

IMMIGRANT CENTRE MANITOBA INC.
Financial Statements
Year Ended March 31, 2016

IMMIGRANT CENTRE MANITOBA INC.
Index to Financial Statements
Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of Immigrant Centre Manitoba Inc.

We have audited the accompanying financial statements of Immigrant Centre Manitoba Inc., which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures, changes in net assets 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Consequently, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, assets or net assets.

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Independent Auditor's Report to the Members of Immigrant Centre Manitoba Inc. *(continued)*

Qualified Opinion

In our opinion, except for the effects of the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of Immigrant Centre Manitoba Inc., as at March 31, 2016 and its financial performance and the results of its operations and its cash flows for the year then ended March 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

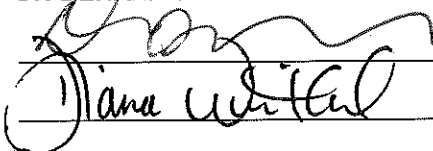
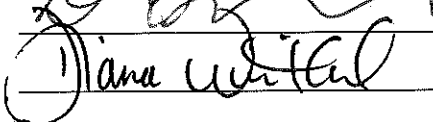
Winnipeg, Manitoba

Wieler & Wieler Certified General Accountants Professional Corporation

IMMIGRANT CENTRE MANITOBA INC.
Statement of Financial Position
March 31, 2016

| | 2016 | 2015 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 316,199 | \$ 131,192 |
| Grants receivable (Note 3) | 260,012 | 316,855 |
| Accounts receivable (Note 4) | 31,675 | 32,188 |
| Prepaid expenses | 7,910 | 11,364 |
| | 615,796 | 491,599 |
| Capital assets (Note 5) | 490,788 | 564,254 |
| | \$ 1,106,584 | \$ 1,055,853 |
| LIABILITIES AND NET ASSETS | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 70,238 | \$ 78,422 |
| Due to government | 4,919 | 2,958 |
| Deferred revenue (Note 7) | 302,901 | 227,448 |
| Current portion on long-term debt (Note 8) | 34,047 | 32,666 |
| | 412,105 | 341,494 |
| Long-term debt (Note 8) | 185,615 | 219,879 |
| Deferred contributions related to capital assets (Note 9) | 305,716 | 344,488 |
| | 903,436 | 905,861 |
| Net assets | | |
| Investment in capital assets | (34,591) | (32,778) |
| Internally restricted net assets (Note 10) | 237,739 | 182,770 |
| | 203,148 | 149,992 |
| | \$ 1,106,584 | \$ 1,055,853 |

ON BEHALF OF THE BOARD

 Director
 Director

The accompanying notes are an integral part of these financial statements

IMMIGRANT CENTRE MANITOBA INC.
Statement of Revenues and Expenditures
Year Ended March 31, 2016

| | 2016 | 2015 |
|--|------------------|------------------|
| Revenue | | |
| Operating grants and donations (Note 11) | \$ 2,214,701 | \$ 2,006,663 |
| Memberships | 105 | 190 |
| Language bank | 141,395 | 139,620 |
| | 2,356,201 | 2,146,473 |
| Expenses | | |
| Advertising and promotion | 19,581 | 18,769 |
| Board and staff meetings | 629 | 728 |
| Client resources | 2,686 | 2,742 |
| Computer supplies and support | 39,959 | 27,449 |
| Conferences and staff development | 26,187 | 12,872 |
| Equipment maintenance | 4,493 | 981 |
| GST expense - IRCC | 9,139 | 7,626 |
| Insurance | 11,675 | 10,983 |
| Interest and bank charges | 6,847 | 6,186 |
| Interest on long term debt | 11,068 | 13,140 |
| Office | 28,164 | 21,623 |
| Parking and transportation | 3,097 | 2,939 |
| Postage and delivery | 2,974 | 3,220 |
| Professional fees | 14,233 | 22,320 |
| Programs | 142,116 | 79,462 |
| Rent | 260,744 | 243,541 |
| Repairs and maintenance | 36,437 | 36,191 |
| Salaries and benefits | 1,635,298 | 1,554,980 |
| Sundry | 1,549 | 3,909 |
| Telephone | 13,863 | 13,207 |
| | 2,270,739 | 2,082,868 |
| Excess of revenue over expenses from operations | 85,462 | 63,605 |
| Other expenses (income) | | |
| Amortization of deferred contributions | (70,341) | (72,590) |
| Interest and miscellaneous | (2,388) | (2,249) |
| Loss on disposal of capital assets | - | 145 |
| Amortization of capital assets | 105,035 | 120,050 |
| | 32,306 | 45,356 |
| Excess of revenue over expenses | \$ 53,156 | \$ 18,249 |

The accompanying notes are an integral part of these financial statements

IMMIGRANT CENTRE MANITOBA INC.
Statement of Changes in Net Assets
Year Ended March 31, 2016

| | Capital Assets | Internally Restricted | Unrestricted | 2016 | 2015 |
|--|--------------------|--------------------------|--------------|-------------------|-------------------|
| Net assets - | | | | | |
| beginning of year | \$ (32,778) | \$ 182,770 | \$ - | \$ 149,992 | \$ 131,743 |
| Excess (deficiency) of revenue over expenses | (34,696) | - | 87,852 | 53,156 | 18,249 |
| Repayment of long-term debt | 32,883 | - | (32,883) | - | - |
| Purchase of Capital Assets | 31,568 | - | (31,568) | - | - |
| Proceeds from Capital Grants | (31,568) | - | 31,568 | - | - |
| Internally imposed restrictions - (Note 10) | - | 54,969 | (54,969) | - | - |
| Net assets - end of year | \$ (34,591) | \$ 237,739 | \$ - | \$ 203,148 | \$ 149,992 |

The accompanying notes are an integral part of these financial statements

IMMIGRANT CENTRE MANITOBA INC.
Statement of Cash Flows
Year Ended March 31, 2016

| | 2016 | 2015 |
|---|-------------------|-------------------|
| Operating activities | | |
| Excess of revenue over expenses | \$ 53,156 | \$ 18,249 |
| Items not affecting cash: | | |
| Amortization of capital assets | 105,035 | 120,050 |
| Amortization of deferred contributions | (70,341) | (72,590) |
| Loss on disposal of assets | - | 145 |
| | 87,850 | 65,854 |
| Changes in non-cash working capital: | | |
| Grants receivable | 56,843 | (158,682) |
| Accounts receivable | 513 | (17,750) |
| Prepaid expenses | 3,455 | (660) |
| Accounts payable and accrued liabilities | (8,185) | (39,955) |
| Employee deductions payable | 1,961 | 149 |
| Deferred revenue | 75,453 | 110,022 |
| | 130,040 | (106,876) |
| Cash flow from (used by) operating activities | 217,890 | (41,022) |
| Investing activities | | |
| Purchase of capital assets | (31,568) | (45,124) |
| Contributions received to fund purchase of capital assets | 31,568 | 45,124 |
| Cash flow from investing activities | - | - |
| Financing activity | | |
| Repayment of long term debt | (32,883) | (30,812) |
| Increase (decrease) in cash flow | 185,007 | (71,834) |
| Cash - beginning of year | 131,192 | 203,026 |
| Cash - end of year | \$ 316,199 | \$ 131,192 |

The accompanying notes are an integral part of these financial statements

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2016

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. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

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 |

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IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2016

2. Significant accounting policies *(continued)*

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.

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 revenue over expenses 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.

(continues)

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2016

2. Significant accounting policies *(continued)*

Financial instruments policy

Certain assets and liabilities of the Organization are considered to be financial instruments. The recorded value of these financial instruments depends upon their classification.

Financial assets classified as held for trading are measured at fair value and any changes in those fair values are recognized in income. Financial assets classified as held to maturity or loans and receivable are measured at amortized cost using the effective interest method of amortization. Financial liabilities are also measured at amortized cost using the effective interest method of amortization.

The Organization has classified its financial assets and liabilities as follows:

1. Held for trading - cash and short-term investments
2. Loans and receivable - grants and accounts receivable
3. Other financial liabilities - accounts payable, accrued liabilities, accrued vacation pay, current portion of long-term debt, long-term debt, and deferred revenues.

At March 31st of each year, the Organization assesses whether a financial asset is permanently impaired. If there is objective evidence that an impairment loss exists, the amount of the loss is measured as the difference between the carrying amount of the asset and its fair value. The carrying amount of the asset is reduced and the amount of the loss is recognized in income.

It is management's opinion that the Organization is not exposed to significant interest, currency, or credit risks arising from these financial statements. Unless otherwise stated, the fair values of the Organization's financial assets and liabilities approximate their carrying value.

3. **Grants receivable**

| | 2016 | 2015 |
|--|-------------------|-------------------|
| Government of Canada - | | |
| Immigration, Refugees and Citizenship Canada | \$ 221,312 | \$ 285,885 |
| Province of Manitoba - Manitoba Jobs and the Economy | 12,850 | 14,928 |
| City of Winnipeg | 6,750 | 6,750 |
| Investors Group | - | 9,292 |
| Winnipeg Foundation | 19,100 | - |
| | \$ 260,012 | \$ 316,855 |

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2016

4. Accounts receivable

| | 2016 | 2015 |
|-------------------|------------------|------------------|
| G.S.T. receivable | \$ 13,084 | \$ 11,197 |
| Other receivables | 18,591 | 20,991 |
| | \$ 31,675 | \$ 32,188 |

5. Capital assets

| | Cost | Accumulated amortization | 2016 Net book value | 2015 Net book value |
|------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Furniture and fixtures | \$ 247,595 | \$ 228,240 | \$ 19,355 | \$ 5,531 |
| Computer equipment | 79,716 | 42,116 | 37,600 | 48,993 |
| Leasehold improvements | 936,764 | 502,931 | 433,833 | 509,730 |
| | \$ 1,264,075 | \$ 773,287 | \$ 490,788 | \$ 564,254 |

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, 2016 (\$0 (Nil) at March 31, 2015).

7. Deferred revenue

| | 2016 | 2015 |
|--|-------------------|-------------------|
| Government of Canada - Immigration, Refugees and Citizenship Canada | \$ 9,391 | \$ 11,212 |
| Province of Manitoba - Manitoba Jobs and the Economy | 1,809 | 2,159 |
| Assiniboine Credit Union | - | 3,500 |
| Communities 4 Families | 319 | 319 |
| Investors Group | 24,540 | - |
| Manitoba Community Service Council Inc. | 7,283 | 28,280 |
| Membership | 60 | 55 |
| Royal Bank of Canada | 27,355 | 23,458 |
| Share our Strength | 56,057 | 49,456 |
| United Way of Winnipeg | 173,087 | 96,193 |
| Winnipeg Foundation | 3,000 | 12,816 |
| | \$ 302,901 | \$ 227,448 |

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2016

8. Long-term debt

| | 2016 | 2015 |
|--|-------------------|-------------------|
| I. D. Fashions loan payable with monthly installments of \$3,636 bearing interest at the Royal Bank of Canada's prime plus 2% per annum. The loan matures on December 1, 2022. | 219,662 | 252,545 |
| Current portion | (34,047) | (32,666) |
| | \$ 185,615 | \$ 219,879 |

Principal repayment terms are approximately:

| | |
|------|-------------------|
| 2017 | \$ 34,047 |
| 2018 | 35,751 |
| 2019 | 37,451 |
| 2020 | 39,221 |
| 2021 | 41,094 |
| | <u>\$ 187,564</u> |

9. Deferred contributions related to capital assets

Deferred contributions 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 contribution balances are as follows:

| | 2016 | 2015 |
|---------------------------------|----------------|------------|
| Balance - beginning of the year | \$ 344,488 | \$ 371,955 |
| Funding for capital assets | 31,568 | 45,123 |
| Amounts amortized to revenue | (70,340) | (72,590) |
| Balance - end of the year | 305,716 | 344,488 |

Funding was received from the following organizations to acquire capital assets

| | | |
|--|---------------|---------------|
| Government of Canada - Immigration, Refugees and Citizenship Canada | 31,568 | 35,607 |
| United Way | - | 9,517 |
| | 31,568 | 45,124 |

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2016

10. Internally restricted net assets

The Board has restricted the following amounts:

| | 2016 | 2015 |
|---|-------------------|-------------------|
| Outreach and Communications Fund | \$ 25,000 | \$ 25,000 |
| Future purchase of equipment and improvements to facilities | 90,739 | 35,770 |
| Short-term Disability Fund | 20,000 | 20,000 |
| Immigrant Centre Client Emergency Fund | 2,000 | 2,000 |
| Management Succession Fund | 40,000 | 40,000 |
| Professional Development | 5,000 | 5,000 |
| Program Transition Funding Support | 15,000 | 15,000 |
| Program Salary and Benefit Shortfall Support | 40,000 | 40,000 |
| | \$ 237,739 | \$ 182,770 |

11. Operating grants and donations

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Government of Canada - Immigration, Refugees and Citizenship Canada | \$ 1,647,999 | \$ 1,457,570 |
| Province of Manitoba - Manitoba Jobs and the Economy | 255,935 | 251,555 |
| City of Winnipeg | 27,000 | 27,000 |
| Assiniboine Credit Union | 3,650 | - |
| Child Nutrition Council | - | 150 |
| Communities 4 Families | - | 4,913 |
| Donations | 16,623 | 7,120 |
| Investors Group | 35,000 | 35,000 |
| Manitoba Community Services Council Inc. | 20,997 | - |
| Royal Bank of Canada Foundation | 21,102 | 23,780 |
| Share our Strength | 58,399 | 49,848 |
| United Way of Winnipeg | 89,780 | 105,260 |
| University of Western Ontario | 1,300 | - |
| Western Union | - | 5,395 |
| Winnipeg Chamber of Commerce | - | 550 |
| Winnipeg Foundation | 36,916 | 38,522 |
| | \$ 2,214,701 | \$ 2,006,663 |

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2016

12. Pension Plan

- a) The 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 2016, the Organization recognized an expense of \$82,217 (2015 - \$87,674) for employee current service pension.

- b) The most recent actuarial valuation of the pension plan prepared as at December 31, 2013 by Ellement & Ellement Consulting Actuaries reported the solvency ratio at the end of December 31, 2013 to be at 93.3% at being fully funded.
-

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 \$13,197 plus GST for years seven to twelve.

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

| | 2016 |
|------|-------------|
| 2017 | \$ 166,294 |
| 2018 | 166,294 |
| 2019 | 166,294 |
| 2020 | 166,294 |
| 2021 | 166,294 |

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 \$1,360 per month plus GST for parking.

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:

| | |
|------|-------|
| 2017 | 8,823 |
| 2018 | 8,823 |
| 2019 | 8,823 |
| 2020 | 6,617 |
