Home Government Accountability rules
Agency accountability
Ontario Immigrant Investor Corporation financial statements

Print all

Previous Table of contents Next

Year ended March 31, 2018

On this page

Statement of financial position for the year ended March 31, 2018

	2018 ($ 000)	2017 ($ 000)
Financial assets		
Cash	714	2,369
Investments (note 3)	385,731	514,647
Accounts receivable	23	32
	386,468	517,048

Liabilities and accumulated surplus		
Accounts payable	196	280
Repayable provincial allocations (note 4)	353,104	491,661
	353,300	491,941
Net financial assets	33,168	25,107
Non-financial assets		
Deferred Commission Charges (note 5)	1,219	5,306
Accumulated surplus	34,387	30,413

See accompanying notes to financial statements.

Statement of operations for the year ended March 31, 2018

	2018 Budget ($ 000)	2018 Actuals ($ 000)	2017 Actuals ($ 000)
			Revenue
Interest income	10,541	8,863	12,859
	10,541	8,863	12,859
Expenses (note 6)			
Amortization of deferred commission charges (note 5)	4,153	4,087	5,806
Investment management fee (note 3)	1,012	802	1,164
	5,165	4,889	6,970
Excess of revenue over expenses	5,376	3,974	5,889
Accumulated surplus, beginning of year	30,413	30,413	124,524

Payment to the province of Ontario (note 7)	-	-	(100,000)
Accumulated surplus, end of year	35,789	34,387	30,413

See accompanying notes to financial statements.

Statement of changes in net financial assets for the year ended March 31, 2018

	2018 ($ 000)	2017 ($ 000)
Excess of revenue over expenses	3,974	5,889
Deferred commission charges - current year	-	(119)
Amortization of deferred commission charges	4,087	5,806
Payment to the province of Ontario	-	(100,000)
Increase/(decrease) in net financial assets	8,061	(88,424)
Net financial assets, beginning of year	25,107	113,531
Net financial assets, end of year	33,168	25,107

See accompanying notes to financial statements.

Statement of cash flows for the year ended March 31, 2018

	2018 ($ 000)	2017 ($ 000)
Cash provided by (used in) operating activities		
Interest received	198	844
Investment management fees paid	(876)	(1,260)

	(678)	(416)
Cash (used in) provided by investing and financing activities		
Provincial allocations received net of commissions	160	1,835
Provincial allocations repaid	(138,719)	(228,729)
Provincial allocations refunded	-	(272)
	(138,559)	(227,166)
Investments matured	205,787	1,226,570
Investments purchased	(68,205)	(908,417)
Payment to the Province of Ontario	-	(100,000)
	137,582	218,153
Net decrease in cash	(1,655)	(9,429)
Cash, beginning of year	2,369	11,798
Cash, end of year	714	2,369

See accompanying notes to financial statements.

Notes to financial statements March 31, 2018

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 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 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.

Significant accounting policies

Basis of accounting

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

Revenue recognition

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

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.

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.

Investments

Prior to February 2011, the Corporation invested all 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 2018, these fixed income securities had a weighted-average yield of 2.10% (2017-2.07%).

In September 2010, in order to satisfy the requirements of the Federal Immigrant Investor Program the Corporation approved a new 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. Through its Loan Program, OILC helps finance hundreds of infrastructure projects such as the construction of roads, bridges and facilities thereby fostering economic development and job creation.

The Corporation entered into an agreement with OILC to direct a significant portion of the allocations to OILC monthly, in exchange for promissory notes 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 2018, these promissory notes had a weighted average interest rate of 2.13% (2017-1.98%). As a result of the announced termination of the Immigrant Investor Program, there was a significant reduction in the provincial allocations and OILC stopped borrowing funds from the Corporation in August 2014.

Allocations not taken by OILC are placed in five year fixed income securities issued by the Province of Ontario. Upon maturation, investment funds and any surplus income are put into short-term 90 day rotational Treasury Bills to earn nominal interest until the date of repayment to the investors. For the fiscal year 2018, these Treasury Bills had a weighted average yield of 0.98% per annum (2017-0.58%).

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, 2018 Cost ($ 000)	**March 31, 2018 Market ($ 000)**	**March 31, 2017 Cost ($ 000)**	**March 31, 2017 Market ($ 000)**
OILC promissory notes	257,779	235,468	377,448	356,019
Fixed income bonds	108,626	100,014	122,011	116,047

Treasury bills	19,326	19,324	15,188	15,188
	385,731	354,806	514,647	487,254

The Corporation is exposed to interest rate risk whenever any funds received from immigrants are invested in fixed income securities because the future return and market value of the investments is dependent on the prevailing interest rates. However, there is very little exposure to fluctuating interest rates during the 5-year period of the repayable provincial allocations because the maturity of the fixed income investments matches the maturity of the repayable provincial allocations.

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.

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.

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

	($ 000)
Due fiscal year 2019	263,860
Due fiscal year 2020	79,962
Due fiscal year 2021	7,154
Due fiscal year 2022	1,967
Due fiscal year 2023	161
	353,104

Deferred commission charges

Deferred commission charges are comprised as follows:

	2018 ($ 000)	2017 ($ 000)
Balance, beginning of year	5,306	10,993
Commissions – current year	-	119
Amortization	(4,087)	(5,806)
Balance, end of year	1,219	5,306

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 and Growth and the Ministry of Citizenship and Immigration without charge.

Payment to the Province of Ontario

In 2016-17 the Board of Directors resolved to declare a payment of $100,000,000 to the Consolidated Revenue Fund of the Province of Ontario, under section 16.4 of the Financial Administration Act. The payment was made to the Province in March 2017. No such payment occurred in the current year.

Comparative figures

Certain comparative figures have been reclassified to conform to the basis of the financial statement presentation adopted in the current year.

Updated: September 6, 2019

Previous Table of contents Next