



AUDITOR'S REPORT

TO THE MEMBERS OF THE BOARD OF THE CENTRE D'ÉTUDE ET DE COOPÉRATION INTERNATIONALE

We have audited the balance sheet of the Centre d'étude et de coopération internationale as at March 31, 2004 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre'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 Centre as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair / Deloitte & Touche s.e.n.c.r.l.

SAMSON BÉLAIR DELOITTE ET TOUCHE
CHARTERED ACCOUNTANTS
JUNE 11, 2004

STATEMENT OF REVENUE AND EXPENSES YEAR ENDED MARCH 31, 2004

	2004	2003
	\$	\$
REVENUE		
CIDA – Partnership	6,154,949	6,252,994
CIDA – Bilateral and other	12,126,340	15,297,476
Other funding organizations	6,749,060	8,637,010
Donations	634,490	884,268
Contributed services (NOTE 7)	4,521,440	4,113,852
Other revenue	343,646	420,937
	30,529,925	35,606,537
Expenses		
Offices and departments	5,738,494	6,353,722
Programs	20,048,459	24,896,574
Contributed services (NOTE 7)	4,521,440	4,113,852
Depreciation and amortization	215,535	175,251
	30,523,928	35,539,399
EXCESS OF REVENUE OVER EXPENSES	5,997	67,138

STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED MARCH 31, 2004

	INVESTED IN CAPITAL ASSETS	RESTRICTED FOR ENDOWMENT PURPOSES	UNRESTRICTED	TOTAL	
				2004	2003
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	1,543,682	437,530	679,483	2,660,695	2,593,557
(Deficiency) excess of revenue over expenses	(215,535)	-	221,532	5,997	67,138
Endowment contributions	-	555	-	555	-
Investment in tangible and intangible assets, net of financing and deferred contributions	461,878	-	(461,878)	-	-
BALANCE, END OF YEAR	1,790,025	438,085	439,137	2,667,247	2,660,695

BALANCE SHEET AS AT MARCH 31, 2004

	2004	2003
	\$	\$
ASSETS		
Current assets		
Cash	3,185,478	3,382,384
Temporary investments	112,500	112,500
Accounts receivable	1,064,186	884,216
Prepaid expenses	325,732	725,205
	<u>4,687,896</u>	<u>5,104,305</u>
Investments (NOTE 3)	355,102	343,009
Capital assets (NOTE 4)	3,105,658	2,804,235
	<u>8,148,656</u>	<u>8,251,549</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	872,892	966,681
Deferred contributions		
CIDA (net of an account receivable of \$734,791; \$1,192,752 in 2003)	714,075	778,421
Other	2,578,809	2,585,199
Current portion of long-term debt (NOTE 5)	51,100	51,100
	<u>4,216,876</u>	<u>4,381,401</u>
Deferred contributions related to capital assets	142,514	147,878
Long-term debt (NOTE 5)	1,122,019	1,061,575
NET ASSETS		
Invested in capital	1,790,025	1,543,682
Restricted for endowment purposes (NOTE 6)	438,085	437,530
Unrestricted	439,137	679,483
	<u>2,667,247</u>	<u>2,660,695</u>
	<u>8,148,656</u>	<u>8,251,549</u>

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2004

	2004	2003
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	5,997	67,138
Adjustments for:		
Write-down of investments	-	47,000
Depreciation and amortization	215,535	175,251
	<u>221,532</u>	<u>289,389</u>
Changes in non-cash operating working capital items (NOTE 8)	54,978	(741,275)
	<u>276,510</u>	<u>(451,886)</u>
FINANCING ACTIVITIES		
Endowment contributions	555	-
Increase in long-term debt	60,444	120,150
Contributions related to the acquisition of the building	(5,364)	(5,363)
	<u>55,635</u>	<u>114,787</u>
INVESTING ACTIVITIES		
Acquisition of investments	(12,093)	(10,466)
Acquisition of capital assets	(516,958)	(857,640)
	<u>(529,051)</u>	<u>(868,106)</u>
Decrease in cash and cash equivalents	(196,906)	(1,205,205)
Cash and cash equivalents, beginning of year	3,494,884	4,700,089
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>3,297,978</u>	<u>3,494,884</u>
Supplementary information		
Interest paid	73,910	73,719

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DESCRIPTION OF THE ORGANIZATION

The Centre d'étude et de coopération internationale is incorporated under Part III of the *Companies Act* (Québec).

The Centre takes part in activities to promote economic, social and cultural development in Third World countries by training and sending volunteers and technical assistants to these areas, undertaking projects, conducting research and publishing special works.

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SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

A) REVENUE RECOGNITION

The Centre follows the deferral method of accounting for contributions. 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 recognized as direct increases in net assets.

B) FOREIGN TRANSACTION RECOGNITION

The Centre accounts for its expenses using recognized accounting practices for this type of organization:

- i) Capital expenditures incurred for overseas activities are charged as operating expenses with the exception of the capital expenditures of regional offices, which, since April 1, 2003, are capitalized.
- ii) Overseas expenses are recorded when expensed.
- iii) Gains or losses due to changes in exchange rates are charged to the programs to which they are related.
- iv) Other contributions for technical assistance to the Volunteers and Partnerships Program represent overseas partners' share of living allowances and volunteer housing.

C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term investments in money market instruments that mature in three months or less.

D) TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets are recorded at cost and are amortized using the following methods and rates:

Building	straight-line	4%
Library	straight-line	5%
Furniture and equipment	declining balance	20% and 30%
Household improvement	straight-line	20%
Audio-visual equipment	declining balance	20%
Automotive equipment	declining method	30%
Software	straight-line	25%

E) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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INVESTMENTS

	2004		2003	
	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE
	\$	\$	\$	\$
Money market	15,779	15,760	13,250	13,228
Bonds and debentures	182,518	196,121	171,739	176,487
Canadian equity funds	126,952	152,423	132,238	109,892
Foreign equity funds	29,853	30,937	25,782	21,250
	355,102	395,241	343,009	320,857

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TANGIBLE AND INTANGIBLE ASSETS

	2004		2003	
	VALUATION COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
	\$	\$	\$	\$
TANGIBLE ASSETS				
Land	869,445	—	869,445	869,445
Building	1,198,736	82,644	1,116,092	1,029,371
Building in construction	130,772	—	130,772	—
Furniture and equipment	1,382,876	1,077,686	305,190	325,898
Library	542,607	108,520	434,087	461,217
Audio-visual equipment	35,719	34,342	1,377	1,722
Automotive equipment	199,643	64,921	134,722	116,582
	4,359,798	1,368,113	2,991,685	2,804,235
INTANGIBLE ASSETS				
Computer programs	121,571	7,598	113,973	—
	4,481,369	1,375,711	3,105,658	2,804,235

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LONG-TERM DEBT

	2004	2003
	\$	\$
Loan secured by a first-rank hypothec on the building for a maximum authorized amount of \$1,121,250, payable in monthly instalments of \$3,738, plus interest calculated at 7.05%, due January 15, 2017	1,024,075	1,068,925
Loan payable in annual instalments of \$6,250 plus interest due in December 2009, non-interest bearing for the first three years, bearing interest at 1% the fourth year, 2% the fifth year, 3% the sixth year, 4% the seventh year and 5% the eighth year	37,500	43,750
Accounts payable to be financed by a first-rank hypothec on the building in construction	111,544	—
	1,173,119	1,112,675
Current portion	51,100	51,100
	1,224,219	1,163,775

Estimated principal payments over the next five years: 2005, 2006, 2007, 2008 and 2009, will be \$51,100.

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NET ASSETS RESTRICTED FOR ENDOWMENT PURPOSES

Net assets restricted for endowment purposes are as follows:

- A) an amount of \$304,005, subject to external restrictions requiring that any resources be maintained permanently in the Fonds Pelletier. The related investment income is used to finance projects aimed at education and training for women and girls;
- B) an amount of \$134,080, subject to external restrictions requiring that any resources be maintained permanently in the Fonds Jean Bouchard. The related investment income is used to finance projects aimed at basic human needs.

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CONTRIBUTED SERVICES

Contributed services represent the value of the unpaid contribution provided by the volunteers. The value of this contribution for 2003-2004 is estimated at \$40,370 (\$40,135 for 2002-2003). This amount was obtained from a study conducted in February 1994 and indexed for the Consumer Price Index for 1995-1996 to 2003-2004. The number of volunteers, expressed in persons/year, is 112 in 2003-2004 and 104 in 2002-2003.

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CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2004	2003
	\$	\$
Accounts receivable	(184,890)	1,245,938
Prepaid expenses	404,393	(86,183)
Accounts payable and accrued liabilities	(93,789)	(350,490)
Deferred contributions	(70,736)	(1,550,540)
	54,978	(741,275)

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COMMITMENTS

The Centre is committed under renewable, non-cancellable leases for administrative premises and equipment for a total of \$123,089 detailed as follows:

	\$
2005	55,284
2006	33,692
2007	21,012
2008	13,101

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COMPARATIVE FIGURES

Certain figures from the previous year have been reclassified in order to conform to the current year's presentation.