

**Canadian Society of Immigration Consultants
Financial Statements**

October 31, 2006

Grant Thornton 

Contents

	<u>Page</u>
Auditors' Report	1
Statements of Revenue and Expenses	2
Statements of Changes in Net Assets	3
Balance Sheet	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8

Auditors' Report

To the Members of
Canadian Society of Immigration Consultants

We have audited the balance sheet of **Canadian Society of Immigration Consultants** as at October 31, 2006, and the statements of revenue and expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at October 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for 2005 were derived from financial statements audited by an other firm of chartered accountants.

Markham, Canada
December 21, 2006

Grant Thornton LLP
Chartered Accountants

Canadian Society of Immigration Consultants

Statements of Revenue and Expenses

Year Ended October 31

	<u>2006</u>	<u>2005</u>
Revenue		
Membership fees	\$ 2,796,240	\$ 3,471,469
Processing, administrative and other fees	863,988	222,736
Other income	<u>46,079</u>	<u>29,203</u>
	<u>3,706,307</u>	<u>3,723,408</u>
Expenses		
Amortization	99,844	124,683
Bad debt	32,247	-
Consulting	126,954	117,687
Director fees	343,783	604,198
Insurance	18,258	13,282
Membership development	281,573	252,007
Office and general	223,218	212,260
Professional fees	673,013	454,008
Public relations and communications	86,107	85,670
Rent	222,240	228,584
Telephone	75,575	66,298
Travel and accommodation	124,760	127,484
Salaries and benefits	<u>1,012,745</u>	<u>875,388</u>
	<u>3,320,317</u>	<u>3,161,549</u>
Excess of revenue over expenses	\$ <u>385,990</u>	\$ <u>561,859</u>

See accompanying notes to the financial statements.

Canadian Society of Immigration Consultants

Statements of Changes in Net Assets

Year Ended October 31

	<u>Unrestricted</u>	<u>Internally Restricted - Contingency</u>	<u>Invested In Capital Assets</u>	<u>2006 Total</u>	<u>2005 Total</u>
Balance, beginning of year	\$ (224,530)	\$ 647,760	\$ 379,589	\$ 802,819	\$ 240,960
Excess of revenue over expenses	385,990	-	-	385,990	561,859
Contingency fund allocation	391,891	(391,891)	-	-	-
Invested in capital assets	<u>87,902</u>	<u>-</u>	<u>(87,902)</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>641,253</u>	\$ <u>255,869</u>	\$ <u>291,687</u>	\$ <u>1,188,809</u>	\$ <u>802,819</u>

See accompanying notes to the financial statements.

Canadian Society of Immigration Consultants

Balance Sheet

October 31, 2006

	<u>2006</u>	<u>2005</u>
Assets		
Current		
Cash and cash equivalents	\$ 2,581,333	\$ 1,756,396
Receivables	1,192,821	25,032
Prepays	<u>45,325</u>	<u>37,872</u>
	3,819,479	1,819,300
Capital assets (Note 3)	<u>291,687</u>	<u>379,589</u>
	<u>\$ 4,111,166</u>	<u>\$ 2,198,889</u>
Liabilities		
Current		
Payables and accruals	\$ 263,918	\$ 523,980
Deferred revenue (Note 4)	1,763,771	-
Members' deposits	<u>394,668</u>	<u>372,090</u>
	2,422,357	896,070
Long term		
Loan payable, Government of Canada (Note 5)	<u>500,000</u>	<u>500,000</u>
	2,922,357	1,396,070
Equity		
Invested in capital assets	291,687	379,589
Internally restricted - contingency	255,869	647,760
Unrestricted	<u>641,253</u>	<u>(224,530)</u>
	<u>\$ 4,111,166</u>	<u>\$ 2,198,889</u>

Commitments (Note 8)
Contingencies (Note 9)

On behalf of the Society

Chair of the Board

Chief Executive Officer

Chair of the Audit Committee

See accompanying notes to the financial statements.

Canadian Society of Immigration Consultants

Statement of Cash Flows

Year Ended October 31

2006

2005

Increase (decrease) in cash and cash equivalents

	2006	2005
Operating activities		
Excess of revenue over expenses	\$ 385,989	\$ 561,859
Item not affecting cash		
Amortization	<u>99,844</u>	<u>124,683</u>
	485,833	686,542
Changes in non-cash operating working capital items		
Prepays	(7,453)	(895)
Payables	(260,063)	(40,822)
Members' deposits	1,786,349	(493,981)
Receivables	<u>(1,167,789)</u>	<u>-</u>
	836,877	150,844
Investing activities		
Purchase of capital assets	(16,454)	(85,757)
Proceeds from disposal of capital assets	<u>4,514</u>	<u>-</u>
	(11,940)	(85,757)
Net increase in cash and cash equivalents	824,937	65,087
Cash and cash equivalents, beginning of year	<u>1,756,396</u>	<u>1,691,309</u>
Cash and cash equivalents, end of year	\$ <u>2,581,333</u>	\$ <u>1,756,396</u>

See accompanying notes to the financial statements.

Canadian Society of Immigration Consultants

Notes to the Financial Statements

October 31, 2006

1. Nature of operations

The Canadian Society of Immigration Consultants (the Society) was incorporated under the Canada Corporations Act as a not-for-profit organization and, as such, is exempt under the Income Tax Act. The Society was funded initially by the Department of Citizenship and Immigration Canada (the Department) and primarily by members. It was established as a regulatory body to regulate the activities of immigration consultants, protect the users of the services of registered members, and promote the competency and professionalism of its members.

2. Accounting policies

Fund accounting

The Society follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's membership services and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Although these estimates are based on management's best knowledge of current events, actual results could differ from these estimates.

Capital assets

Property and equipment are recorded at cost. Amortization is provided over the estimated useful lives of the property and equipment using the following annual rates and methods:

Computer hardware and software	- 30% diminishing balance
Furniture, fixture and office equipment	- 20% diminishing balance
Leasehold improvements	- 11 years straight-line

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees and administrative fees are recognized as revenue over the period to which they relate. Non-refundable registration fees are recognized as income when received.

Canadian Society of Immigration Consultants

Notes to the Financial Statements

October 31, 2006

3. Capital assets			<u>2006</u>	<u>2005</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	\$ 429,271	\$ 236,312	\$ 192,959	\$ 271,067
Furniture, fixture and Office equipment	115,970	45,269	70,701	79,452
Leasehold improvements	<u>33,051</u>	<u>5,024</u>	<u>28,027</u>	<u>29,070</u>
	\$ <u>578,292</u>	\$ <u>286,605</u>	\$ <u>291,687</u>	\$ <u>379,589</u>

During the year the capital assets in the Start up Fund of \$70,897 were combined with the Society's other capital assets.

4. Deferred Revenue

During the fiscal year the Society changed the timing of billing member for membership fees. Membership fees were billed in October 2006 and those fees are reflected in deferred revenue.

5. Loan payable, Government of Canada

The Department of Citizenship and Immigration Canada advanced a repayable contribution of \$500,000 for the Society's on-going operations for the period from April 1, 2004 and March 31, 2005. This advance is interest free and repayable within 12 months from the date that the Society reports to the Department that 3,000 immigration consultants are registered as members.

6. Internally restricted - contingency

In the preceding year, the Board of Directors set aside as a contingency reserve an amount of \$1 million to fund potential litigation proceedings. This internally restricted amount is not available for other purposes without the approval of the Board. During the year, litigation costs of \$391,891 were incurred and funded out of this contingency fund. At year-end, the unexpended amount related to this internally restricted fund was \$255,869.

7. Supplementary cash flow information	<u>2006</u>	<u>2005</u>
Cash and cash equivalents comprise the following:		
Cash balances	\$ 997,610	\$ 220,656
Short term investments with term to maturity of less than 90 days	<u>1,583,723</u>	<u>1,535,740</u>
	\$ <u>2,581,333</u>	\$ 1,756,396

Canadian Society of Immigration Consultants

Notes to the Financial Statements

October 31, 2006

8. Commitments

The Society has entered into an operating lease for office space which expires on June 15, 2015. Future minimum lease payments under this lease are as follows:

2007	\$	238,564
2008		238,564
2009		238,564
2010		238,564
2011		238,564
Thereafter		<u>874,734</u>
	\$	<u>2,067,554</u>

9. Contingent liabilities

The Society is party to a number of disputes and lawsuits in the normal course of business. The Society believes that the potential loss will not impair the operations of the Society. The outcome of the lawsuits is not determinable at this time.

As management is confident that the ultimate liability arising from these matters will have no material impact on the financial statements, the Society has not accrued for any estimated losses that it may suffer in the lawsuits. Losses, if any, will be recognized in the period that they become determinable.

10. Comparative figures

Certain figures in the 2005 financial statements have been reclassified to conform with the basis of presentation used in 2006.