

Financial Statements of

**IMMIGRANT SERVICES
CALGARY SOCIETY**

Year ended March 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Board of Immigrant Services Calgary Society

We have audited the accompanying financial statements of Immigrant Services Calgary Society, which comprise the statements of financial position as at March 31, 2014, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 Immigrant Services Calgary Society as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants

May 22, 2014
Calgary, Canada

IMMIGRANT SERVICES CALGARY SOCIETY

Statement of Financial Position

March 31, 2014, with comparative information for 2013

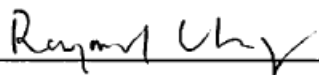
	General Fund	Special Purposes Fund	Casino Fund	March 31, 2014	March 31, 2013
Assets					
Current assets:					
Cash	\$ 592,012	\$ 50,860	\$ 65,938	\$ 708,810	\$ 23,745
Investments (note 4)	–	701,346	–	701,346	692,976
Accounts receivable	331,382	–	–	331,382	821,005
Prepaid expenses	132,834	–	–	132,834	114,681
	1,056,228	752,206	65,938	1,874,372	1,652,407
Rental deposit (note 5)	39,830	–	–	39,830	39,830
Capital assets (note 6)	473,618	–	–	473,618	469,718
	\$1,569,676	\$ 752,206	\$ 65,938	\$2,387,820	\$2,161,955

Liabilities and Fund Balances

Current liabilities:					
Cheques written in excess of cash	\$ –	\$ –	\$ –	\$ –	\$ 179,067
Bank indebtedness (note 12)	–	–	–	–	40,000
Accounts payable and accruals	448,228	–	–	448,228	419,252
Deferred contributions (note 7)	318,620	–	–	318,620	192,533
Deferred capital contributions (note 7)	163,108	–	–	163,108	68,484
Current portion of deferred lease inducement (note 8)	7,012	–	–	7,012	7,012
	936,968	–	–	936,968	906,348
Deferred lease inducement (note 8)	7,012	–	–	7,012	14,024
Fund balances:					
Invested in capital assets	296,487	–	–	296,487	380,198
Externally restricted (note 9)	–	–	65,938	65,938	22,512
Internally restricted (note 9)	–	752,206	–	752,206	693,834
Unrestricted	329,209	–	–	329,209	145,039
	625,696	752,206	65,938	1,443,840	1,241,583
Commitments (note 11)					
	\$ 1,569,676	\$ 752,706	\$ 65,938	\$2,387,820	\$2,161,955

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

IMMIGRANT SERVICES CALGARY SOCIETY

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

	General Fund	Special Purposes Fund	Casino Fund	2014	2013
Revenues:					
Program funding	\$ 7,057,145	\$ –	\$ –	\$ 7,057,145	\$ 7,104,786
Other	948,375	–	–	948,375	254,994
Fund development	166,130	–	–	166,130	157,448
Casino income	–	–	68,413	68,413	70,111
Investment income	7	8,372	–	8,379	7,498
	8,171,657	8,372	68,413	8,248,442	7,594,837
Expenses:					
Salaries and benefits	6,070,043	–	–	6,070,043	5,581,182
Rent	998,970	–	–	998,970	1,005,950
Office and administrative expenses	615,290	–	–	615,290	700,732
Professional fees and program consultants	135,709	–	–	135,709	110,973
Fund development	62,012	–	–	62,012	45,851
Conferences and staff development	55,456	–	–	55,456	73,774
Casino	–	–	2,475	2,475	–
Amortization	106,230	–	–	106,230	130,244
	8,043,710	–	2,475	8,046,185	7,648,706
Excess (deficiency) of revenues over expenses	127,947	8,372	65,938	202,257	(53,869)
Fund balances, beginning of year	525,237	693,834	22,512	1,241,583	1,295,452
Inter-fund transfers (note 9)	(27,488)	50,000	(22,512)	–	–
Fund balances, end of year	\$ 625,696	\$ 752,206	\$ 65,938	\$ 1,443,840	\$ 1,241,583

See accompanying notes to financial statements.

IMMIGRANT SERVICES CALGARY SOCIETY

Statement of Cash Flows

Year ended March 31, 2014, with comparative information 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Cash receipts from funders and other resources	\$ 8,943,386	\$ 7,333,113
Cash paid to suppliers	(1,861,500)	(1,933,839)
Cash paid to employees	(6,067,633)	(5,577,061)
Interest received	8,379	7,498
	<u>1,022,632</u>	<u>(170,289)</u>
Financing:		
(Decrease) increase in bank indebtedness	(40,000)	40,000
(Decrease) Increase in cheques written in excess of cash	(179,067)	179,067
	<u>(219,067)</u>	<u>219,067</u>
Investments:		
Purchase of investments	(8,370)	(7,461)
Purchase of capital assets	(110,130)	(69,647)
	<u>(118,500)</u>	<u>(77,108)</u>
Increase (decrease) in cash resources	685,065	(28,330)
Cash resources, beginning of year	23,745	52,075
Cash resources, end of year	<u>\$ 708,810</u>	<u>\$ 23,745</u>

See accompanying notes to financial statements.

IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements

Year ended March 31, 2014, with comparative information for 2013

1. Purpose of the organization:

Immigrant Services Calgary Society (the "Society") is a not-for-profit organization incorporated under The Societies Act. The Society is committed to being a comprehensive settlement agency working together with immigrants and their families to make Canada home.

The Society is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook ("ASNPO").

(a) Fund accounting:

Funds have been established within the accounting and reporting systems as follows:

(i) The General Fund:

To account for the various sources of revenue and expenses related to direct services and administration. To account for capital assets related to general fund activities.

(ii) The Special Purposes Fund:

To account for money to be used for unbudgeted events such as costs to maintain the essential functions of the Society.

(iii) The Casino Fund:

To account for assets, liabilities, revenue and expenses related to casino activities.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements, page 2

Year ended March 31, 2014, with comparative information for 2013

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. Externally restricted contributions are deferred and matched with related expenses as incurred.

Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

(d) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution less accumulated amortization. Amortization is charged at 20% per annum based on the diminishing balance of the assets. Leasehold improvements are amortized on a straight-line basis over the term of the lease. Artwork is not subject to amortization.

(e) Contributed services:

Volunteers contributed approximately 30,000 (2013 - 29,000) hours to assist the Society 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.

IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements, page 3

Year ended March 31, 2014, with comparative information for 2013

2. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and the collectability of accounts receivable. Actual results could differ from those estimates.

3. Economic dependence:

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Society be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. To this extent, the Society is dependent upon the continued support of the funders whose contributions are used to meet the current and future operating costs of the Society.

4. Investments:

Investments are comprised of a Guaranteed Investment Certificate ("GIC"), term deposits and related accrued interest. Investments are internally restricted as part of the Special Purposes Fund. All interest earned on investments accumulates as a restricted investment. Any transfer from the Special Purposes Fund to the General Fund must be approved by the Board of Directors. As at March 31, 2014, the Society has invested \$396,813 in a three month, 1.25% term deposit (2013 - \$300,000 one year, 0.75% GIC), \$303,307 in a three month, 1.25% term deposit (2013 - \$391,904 in a three month, 1.25% term deposit) and had a total of \$1,226 (2013 - \$1,072) in accrued interest.

5. Rental deposit:

Rental deposit of \$39,830 (2013 - \$39,830) is held as security for the performance of the Society's obligations under its premises lease agreement.

IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements, page 4

Year ended March 31, 2014, with comparative information for 2013

6. Capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer and office equipment	\$ 968,569	\$ 622,181	\$ 346,388	\$ 308,406
Office furniture	294,555	224,472	70,083	76,841
Leasehold improvements	138,296	83,649	54,647	81,971
Artwork	2,500	–	2,500	2,500
	<u>\$ 1,403,920</u>	<u>\$ 930,302</u>	<u>\$ 473,618</u>	<u>\$ 469,718</u>

7. Deferred contributions:

Deferred contributions reported in the General Fund relate to externally restricted operating funding received in the current year for subsequent years' expenses. These contributions must be used for specific purposes designated by the various funders. Agreements representing \$318,620 (2013 - \$192,533) in deferred contributions require that unexpended funds be returned at the end of the funding period. Management expects to utilize these funds on its programs by the end of the related funding periods.

Deferred capital contributions reported in the General Fund relate to amounts used for the purchase of property and equipment. Deferred contributions are amortized into revenue at a rate corresponding with the amortization rate for the assets purchased.

The change in the deferred capital contribution balance is as follows:

	2014	2013
Balance, beginning of year	\$ 68,484	\$ –
Contributions received during the year	110,063	69,647
Amortization of deferred capital contributions	(15,439)	(1,163)
Balance, end of year	<u>\$ 163,108</u>	<u>\$ 68,484</u>

8. Deferred lease inducement:

The deferred lease inducement is funding provided by the landlord for improvements to additional space obtained. The amount is deferred and amortized over the life of the lease. Of the \$14,024 deferred as at March 31, 2014 (2013 - \$21,036), \$7,012 (2013 - \$7,012) of this amount will be amortized in the next year and is classified as current deferred lease inducement.

IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements, page 5

Year ended March 31, 2014, with comparative information for 2013

9. Restricted funds:

(a) Externally restricted funds:

Funds raised through casinos are restricted by the Alberta Gaming and Liquor Commission to be used for the purposes stated in the Society's approved casino application. The primary restriction is that these funds be used for rent, office furnishings, volunteer development and travel costs. During the year, \$22,512 (2013 - \$85,410) was transferred from the Casino Fund to the General Fund for these purposes.

(b) Internally restricted funds:

The Society's Board of Directors has internally restricted resources amounting to \$752,206 (2013 - \$693,834) to be used to maintain the essential functions of the Society. During the year, \$50,000 (2013 - \$nil) was transferred to the Special Purposes Fund from the General Fund for this purpose.

10. Financial instruments and related risks:

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk with respect to its investments (note 4).

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013.

IMMIGRANT SERVICES CALGARY SOCIETY

Notes to Financial Statements, page 6

Year ended March 31, 2014, with comparative information for 2013

11. Commitments:

The Society has a lease on its premises expiring on March 31, 2016. The Society also leases office equipment. The combined minimum lease payments, including operating costs, over the next five years are as follows:

2015	\$ 942,156
2016	940,547
2017	2,654
2018	—
2019	—

12. Financing facility:

The Society has a credit agreement for a revolving line of credit available to a maximum of \$300,000 (2013 - \$300,000) of which \$nil (2013 - \$40,000) was drawn at year end. The line of credit is secured by a general security agreement and bears interest at prime plus 1.00%. Prime at March 31, 2014 was 3.00% (2013 - 3.00%).

13. Additional disclosures:

The Society has adopted the Ethical Fundraising and Financial Accountability Code of the Canadian Centre for Philanthropy (the "Code") and discloses its activities in accordance with the Code. The following additional disclosures are made as specified by the Code.

Fund development:

During the year, the Society received miscellaneous donations of \$66,395 (2013 - \$31,219) and Immigrants of Distinction Awards donations of \$9,682 (2013 - \$10,523). The Society provided donation receipts for \$12,244 (2013 - \$21,502) relating to fund development revenues.

Program funding and other revenue includes \$7,705,796 (2013 - \$7,142,736) from various government agencies.

	2014	2013
Expenditures on charitable activities	\$ 7,724,337	\$ 7,351,991
Management and administrative expenditures	321,848	296,715
Total expenditures	\$ 8,046,185	\$ 7,648,706
