

Ontario Immigrant Investor Corporation
Financial Statements
For the Year Ended March 31, 2020

Ontario Immigrant Investor Corporation

La Société ontarienne de gestion des fonds des
investisseurs immigrants

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Responsibility for Financial Reporting

Management and the Board of Directors are responsible for the financial statements presented. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgement. The financial statements have been properly prepared with reasonable limits of materiality and in light of information available up to July 14, 2020.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

These financial statements have been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and her opinion.

On behalf of management



Patricia Perez
Chair



INDEPENDENT AUDITOR'S REPORT

To the Ontario Immigrant Investor Corporation

Opinion

I have audited the financial statements of the Ontario Immigrant Investor Corporation (Corporation), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Emphasis of Matter – Future of Corporation

I draw attention to Note 1 of the financial statements, which indicates that the Federal government has ended its Immigrant Investor Program. The Corporation is expected to remain operational until it has repaid all provincial allocations of immigrant investors' funds to the Federal government, which will occur by March 31, 2023. My opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Corporation'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 the Corporation either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Corporation'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 Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation 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.

I 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 I identify during my audit.

Toronto, Ontario
July 14, 2020



Susan Klein, CPA, CA, LPA
Assistant Auditor General

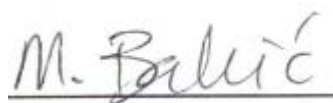
Ontario Immigrant Investor Corporation

Statement of Financial Position As at March 31, 2020

	2020 (\$ 000)	2019 (\$ 000)
FINANCIAL ASSETS		
Cash	308	1,311
Investments (Note 3)	47,990	125,807
Accounts receivable	1	6
	<hr/>	<hr/>
	48,299	127,124
 LIABILITIES AND ACCUMULATED SURPLUS		
Accounts payable	6	55
Repayable Provincial Allocations (Note 4)	9,282	89,244
	<hr/>	<hr/>
	9,288	89,299
 Net Financial Assets	39,011	37,825
 Non-Financial Assets		
Deferred Commission Charges (Note 5)	31	146
	<hr/>	<hr/>
 Accumulated Surplus	39,042	37,971

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

Ontario Immigrant Investor Corporation

Statement of Operations For the Year Ended March 31, 2020

	Budget (\$ 000)	2020 Actuals (\$ 000)	2019 Actuals (\$ 000)
Revenue			
Interest income	779	1,245	5,054
	<u>779</u>	<u>1,245</u>	<u>5,054</u>
Expenses (Note 6)			
Amortization of deferred commission charges (Note 5)	220	115	1,063
Investment management fee (Note 3)	59	59	407
	<u>279</u>	<u>174</u>	<u>1,470</u>
Excess of Revenue over Expenses	500	1,071	3,584
Accumulated Surplus, beginning of year	<u>37,971</u>	<u>37,971</u>	<u>34,387</u>
Accumulated Surplus, end of year	<u><u>38,471</u></u>	<u><u>39,042</u></u>	<u><u>37,971</u></u>

See accompanying notes to financial statements.

Ontario Immigrant Investor Corporation

Statement of Changes in Net Financial Assets For the Year Ended March 31, 2020

	Budget (\$ 000)	2020 Actuals (\$ 000)	2019 Actuals (\$ 000)
Excess of Revenue Over Expenses	500	1,071	3,584
Refund of Commission	-	-	10
Amortization of Deferred Commission Charges	220	115	1,063
Increase in Net Financial Assets	720	1,186	4,657
Net Financial Assets, beginning of year	37,825	37,825	33,168
Net Financial Assets, end of year	38,545	39,011	37,825

See accompanying notes to financial statements.

Ontario Immigrant Investor Corporation

Statement of Cash Flows For the Year Ended March 31, 2020

	2020 (\$ 000)	2019 (\$ 000)
Cash provided by (used in) operating activities		
Interest received	657	416
Investment Management Fees paid	(103)	(531)
	<hr/> 554	<hr/> (115)
Cash (used in) provided by investing and financing activities		
Refund of commission	-	10
Provincial allocations repaid	(79,962)	(263,860)
	<hr/> (79,962)	<hr/> (263,850)
Investments matured	221,233	369,583
Investments purchased	(142,828)	(105,021)
	<hr/> 78,405	<hr/> 264,562
Net increase / (decrease) in cash	(1,003)	597
Cash, beginning of year	<hr/> 1,311	<hr/> 714
Cash, end of year	308	1,311

See accompanying notes to financial statements.

Ontario Immigrant Investor Corporation

Notes to Financial Statements March 31, 2020

1. Nature and Future of the Corporation

The Ontario Immigrant Investor Corporation (Corporation) was established as a corporation without share capital on April 30, 1999 pursuant to Ontario Regulation 279/99 made under the *Development Corporations Act*.

The Corporation was established in order to participate in a federal Immigrant Investor Program (IIP). Under the IIP, each participating province established a vehicle to receive and invest immigrant investor dollars for the purposes of creating or continuing employment in Canada in order to foster the development of a strong and viable economy. Each participating province, in turn, guarantees immigrant investors that their investment will be repaid after five years with no interest.

The 2014 federal budget announced the termination of the IIP with a commitment to process applications that were received prior to February 11, 2014. In July 2017, Ontario received approval to suspend the receipt of monies from the federal government. Accordingly, the Corporation will remain operational until fiscal 2022/23 to meet its repayment obligations under the IIP.

2. Significant Accounting Policies

(A) BASIS OF ACCOUNTING

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

(B) REVENUE RECOGNITION

Accrued interest is recognized as earned and amounts not yet received are included in the carrying value of investments.

(C) FINANCIAL INSTRUMENTS

A financial instrument is an asset or liability that will ultimately be settled in cash. The Corporation's financial assets and financial liabilities are accounted for as follows:

- Cash, accounts receivable and accounts payable are recorded at cost, which approximates fair value due to the short-term nature of these instruments.
- Investments are initially recorded at cost and subsequently recorded at cost plus accrued interest earned to date.
- Repayable provincial allocations are originally recorded at the actual amounts received and remain at those amounts until repaid due to the interest-free nature of the debt. They have not been discounted to reflect fair value.

The Corporation does not use derivative financial instruments.

Ontario Immigrant Investor Corporation

Notes to Financial Statements
March 31, 2020

2. Significant Accounting Policies (continued)

(D) DEFERRED COMMISSION CHARGES

Commissions paid to intermediaries, for introducing new immigrant investors, are deferred and amortized to expense on a straight-line basis over the same period as the related Repayable Provincial Allocation beginning in the fiscal year when the allocation is received. If the application for permanent residence is withdrawn by the immigrant investor or denied by the federal government, the Corporation recovers the commission in the year when this occurs. The deferred charges represent the unamortized balance of the commissions.

(E) MEASUREMENT UNCERTAINTY

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The one item requiring the use of a significant estimate is the amortization period for deferred commission charges.

3. Investments

Prior to February 2011, the Corporation invested all of its allocations in fixed income securities issued by the Province of Ontario, maturing within five years. In general, fixed rate bonds were purchased to align maturity dates to the Provincial Allocations repayment schedule provided in Note 4. For fiscal year 2020, these fixed income securities had a weighted-average yield of 1.64% (2019 - 2.05%).

In September 2010, in order to satisfy the requirements of the Federal Immigrant Investor Program, the Corporation approved an investment strategy to direct a significant portion of allocations received to the Loan Program managed by Ontario Infrastructure and Lands Corporation (OILC), a related party, in exchange for promissory notes. These promissory notes are due five years from the date of the transfer at either a fixed or floating interest rate, effectively equal to the OILC's cost of borrowing for similar terms as determined by the Ontario Financing Authority. For fiscal year 2020 these promissory notes had a weighted average interest rate of 2.17% (2019 - 2.21%). As a result of the announced termination of the Immigrant Investor Program, OILC stopped borrowing funds from the Corporation in August 2014. Amounts owed to the OILC were fully repaid in fiscal year 2020.

Excess funds remaining after repayments are put into short-term 90-day rotational Treasury Bills to earn nominal interest. Maturing Treasury Bills are also renewed on short-term 90-day periods, unless funds are needed by the Corporation. For the fiscal year 2020, these Treasury Bills had a weighted average yield of 1.76% per annum (2019 - 1.64%).

Ontario Immigrant Investor Corporation

Notes to Financial Statements March 31, 2020

3. Investments (continued)

The entire portfolio of investments is managed by the Ontario Financing Authority (OFA), a related party, in accordance with the terms and conditions set out in an agreement signed between the OFA, the Corporation and the Province. The OFA receives an investment management fee of 0.2% of the average par value or face value of the investments outstanding during the year for performing these services.

The investments balance which includes accrued interest is broken down as follows:

	March 31, 2020	March 31, 2020	March 31, 2019	March 31, 2019
	Cost	Market	Cost	Market
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
OILC Promissory Notes	-	-	46,649	46,667
Fixed Income Bonds	9,675	9,723	46,463	46,421
Treasury Bills	38,315	38,342	32,695	32,694
	<u>47,990</u>	<u>48,065</u>	<u>125,807</u>	<u>125,780</u>

The Corporation's investments are placed in fixed income securities for 5-year periods to match the maturity of the repayable provincial allocations. The remaining investments will all mature within the next three years.

It is management's opinion that the Corporation is not exposed to significant credit or currency risk because all investments are with related parties supported by the Province and none of them are denominated in a foreign currency. Risks from interest rate fluctuations from investments are minimal due to the investments being held for a remaining term of three years or less.

4. Repayable Provincial Allocations

The Corporation incurs long-term obligations from funds received under the federal Immigrant Investor Program in accordance with the terms and conditions set out in agreements signed in June 1999 and June 2011 between the federal Minister of Citizenship and Immigration and the Corporation. The agreement states that the federal Minister, as agent of the Corporation, receives funds from immigrant investors and transfers Ontario's share of the funds (Provincial Allocation) to the Corporation. The Corporation will repay any Provincial Allocations received without interest at expiry of the Allocation Period, being five years from the date the Provincial Allocation was originally received.

Ontario Immigrant Investor Corporation

Notes to Financial Statements March 31, 2020

4. Repayable Provincial Allocations (continued)

The Province guarantees the repayment of the Provincial Allocations when due. The repayment schedule on Provincial Allocations is as follows:

	(\$ 000)
Due fiscal year 2021	7,154
Due fiscal year 2022	1,967
Due fiscal year 2023	161
	<u>9,282</u>

An investor's application for permanent residence may be withdrawn by the Investor or denied by the federal government. Due to the termination of the IIP, the last application was processed in July 2017.

5. Deferred Commission Charges

Deferred commission charges are comprised as follows:

	2020 (\$ 000)	2019 (\$ 000)
Balance, beginning of year	146	1,219
Refund of commission	-	(10)
Amortization	(115)	(1,063)
Balance, end of year	<u>31</u>	<u>146</u>

6. Administration Support Services

Business support, strategic management services and other administrative support, including accommodation, financial, legal and human resource services is provided by the Ministry of Economic Development, Job Creation and Trade without charge.
