

IMMIGRANT CENTRE MANITOBA INC.
Financial Statements
Year Ended March 31, 2020

IMMIGRANT CENTRE MANITOBA INC.
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Year Ended March 31, 2020

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Rawluk & Robert

CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2020, 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, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 23, 2019.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 ASNPO, 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.

(continues)

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related 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

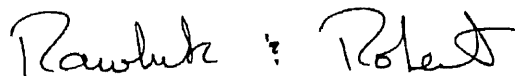
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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, MB
June 5, 2020



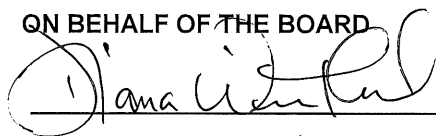
Rawluk & Robert Chartered Professional Accountants Inc.
Chartered Professional Accountants

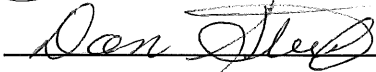
IMMIGRANT CENTRE MANITOBA INC.
Statement of Financial Position
March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 313,792	\$ 294,057
Grants receivable (Note 3)	247,125	273,905
Accounts receivable (Note 4)	35,859	44,193
Prepaid expenses	10,079	9,660
	606,855	621,815
CAPITAL ASSETS (Note 5)	168,187	230,111
	\$ 775,042	\$ 851,926
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 98,968	\$ 91,873
Government remittances payable	11,011	9,934
Deferred revenue (Note 7)	167,098	202,545
Current portion of long term debt (Note 8)	41,557	39,284
	318,634	343,636
LONG TERM DEBT (Note 8)	32,806	74,363
DEFERRED REVENUE RELATED TO CAPITAL ASSETS (Note 9)	87,793	141,579
	439,233	559,578
NET ASSETS (Note 10)	335,809	292,348
	\$ 775,042	\$ 851,926

LEASE COMMITMENTS (Note 14)

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, 2020

	2020	2019
REVENUES		
Operating grants and donations <i>(Note 11)</i>	\$ 2,737,797	\$ 2,733,238
Language Bank	234,724	200,202
Memberships	-	30
	<u>2,972,521</u>	<u>2,933,470</u>
EXPENSES		
Advertising and promotion	22,237	20,050
Board meetings	1,231	752
Client resources	3,450	3,421
Computer supplies and support	35,415	29,112
Conferences and staff development	25,693	28,715
Equipment maintenance	4,136	4,880
GST expense - IRCC	7,267	8,047
Insurance	15,299	13,500
Interest and bank charges	9,348	8,856
Interest on long term debt	5,457	7,388
Office	26,741	26,372
Parking and transportation	4,879	6,006
Postage and delivery	3,424	3,334
Professional fees	13,769	19,926
Programs	149,943	154,654
Rent	267,753	264,385
Repairs and maintenance	40,498	36,333
Salaries and wages	2,241,471	2,234,346
Sundry	240	734
Telephone	16,028	17,580
	<u>2,894,279</u>	<u>2,888,391</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>78,242</u>	<u>45,079</u>
OTHER INCOME (EXPENSES)		
Amortization of deferred contributions <i>(Note 9)</i>	61,759	61,223
Interest and Miscellaneous	3,408	5,493
Amortization of capital assets <i>(Note 5)</i>	(99,948)	(96,110)
	<u>(34,781)</u>	<u>(29,394)</u>
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	<u>\$ 43,461</u>	<u>\$ 15,685</u>

See notes to financial statements

IMMIGRANT CENTRE MANITOBA INC.
Statement of Changes in Net Assets
Year Ended March 31, 2020

	Capital Assets	Internally Restricted	Unrestricted	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ (25,115)	\$ 317,463	\$ -	\$ 292,348	\$ 276,663
Excess/(deficiency) of revenues over expenses	(38,190)	-	81,651	43,461	15,685
Repayment of long term debt	39,284	-	(39,284)	-	-
Purchase of capital assets	38,025	-	(38,025)	-	-
Proceeds from capital grants	(7,974)	-	7,974	-	-
Internally imposed restrictions <i>(Note 10)</i>	-	12,316	(12,316)	-	-
NET ASSETS - END OF YEAR	\$ 6,030	\$ 329,779	\$ -	\$ 335,809	\$ 292,348

See notes to financial statements

IMMIGRANT CENTRE MANITOBA INC.
Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 43,461	\$ 15,685
Items not affecting cash:		
Amortization of capital assets	99,948	96,110
Amortization of deferred contributions	(61,759)	(61,223)
	<u>81,650</u>	<u>50,572</u>
Changes in non-cash working capital:		
Grants receivable	26,780	(6,033)
Accounts receivable	8,334	(5,291)
Prepaid expenses	(419)	101
Accounts payable and accrued liabilities	7,095	30,636
Government remittances payable	1,077	383
Deferred revenue	(35,447)	(47,048)
	<u>7,420</u>	<u>(27,252)</u>
Cash flow from operating activities	<u>89,070</u>	<u>23,320</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(38,025)	(17,592)
Contributions received to fund the purchase of capital assets	7,974	12,554
Cash flow used by investing activities	<u>(30,051)</u>	<u>(5,038)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(39,284)	(36,710)
INCREASE (DECREASE) IN CASH FLOW	19,735	(18,428)
Cash - beginning of year	<u>294,057</u>	<u>312,485</u>
CASH - END OF YEAR	\$ 313,792	\$ 294,057

See notes to financial statements

IMMIGRANT CENTRE MANITOBA INC.

Notes to Financial Statements

Year Ended March 31, 2020

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 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 (ASNFPO).

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 stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

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

The Organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2020

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

Revenue recognition

Immigrant Centre Manitoba Inc. 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.

Language bank revenue is recognized when the service has been provided and collection is reasonably assured.

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 conformity 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, disclosure of contingent assets and liabilities 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 period in which they become 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

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.

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2020

3. GRANTS RECEIVABLE

	2020	2019
Government of Canada Immigration, Refugees and Citizenship of Canada	\$ 186,514	\$ 227,788
Province of Manitoba Economic Development and Training	54,460	39,367
City of Winnipeg	6,075	6,750
Canadian Union of Public Employees Local 2348	76	-
	\$ 247,125	\$ 273,905

4. ACCOUNTS RECEIVABLE

	2020	2019
G.S.T. Refund	\$ 12,168	\$ 12,437
Other receivables	23,691	31,756
	\$ 35,859	\$ 44,193

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value
Computer equipment	\$ 103,685	\$ 92,109	\$ 11,576
Furniture and fixtures	275,099	233,370	41,729
Leasehold improvements	939,869	824,987	114,882
	\$ 1,318,653	\$ 1,150,466	\$ 168,187

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

IMMIGRANT CENTRE MANITOBA INC.

Notes to Financial Statements

Year Ended March 31, 2020

6. BANK OPERATING LINE OF CREDIT

The Organization has a line of credit with the Assiniboine Credit Union which includes an approved operating line that can be drawn upon to a maximum of \$300,000, which bears interest at prime plus 3% and is secured by a registered General Security Agreement and Commercial Line of Credit Agreement. At the statement of financial position date, the amount owing, which is due on demand, was \$nil (2019: \$nil).

7. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Government of Canada Immigration, Refugees and Citizenship of Canada	\$ 9,144	\$ 11,480
Province of Manitoba Economic Development and Training	1,671	2,142
Assiniboine Credit Union	-	5,000
Communities 4 Families	319	319
Community Connections	1,780	1,780
Manitoba Association of Newcomer Serving Agencies	1,100	-
Royal Bank of Canada	5,796	5,796
Share our Strength	42,285	60,547
United Way of Winnipeg	85,786	103,777
Westoba Credit Union	10,060	9,543
Winnipeg Foundation	9,157	2,161
	<u>\$ 167,098</u>	<u>\$ 202,545</u>

8. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
I.D. Fashion Ltd. loan bearing interest at the Royal Bank of Canada's prime plus 2% per annum, repayable in monthly blended payments of \$3,735. The loan matures on December 1, 2021 .	\$ 74,363	\$ 113,647
Amounts payable within one year	<u>(41,557)</u>	<u>(39,284)</u>
	<u>\$ 32,806</u>	<u>\$ 74,363</u>

Principal repayment terms are approximately:

2021	\$ 41,557
2022	32,806
	<u>\$ 74,363</u>

IMMIGRANT CENTRE MANITOBA INC.

Notes to Financial Statements

Year Ended March 31, 2020

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 deferred revenue balances are as follows:

	<u>2020</u>	<u>2019</u>
Balance - beginning of year	\$ 141,579	\$ 190,248
Funding for capital assets	7,973	12,554
Amounts amortized to revenue	<u>(61,759)</u>	<u>(61,223)</u>
	<u>87,793</u>	<u>141,579</u>

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

Government of Canada - Immigration, Refugees and Citizenship Canada	1,501	1,422
Province of Manitoba - Economic Development and Training	<u>6,473</u>	<u>11,132</u>
	<u>7,974</u>	<u>12,554</u>

10. INTERNALLY RESTRICTED NET ASSETS

The Board has restricted the following amounts:

	<u>2020</u>	<u>2019</u>
Outreach and Communications Fund	\$ 30,000	\$ 30,000
Future purchase of telecommunication equipment	5,000	60,000
Website Development Fund	5,000	15,000
Future purchase of other equipment and improvement to facilities	35,779	34,463
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	110,000	40,000
Program Salary and Benefit Shortfall Support	40,000	40,000
Human Resources Fund	<u>26,000</u>	<u>20,000</u>
	<u>329,779</u>	<u>317,463</u>
Internally Restricted Net Assets invested in Capital Assets		
Unamortized portion of capital assets purchased with unrestricted resources	80,393	88,532
Less related debt	<u>(74,363)</u>	<u>(113,644)</u>
	<u>6,030</u>	<u>(25,112)</u>
Internally Restricted Net Assets	<u>\$ 335,809</u>	<u>\$ 292,351</u>

IMMIGRANT CENTRE MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2020

11. OPERATING GRANTS AND DONATIONS

	2020	2019
Government of Canada - Immigration, Refugees and Citizenship Canada	\$ 1,854,550	\$ 1,936,001
Province of Manitoba - Economic Development and Training	520,384	437,591
City of Winnipeg	26,325	27,000
Alberta Association of Immigrant Serving Agencies	-	900
Assiniboine Credit Union	5,000	-
Canadian Union of Public Employees Local 2348	254	1,458
CERIC	500	-
Donations	24,230	6,946
Royal Bank of Canada Foundation	-	11,403
Share our Strength	69,263	65,748
United Way of Winnipeg	182,443	200,122
Westoba Credit Union	14,482	5,457
Winnipeg Foundation	40,366	40,612
	\$ 2,737,797	\$ 2,733,238

12. PENSION PLAN

- a) Organization is a member of the Community Agencies Retirement Plan which covers substantially all of its employees. The Organization accounts for its contributions to the Plan as a defined contribution plan, as this is a multi-employer plan. In 2020, the Organization recognized an expense of \$130,765 (2019 - \$122,085) for employee current service pension.
- b) The most recent actuarial valuation of the pension plan prepared at December 31, 2018 by Ellement Consulting Group reported the solvency ratio at the end of December 31, 2018 to be at 87.4% at being fully funded.

13. CONTRACTUAL OBLIGATIONS

The Organization has entered into a 60 month lease agreement for photocopiers which expires January 2025. The annual payment is \$6,400 plus taxes. The required lease payments over the life of the lease is as follows:

Contractual obligation repayment schedule:

2021	\$ 7,167
2022	7,167
2023	7,167
2024	7,167
2025	5,375
	\$ 34,043

IMMIGRANT CENTRE MANITOBA INC.

Notes to Financial Statements

Year Ended March 31, 2020

14. LEASE COMMITMENTS

The Organization has entered into a 12 year lease agreement with respect to its premises. The lease expires August 31, 2021. The monthly base rent is \$13,198 plus taxes. 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 taxes), and \$2,240 per month plus taxes for parking. Future minimum lease payments as at March 31, 2020, are as follows:

2021	\$	166,294
2022		<u>69,289</u>
	\$	<u>235,583</u>

15. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2020.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, contributions to the pension plan, and accounts payable.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

16. SUBSEQUENT EVENTS

The Manitoba government declared a province-wide state of emergency under The Emergency Measures Act on March 20, 2020 to protect the health and safety of all Manitobans and reduce the spread of COVID-19. This order was extended on April 20th and May 17th, 2020. Management continues to actively monitor the situation and have taken measures to mitigate the impact to the organization, in consultation with the Board of Directors. At this time, it is not practicable for management to estimate the financial impact for the subsequent year.
