# Ontario Immigrant Investor Corporation

## Financial Statements

## For the Year Ended March 31, 2021

# Statement of financial position for the year ended March 31, 2021

| Category | Item | 2021 ($ 000) | 2020 ($ 000) |
|---|---|---|---|
| **Financial assets** | Cash | 650 | 308 |
| **Financial assets** | Investments (Note 3) | 40,512 | 47,990 |
| **Financial assets** | Accounts receivable | - | 1 |
| **Financial assets** | Total | 41,162 | 48,299 |
| **Liabilities and accumulated surplus** | Accounts payable | 1 | 6 |
| **Liabilities and accumulated surplus** | Repayable provincial allocations (Note 4) | 1,977 | 9,282 |
| **Liabilities and accumulated surplus** | Total | 1,978 | 9,288 |
| **Net financial assets** | Net financial assets | 39,184 | 39,011 |
| **Non-financial assets** | Deferred commission charges (Note 5) | 2 | 31 |
| **Accumulated surplus** | Accumulated surplus | 39,186 | 39,042 |

See accompanying notes to financial statements.

# Statement of operations for the year ended March 31, 2021

| Category | Item | 2021 Budget ($ 000) | 2021 Actuals ($ 000) | 2020 Actuals ($ 000) |
|---|---|---|---|---|
| **Revenue** | Interest income | 764 | 186 | 1,245 |
| **Revenue** | Total | 764 | 186 | 1,245 |
| **Expenses (Note 6)** | Amortization of deferred commission charges (Note 5) | 29 | 29 | 115 |
| **Expenses (Note 6)** | Investment management fee (Note 3) | 17 | 13 | 59 |
| **Expenses (Note 6)** | Total | 46 | 42 | 174 |
| **Excess of revenue over expenses** | Excess of revenue over expenses | 718 | 144 | 1,071 |
| **Accumulated surplus, beginning of year** | Accumulated surplus, beginning of year | 39,042 | 39,042 | 37,971 |
| **Accumulated surplus, end of year** | Total | 39,760 | 39,186 | 39,042 |

See accompanying notes to financial statements.

# Statement of changes in net financial assets for the year ended March 31, 2021

| Category | 2021 Budget ($ 000) | 2021 Actuals ($ 000) | 2020 Actuals ($ 000) |
|---|---|---|---|
| Excess of revenue over expenses | 718 | 144 | 1,071 |
| Amortization of deferred commission charges | 29 | 29 | 115 |
| **Increase in net financial assets** | 747 | 173 | 1,186 |
| **Net financial assets, beginning of year** | 39,011 | 39,011 | 37,825 |
| **Net financial assets, end of year** | 39,758 | 39,184 | 39,011 |

See accompanying notes to financial statements.

# Statement of cash flows for the year ended March 31, 2021

| Category | Item | 2021 ($ 000) | 2020 ($ 000) |
|---|---|---|---|
| **Cash provided by (used in) operating activities** | Interest received | 219 | 657 |
| **Cash provided by (used in) operating activities** | Investment management fees paid | (17) | (103) |
| **Cash provided by (used in) operating activities** | Total | 202 | 554 |
| **Cash (used in) provided by investing and financing activities** | Provincial allocations repaid | (7,305) | (79,962) |
| **Cash (used in) provided by investing and financing activities** | Total | (7,305) | (79,962) |
| **Cash (used in) provided by investing and financing activities** | Investments matured | 160,982 | 221,233 |
| **Cash (used in) provided by investing and financing activities** | Investments purchased | (153,537) | (142,828) |
| **Cash (used in) provided by investing and financing activities** | Total | 7,445 | 78,405 |
| **Net increase / (decrease) in cash** | Net increase / (decrease) in cash | 342 | (1,003) |
| **Cash, beginning of year** | Cash, beginning of year | 308 | 1,311 |
| **Cash, end of year** | Cash, end of year | 650 | 308 |

See accompanying notes to financial statements.

# Notes to financial statements March 31, 2021

## 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.

## 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.

### 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.

## 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 2021, these fixed income securities had a weighted-average yield of 1.44% (2020 - 1.64%).

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 2021, these Treasury Bills had a weighted average yield of 0.37% per annum (2020 - 1.76%).

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:

| Category | March 31, 2021 Cost ($ 000) | March 31, 2021 Market ($ 000) | March 31, 2020 Cost ($ 000) | March 31, 2020 Market ($ 000) |
|---|---|---|---|---|
| Fixed income bonds | 2,105 | 1,989 | 9,675 | 9,723 |
| Treasury bills | 38,407 | 38,405 | 38,315 | 38,342 |
| Total | 40,512 | 40,394 | 47,990 | 48,065 |

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 two 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 two years or less.

## 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:

| **Category** | **($ 000)** |
|---|---|
| Due fiscal year 2022 | 1,816 |
| Due fiscal year 2023 | 161 |
| Total | 1,977 |

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.

## Deferred commission charges

Deferred commission charges are comprised as follows:

| **Category** | **2021 ($ 000)** | **2020 ($ 000)** |
|---|---|---|
| Balance, beginning of year | 31 | 146 |
| Amortization | (29) | (115) |
| Balance, end of year | 2 | 31 |

## 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 Labour, Training and Skills Development and the Ministry of Economic Development, Job Creation and Trade without charge.