Centre for International Studies and Cooperation

Consolidated Financial Statements
March 31, 2018

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Board of Directors of the
Centre for International Studies and Cooperation

We have audited the accompanying consolidated financial statements of the Centre for International Studies and Cooperation, which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Centre for International Studies and Cooperation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Raymond Chabot Grant Thornton LLP[1]

Montréal
June 19, 2018

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[1] CPA auditor, CA public accountancy permit no. A117472

Centre for International Studies and Cooperation
Consolidated Operations
Year ended March 31, 2018

	2018	2017
	$	$
Revenues		
Contributions, except for in-kind donations and contributed volunteer services (Note 11)		
Global Affairs Canada – partnership	**8,109,065**	9,775,251
Global Affairs Canada – bilateral and others	**10,104,511**	7,050,152
Other funders	**13,381,963**	13,469,395
Donations	**1,184,461**	983,158
	32,780,000	31,277,956
Other		
Contributed volunteer services (Note 4)	**5,109,865**	6,339,608
Other revenues	**471,895**	719,473
	38,361,760	38,337,037
Expenses		
Programs	**28,344,218**	27,652,171
Contributed volunteer services (Note 4)	**5,109,865**	6,339,608
Program development	**787,422**	661,822
Administration	**3,253,265**	3,082,554
Fund-raising	**470,753**	256,255
Interest on long-term debt	**86,874**	81,405
Amortization of tangible capital assets	**260,741**	203,745
Amortization of intangible assets	**45,587**	9,628
	38,358,725	38,287,188
Excess of revenues over expenses before gain on insurance claim	**3,035**	49,849
Gain on insurance claim		264,661
Excess of revenues over expenses	**3,035**	314,510

The accompanying notes are an integral part of the consolidated financial statements and Note 3 provides other information on consolidated operations.

Centre for International Studies and Cooperation
Consolidated Changes in Net Assets
Year ended March 31, 2018

	Invested in capital assets	Received for endowment purposes (Note 5)	Unrestricted	2018 Total	2017 Total
	$	$	$	$	$
Balance, beginning of year	**3,799,095**	**1,027,986**	**2,665,700**	**7,492,781**	7,032,999
Earnings for the year					
Excess (deficiency) of revenues over expenses	**(282,381)** (1)		**285,416**	**3,035**	314,510
Acquisition of tangible capital assets	**627,217**		**(627,217)**		
Acquisition of intangible assets	**11,423**		**(11,423)**		
Repayment of long-term debt	**216,599**		**(216,599)**		
Disposal of tangible capital assets	**(20,771)**		**20,771**		
Endowment contributions (Note 5)		**10,000**		**10,000**	48,000
Exchange gain relating to net assets received for endowment purposes		**6,818**		**6,818**	97,272
Balance, end of year	**4,351,182**	**1,044,804**	**2,116,648**	**7,512,634**	7,492,781

(1) This amount includes the amortization of tangible capital assets and intangible assets of $306,328, a gain on the disposal of tangible capital assets of $20,771, less the amortization of deferred contributions relating to tangible capital assets of $3,176.

The accompanying notes are an integral part of the consolidated financial statements.

Centre for International Studies and Cooperation
Consolidated Cash Flows
Year ended March 31, 2018

	2018	2017
	$	$
OPERATING ACTIVITIES		
Excess of revenues over expenses	**3,035**	314,510
Insurance proceeds		159,136
Non-cash items		
Amortization of tangible capital assets	**260,741**	203,745
Amortization of intangible assets	**45,587**	9,628
Amortization of deferred contributions relating to tangible capital assets	**(3,176)**	(1,588)
Gain on disposal of tangible capital assets	**(20,771)**	(5,250)
Gain on insurance claim		(264,661)
Net change in working capital items (Note 6)	**3,769,011**	(6,220,179)
Cash flows from operating activities	**4,054,427**	(5,804,659)
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	**(627,217)**	(3,428,385)
Disposal of tangible capital assets	**20,771**	5,250
Acquisition of intangible assets	**(11,423)**	(189,847)
Cash flows from investing activities	**(617,869)**	(3,612,982)
FINANCING ACTIVITIES		
Donations received for endowment purposes	**10,000**	48,000
Long-term loans		1,100,000
Repayment of long-term loans	**(216,599)**	(218,416)
Cash flows from financing activities	**(206,599)**	929,584
Net increase (decrease) in cash	**3,229,959**	(8,488,057)
Cash, beginning of year	**8,497,580**	16,985,637
Cash, end of year	**11,727,539**	8,497,580

The accompanying notes are an integral part of the consolidated financial statements.

Centre for International Studies and Cooperation
Consolidated Financial Position
March 31, 2018

	2018	2017
	$	$
ASSETS		
Current		
Cash	**11,727,539**	8,497,580
Trade and other receivables (Note 7)	**2,806,399**	4,542,576
Advances to partners	**242,338**	149,464
Prepaid expenses	**526,522**	576,425
	15,302,798	13,766,045
Long-term		
Cash in trust (Note 5 (c))	**834,699**	255,657
Loans and interest receivable (Note 5 (c))		572,224
Tangible capital assets (Note 8)	**6,223,147**	5,856,671
Intangible assets (Note 9)	**146,055**	180,219
	22,506,699	20,630,816
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**2,436,722**	1,781,465
Government remittances	**39,095**	32,970
Deferred contributions (Note 11)	**10,500,228**	9,085,805
Current portion of long-term debt	**224,881**	1,663,066
	13,200,926	12,563,306
Long-term		
Deferred contributions relating to tangible capital assets (Note 12)	**80,446**	83,622
Long-term debt (Note 13)	**1,712,693**	491,107
	14,994,065	13,138,035
NET ASSETS		
Invested in capital assets	**4,351,182**	3,799,095
Received for endowment purposes	**1,044,804**	1,027,986
Unrestricted	**2,116,648**	2,665,700
	7,512,634	7,492,781
	22,506,699	20,630,816

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

Sylvia Dupuis

Director

Director

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2018

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Centre for International Studies and Cooperation (the "Centre" or the "Organization") is incorporated under Part III of the Companies Act (Quebec). The Centre is a not-for-profit organization as defined in the Income Tax Act, and as such, it is exempt from income taxes.

It participates in economic, social and cultural development activities in third-world countries through training, by sending volunteers and technical assistants, completing projects, research and the publication of specialized work.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes to consolidated financial statements. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in the consolidated statement of operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in the consolidated statement of operations in the year the reversal occurs.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2018

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of consolidation

The Organization has elected to present consolidated financial statements and to recognize the interest in joint arrangements using the proportionate consolidation method. However, these consolidated financial statements include the share of assets and liabilities, revenues and expenses of the joint arrangements in which it has an interest.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are reported as direct increases in net assets.

Moreover, the Organization recognizes contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Rental income

The Organization recognizes rental income on a straight-line basis over the lease term when collection is reasonably assured. The excess of rent recognized over amounts receivable under the leases is shown, as applicable, as rent receivable in the consolidated statement of financial position.

Cash and cash equivalents

The Organization's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Recognition of foreign transactions

The Organization recognizes its expenses by using the following accounting practices:

(a) The purchase of tangible capital assets incurred for overseas operations is charged as operating expenses, except for the tangible capital assets of regional divisions, which are capitalized;

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2018

2 - *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

(b) Most gains and losses due to exchange rate fluctuations are charged to programs in which they are realized.

Tangible capital assets and intangible assets subject to amortization

Tangible capital assets and intangible assets subject to amortization are recognized at cost. When the Organization receives contributions in the form of tangible capital assets or intangible assets subject to amortization, the cost of these assets corresponds to the fair value at the contribution date.

Amortization

Tangible capital assets and intangible assets subject to amortization are amortized over their estimated useful lives according to the straight-line method over the following periods:

	Periods
Buildings	40 years
Furniture and equipment	5 years
Computer equipment	4 years
Automotive equipment	5 years
Website and software	4 years

Write-down

When the Organization recognizes that a tangible capital asset or intangible asset subject to amortization no longer has any long-term service potential, the excess of the net carrying amount of the tangible capital asset or intangible asset subject to amortization over its residual value is recognized as an expense in the consolidated statement of operations.

Advances to partners

In connection with economic, social and cultural development activities, the Organization works in collaboration with partners on certain international projects. According to agreement protocols, the amounts paid to partners are initially recognized as advances to partners. Upon receipt of the financial reports and corresponding supporting documents, project expenses are recognized in the consolidated statement of operations.

Foreign currency translation

The Organization considers its offices as integrated foreign operations and uses the temporal method to translate transactions denominated in a foreign currency.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
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2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the year-end date. Non-monetary assets and liabilities are translated at historical exchange rates, except those recognized at fair value, which are translated at the exchange rate in effect at the year-end date. Revenues and expenses are translated at the average rate for the period, except for amortization of assets translated at historical exchange rates, which is translated at the same exchange rates as the assets to which it relates. The related exchange gains and losses are recognized in consolidated operations for the year.

3 - INFORMATION INCLUDED IN CONSOLIDATED OPERATIONS

	2018	2017
	$	$
Other revenue		
Rental	**403,480**	467,107
Interest	**–**	6,461
Exchange losses (gains)		
Programs	**(118,203)**	43,378
Administration	**(133,535)**	(3,527)

4 - CONTRIBUTED VOLUNTEER SERVICES

Contributed volunteer services represent the value of the contribution provided by the participants of the volunteer cooperation programs.

The contribution is established using a predetermined rate in the agreement signed with Global Affairs Canada for the Uniterra program. The amount specified in the agreement is $200/day/person.

5 - NET ASSETS RECEIVED FOR ENDOWMENT PURPOSES

Net assets received for endowment purposes include the following items:

(a) An amount of $4,305 subject to externally imposed restrictions stipulating that the resources be maintained permanently in the Fonds Pelletier; the related investment income is restricted for the funding of projects concerning the education and training of girls and women.

(b) An amount of $205,800 ($195,800 in 2017) subject to externally imposed restrictions stipulating that the resources be maintained permanently in the Fonds Jean Bouchard; the related investment income is restricted for the funding of projects concerning basic human needs.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
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5 - NET ASSETS RECEIVED FOR ENDOWMENT PURPOSES (Continued)

(c) An amount of $834,699 ($827,881 in 2017) subject to externally imposed restrictions stipulating that the resources may be used to grant loans; loan beneficiaries are local, rural Guatemalan organizations and associations and the loans enable them to fund the purchase of farming equipment and products. On the recommendations of the trust's credit committee, the Centre could also support the funding of new initiatives. The assets relating to these amounts received for endowment purposes are presented in the consolidated statement of financial position in the long-term assets section.

6 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The net change in working capital items is detailed as follows:

	2018	2017
	$	$
Trade and other receivables	**1,736,177**	(709,237)
Advances to partners	**(92,874)**	345,984
Prepaid expenses	**49,903**	(7,673)
Accounts payable and accrued liabilities	**655,257**	(1,283,374)
Government remittances	**6,125**	5,853
Deferred contributions	**1,414,423**	(4,571,732)
	3,769,011	(6,220,179)

7 - TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
Contributions receivable – donors (a)	**2,605,919**	3,752,858
Other receivables	**450,597**	1,048,294
Allowance for doubtful accounts relating to contributions receivable – donors	**(250,117)**	(258,576)
	2,806,399	4,542,576

(a) As at March 31, 2018, a donor represents 49% (two donors represent 58% as at March 31, 2017) of contributions receivable.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
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8 - TANGIBLE CAPITAL ASSETS

			2018	2017
	Cost	**Accumulated amortization**	**Net carrying amount**	Net carrying amount
	$	**$**	**$**	$
Land	**869,445**		**869,445**	869,445
Buildings	**6,076,644**	**1,072,489**	**5,004,155**	4,633,674
Furniture and equipment	**308,850**	**168,592**	**140,258**	125,209
Computer equipment	**389,939**	**313,752**	**76,187**	80,583
Automotive equipment	**725,692**	**592,590**	**133,102**	147,760
Leasehold improvements	**75,608**	**75,608**		
	8,446,178	**2,223,031**	**6,223,147**	5,856,671

9 - INTANGIBLE ASSETS

			2018	2017
	Cost	**Accumulated amortization**	**Net carrying amount**	Net carrying amount
	$	**$**	**$**	$
Website	**44,607**	**7,426**	**37,181**	44,607
Software	**253,893**	**145,019**	**108,874**	135,612
	298,500	**152,445**	**146,055**	180,219

10 - LINE OF CREDIT

The Organization has a line of credit for an authorized amount of $1,000,000 bearing interest at the prime rate of Fédération des Caisses Desjardins (3.45%; 2.7% as at March 31, 2017) and secured by a movable hypothec of $2,400,000 on the universality of receivables. The line of credit is not used as at March 31, 2018 nor as at March 31, 2017. The agreement is renewable in August 2018.

The Organization also has a special authorized line of credit of $3,400,000 for the issuance of letters of guarantee. As at March 31, 2018, a letter of guarantee was issued for $89,623 maturing in June 2018 ($89,623 as at March 31, 2017).

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2018

11 - DEFERRED CONTRIBUTIONS

	2018	2017
	$	$
Balance, beginning of year	**9,085,805**	13,657,537
Amounts received during the year	**35,341,362**	26,010,699
Contributions receivable, beginning of year	**(3,752,858)**	(3,057,333)
	31,588,504	22,953,366
Amounts recognized as income for the year	**32,780,000**	31,277,956
Contributions receivable, end of year	**(2,605,919)**	(3,752,858)
	30,174,081	27,525,098
Balance, end of year	**10,500,228**	9,085,805

12 - DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS

Deferred contributions relating to tangible capital assets include contributions received to acquire tangible capital assets. They are amortized using the same methods and periods as for the corresponding tangible capital assets. Changes during the year are as follows:

	2018	2017
	$	$
Balance, beginning of year	**83,622**	85,210
Amortization for the year	**3,176**	1,588
Balance, end of year	**80,446**	83,622

13 - LONG-TERM DEBT

	2018	2017
	$	$
Loan, secured by an immovable hypothec on a building with a net carrying amount of $3,951,859, payable in monthly instalments of $6,438, including interest of 3.6%, maturing on December 2, 2019	**1,050,317**	1,090,473
Loan, of a maximum authorized amount of $1,121,250, secured by an immovable hypothec on a building with a net carrying amount of $3,951,859, payable in monthly instalments of $3,738, plus interest of 4.05%, maturing on January 15, 2020	**396,175**	441,025
Loan, secured by an immovable hypothec on a building with a net carrying amount of $1,052,297, payable in monthly instalments of $12,248, including interest of 6.5%, maturing on September 29, 2019	**419,068**	534,687

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Notes to Consolidated Financial Statements
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13 - LONG-TERM DEBT (Continued)

	2018	2017
	$	$
Loan, secured by an immovable hypothec on a building with a net carrying amount of $1,052,297, payable in monthly instalments of $1,593, including interest of 3.9%, maturing on November 24, 2020	**72,014**	87,988
	1,937,574	2,154,173
Current portion	**224,881**	1,663,066
	1,712,693	491,107

The estimated capital reimbursements for the next years are as follows:

	$
2019	224,881
2020	1,674,551
2021	38,142
	1,937,574

14 - PENSION PLANS

The Organization participates in defined contribution pension plans for its employees. It contributes equally with employees. However, the Organization's contribution is limited to 5% of employees' gross salaries. The contributions paid as well as the expenses for the year totalled $281,851 ($255,462 in 2017).

15 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the consolidated statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are trade and other receivables, advances to partners and loans and interest receivable, since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Market risk

The Organization's financial instruments expose it to market risk, in particular, to currency risk and interest rate risk, resulting from its operating, investing and financing activities:

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2018

15 - FINANCIAL RISKS (Continued)

Currency risk

The Organization undertakes several of its transactions in foreign currency and is therefore exposed to foreign currency fluctuations.

As at March 31, 2018 and 2017, the Organization is exposed to currency risk as a result of cash, trade and other receivables, advances to partners, cash in trust, loans and interest receivable, as well as accounts payable and accrued liabilities denominated in foreign currencies as follows:

	2018	2017
	$	$
Cash		
U.S. dollars	**3,685,717**	3,129,405
CFA francs	**1,835,363**	1,191,459
Haitian gourdes	**165,557**	215,994
Other currencies	**1,106,637**	704,953
Trade and other receivables		
U.S. dollars	**1,261,472**	1,733,942
CFA francs	**357,986**	–
Haitian gourdes	**1,564,862**	500,855
Other currencies	**266,908**	200,622
Advances to partners		
U.S. dollars	**1,433**	–
CFA francs	**240,909**	100,062
Other currencies	**–**	29,932
Cash in trust and loans and interest receivable		
Other currencies	**834,699**	827,881
Accounts payable and accrued liabilities		
U.S. dollars	**739,588**	608,992
CFA francs	**658,603**	333,456
Haitian gourdes	**463,074**	134,382
Other currencies	**146,767**	32,787

Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed and variable interest rates.

Loans bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The long-term debt bears interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The lines of credit bear interest at a variable rate and the Organization is, therefore, exposed to the cash flow risk resulting from interest rate fluctuations.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2018

15 - FINANCIAL RISKS (Continued)

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the consolidated statement of financial position.

16 - COMMITMENTS

The Organization has entered into long-term lease agreements expiring until November 2019 which call for lease payments of $28,280 for the rental of office equipment. Minimum lease payments for the next years are $16,968 in 2019 and $11,312 in 2020.

17 - CONTINGENCIES

The Organization entered into partnership agreements with other organizations to realize projects. With respect to donors, under these agreements, the Organization is jointly and severally liable for the realization of these projects with these other organizations. As at March 31, 2018, the signed agreements total $224,735,049 ($248,698,057 as at March 31, 2017) and mature until March 2021 (in March 2021 in 2017). In the opinion of management, there is no significant risk because all partnerships to complete projects are subject to contracts between the organizations, in which the partners' respective financial liabilities are clearly specified.

18 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.