Commercial Line of Credit Agreement. The Organization's liability to the Assiniboine Credit Union with respect to this line of credit was \$0 (Nil) at March 31, 2019 (\$0 (Nil) at March 31, 2018).

7. DEFERRED REVENUE

	2019	2018
Government of Canada - Immigration, Refugees and Citizenship Canada	\$ 11,480	\$ 10,524
Province of Manitoba - Education and Training	2,142	1,936
City of Winnipeg	-	20,250
Assiniboine Credit Union	5,000	-
Communities 4 Families	319	319
Community Connections	1,780	1,780
Membership	-	30
Royal Bank of Canada	5,796	17,199
Share our Strength	60,547	59,295
United Way of Winnipeg	103,777	137,399
Westoba Credit Union	9,543	-
Winnipeg Foundation	2,161	861
	\$ 202,545	\$ 249,593

IMMIGRANT CENTRE MANITOBA INC.**Notes to Financial Statements****Year Ended March 31, 2019****8. LONG TERM DEBT**

	2019	2018
I.D. Fashions loan payable with monthly installments of \$3,735 bearing interest at the Royal Bank of Canada's prime plus 2% per annum. The loan matures on December 1, 2021.	\$ 113,647	\$ 150,357
Amounts payable within one year	(39,284)	(37,016)
	<u>\$ 74,363</u>	<u>\$ 113,341</u>

Principal repayment terms are approximately:

2020	\$ 39,284
2021	41,557
2022	32,806
	<u>\$ 113,647</u>

9. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

Deferred revenue related to capital assets represent restricted funding from the various funders with which furniture and fixtures, computers, and leasehold improvements were acquired. These contributions are recognized as revenue on the same basis as the amortization of the related capital assets. Changes in the deferred revenue balances are as follows:

	2019	2018
Balance - beginning of the year	\$ 190,248	\$ 250,937
Funding for capital assets	12,554	12,275
Amounts amortized to revenue	(61,223)	(72,964)
Balance - end of the year	<u>141,579</u>	<u>190,248</u>

Funding was received from the following organizations to acquire capital assets:

Government of Canada -		
Immigration, Refugees and Citizenship Canada	1,422	5,956
Province of Manitoba -		
Education and Training	11,132	6,319
	<u>12,554</u>	<u>12,275</u>

IMMIGRANT CENTRE MANITOBA INC.**Notes to Financial Statements****Year Ended March 31, 2019****10. INTERNALLY RESTRICTED NET ASSETS**

The Board has restricted the following amounts:

	2019	2018
Outreach and Communications Fund	\$ 30,000	\$ 30,000
Future purchase of telecommunication equipment	60,000	60,000
Website Development Fund	15,000	-
Future purchase of other equipment and improvements to facilities	34,463	40,639
Short-term Disability Fund	25,000	25,000
Immigrant Centre Client Emergency Fund	3,000	3,000
Management Succession Fund	40,000	40,000
Professional Development	10,000	10,000
Program Transition Funding Support	40,000	40,000
Program Salary and Benefit Shortfall Support	40,000	40,000
Human Resources Fund	20,000	20,000
	317,463	308,639
Internally Restricted Net Assets invested in Capital Assets		
Unamortized portion of capital assets purchased with unrestricted resources	88,532	118,381
Less related debt	(113,644)	(150,354)
	(25,112)	(31,973)
Internally Restricted Net Assets	\$ 292,351	\$ 276,666

IMMIGRANT CENTRE MANITOBA INC.**Notes to Financial Statements****Year Ended March 31, 2019****11. OPERATING GRANTS AND DONATIONS**

	2019	2018
Government of Canada -		
Immigration, Refugees and Citizenship Canada	\$ 1,936,001	\$ 2,012,469
Province of Manitoba -		
Education and Training	437,591	264,531
City of Winnipeg	27,000	27,000
Alberta Association of Immigrant Serving Agencies	900	-
Assiniboine Credit Union	-	4,000
Calgary Catholic Immigration Society	-	3,252
Canadian Union of Public Employees Local 2348	1,458	173
Donations	6,946	9,537
Investors Group	-	27,538
Royal Bank of Canada Foundation	11,403	15,451
Share our Strength	65,748	67,906
United Way of Winnipeg	200,122	183,135
Westoba Credit Union	5,457	-
Winnipeg Foundation	40,612	21,300
	\$ 2,733,238	\$ 2,636,292

12. PENSION PLAN

a) Organization is a member of the Community Agencies Retirement Plan which covers substantially all its employees. The Organization accounts for its contributions to the Plan as a defined contribution plan, as this is a multi-employer plan.

In 2019, the organization recognized an expense of \$122,085 (2018 - \$104,937) for employee current service pension.

b) The most recent actuarial valuation of the pension plan prepared at December 31, 2017 by Ellement Consulting Group reported the solvency ratio at the end of December 31, 2017 to be at 87.5% of being fully funded.

IMMIGRANT CENTRE MANITOBA INC.

Notes to Financial Statements

Year Ended March 31, 2019

13. COMMITMENTS

a) The Organization has entered into a 12 year lease agreement for its premises which expires August 31, 2021. The monthly base rent for years one to six is \$11,864 plus GST and \$13,198 plus GST for years seven to twelve.

The minimum lease payments required over the next five years for its new premises are as follows:

2020	\$	166,294
2021		166,294
2022		69,289

The lease also requires the Organization to pay its proportionate share of certain operating costs of the building, currently estimated at \$7.50 per square foot (\$10,000 per month plus GST), and \$2,080 per month plus GST for parking.

b) The organization has entered into three 60 month lease agreements on the photocopiers which expire in February, 2020. The total quarterly payment is \$1,952 plus taxes.

The required lease payments over the life of the leases are as follows:

2020	\$	6,617
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