Ontario Immigrant Investor Corporation

Financial Statements
For the Year Ended March 31, 2020

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
	48,299	127,124
LIABILITIES AND ACCUMULATED SURPLUS		
Accounts payable	6	55
Repayable Provincial Allocations (Note 4)	9,282	89,244
	9,288	89,299
Net Financial Assets	39,011	37,825
Non-Financial Assets		
Deferred Commission Charges (Note 5)	31	146
Accumulated Surplus	39,042	37,971

See accompanying notes to financial statements.

Approved on behalf of the Board:

M. Balić

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
	779	1,245	5,054
Expenses (Note 6)			
Amortization of deferred commission charges (Note 5)	220	115	1,063
Investment management fee (Note 3)	59	59	407
	279	174	1,470
Excess of Revenue over Expenses	500	1,071	3,584
Accumulated Surplus, beginning of year	37,971	37,971	34,387
Accumulated Surplus, end of year	38,471	39,042	37,971

See accompanying notes to financial statements.

Ontario Immigrant Investor Corporation

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

	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)
	554	(115)
Cash (used in) provided by investing and financing activities		
Refund of commission	-	10
Provincial allocations repaid	(79,962)	(263,860)
	(79,962)	(263,850)
Investments matured	221,233	369,583
Investments purchased	(142,828)	(105,021)
	78,405	264,562
Net increase / (decrease) in cash	(1,003)	597
Cash, beginning of year	1,311	714
Cash, end of year	308	1,311

See accompanying notes to financial statements.

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.

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%).

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 Cost ($ 000)	March 31, 2020 Market ($ 000)	March 31, 2019 Cost ($ 000)	March 31, 2019 Market ($ 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
	47,990	48,065	125,807	125,780

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.

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
	9,282

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	31	146

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.