Financial statements of

CENTRE FOR INTERNATIONAL STUDIES AND COOPERATION

March 31, 2013 and March 31, 2012

CENTRE FOR INTERNATIONAL STUDIES AND COOPERATION

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Independent auditor's report

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

We have audited the accompanying financial statements of the Centre for International Studies and Cooperation (the "Centre"), which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012, in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte s.e.n.c.r.l.[1]

June 20, 2013

[1] CPA auditor, CA, public accountancy permit No. A110078

CENTRE FOR INTERNATIONAL STUDIES AND COOPERATION

Statements of operations

years ended March 31, 2013 and March 31, 2012

	2013	2012
	$	$
Revenue		
CIDA – Partnership	**8,778,082**	7,688,048
CIDA – Bilateral and other	**8,200,041**	14,895,685
Other funding organizations	**18,147,350**	16,467,735
Donations	**425,103**	1,285,051
In-kind contributions	**-**	29,804
Contributed services (Note 13)	**4,785,546**	3,362,786
Other revenue	**511,184**	511,986
	40,847,306	44,241,095
Expenses		
Offices and departments	**7,118,701**	7,776,389
Programs (including a net exchange gain of $51,060 in 2013 and $592,977 in 2012)	**28,109,403**	32,734,579
Contributed services (Note 13)	**4,785,546**	3,362,786
Interest on long-term debt	**108,166**	128,525
Amortization of tangible assets	**216,466**	217,973
Amortization of intangible assets	**49,084**	12,709
	40,387,366	44,232,961
Excess of revenue over expenses	**459,940**	8,134

CENTRE FOR INTERNATIONAL STUDIES AND COOPERATION

Statements of changes in net assets

years ended March 31, 2013 and March 31, 2012

	Invested in capital assets	Restricted for endowment purposes (Note 12)	Unrestricted	Total
	$	$	$	$
Balance, April 1, 2011	1,488,945	612,226	1,379,239	3,480,410
Excess (deficiency) of revenue over expenses	(224,552)[(1)]	-	232,686	8,134
Acquisition of capital assets	391,286	-	(391,286)	-
Reimbursement of long-term debt	170,174	-	(170,174)	-
Exchange losses on net assets restricted for endowment purposes	-	(10,897)	-	(10,897)
Balance, March 31, 2012	1,825,853	601,329	1,050,465	3,477,647
Excess (deficiency) of revenue over expenses	**(351,524)**[(2)]	-	**811,464**	**459,940**
Acquisition of capital assets	**123,766**	-	**(123,766)**	-
Reimbursement of long-term debt	**178,001**	-	**(178,001)**	-
Exchange losses on net assets restricted for endowment purposes	-	**(36,853)**	-	**(36,853)**
Balance, March 31, 2013	**1,776,096**	**564,476**	**1,560,162**	**3,900,734**

(1) Including amortization of capital assets of $230,682, less amortization of deferred contributions related to capital assets of $6,130.

(2) Including amortization of capital assets of $265,550, write-off of web site and softwares of $86,195 and amortization of deferred contributions related to capital assets of $221.

CENTRE FOR INTERNATIONAL STUDIES AND COOPERATION

Statements of financial position

as at March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
	$	$	$
Assets			
Current			
Cash	**10,106,702**	6,948,388	8,701,059
Accounts receivable (Note 5)	**1,149,679**	1,162,221	588,065
Advances to partners	**347,970**	1,488,081	1,692,223
Prepaid expenses	**340,211**	368,225	349,400
	11,944,562	9,966,915	11,330,747
Long-term			
Cash in trust (Note 12c))	**186,869**	460,884	167,588
Term deposit in trust (Note 12c))	**-**	132,060	-
Loans and interest receivable (Note 12c))	**369,222**	-	436,253
Tangible assets (Note 6)	**3,685,780**	3,778,480	3,759,496
Intangible assets (Note 6)	**39,813**	175,092	33,472
	16,226,246	14,513,431	15,727,556
Liabilities			
Current			
Accounts payable and accrued liabilities	**2,565,954**	2,492,083	2,240,287
Government remittances	**57,547**	117,778	58,246
Deferred contributions (Note 7)	**7,752,514**	6,298,204	7,644,590
Current portion of long-term debt (Note 9)	**186,432**	177,900	170,357
	10,562,447	9,085,965	10,113,480
Deferred contributions related to capital assets (Note 11)	**92,488**	92,709	98,839
Long-term debt (Note 9)	**1,670,577**	1,857,110	2,034,827
	12,325,512	11,035,784	12,247,146
Commitments and contingencies (Notes 15 and 16)			
Net assets			
Invested in capital assets	**1,776,096**	1,825,853	1,488,945
Restricted for endowment purposes (Note 12)	**564,476**	601,329	612,226
Unrestricted	**1,560,162**	1,050,465	1,379,239
	3,900,734	3,477,647	3,480,410
	16,226,246	14,513,431	15,727,556

Approved by the Board

Duchesne .... Director

...., Director

CENTRE FOR INTERNATIONAL STUDIES AND COOPERATION

Statements of cash flows

years ended March 31, 2013 and March 31, 2012

	2013	2012
	$	$
Operating activities		
Excess of revenue over expenses	**459,940**	8,134
Adjustments for:		
Amortization of capital assets	**265,550**	230,682
Amortization of deferred contributions related to capital assets	**(221)**	(6,130)
Write-off of capital assets	**86,195**	-
Foreign exchange gain on cash held in foreign currency	**(142,145)**	(39,428)
	669,319	193,258
Changes in non-cash operating working capital items (Note 14)	**2,648,617**	(1,423,897)
	3,317,936	(1,230,639)
Financing activities		
Reimbursement of long-term debt	**(178,001)**	(170,174)
Investing activities		
Acquisition of capital assets	**(123,766)**	(391,286)
Foreign exchange gain on cash held in foreign currency	**142,145**	39,428
Increase (decrease) in cash	**3,158,314**	(1,752,671)
Cash, beginning of year	**6,948,388**	8,701,059
Cash, end of year	**10,106,702**	6,948,388

Transactions during the year in "Cash in trust", "Term deposit in trust" and "Loans and interest receivable" cancel each other out in the statements of cash flows because the aggregate amount available in foreign currency is always the same. The change in the balance of the endowment is the change in the exchange rate of the amount available in Canadian dollars.

1. Description of the organization

The Centre for International Studies and Cooperation (the "Centre") is incorporated under Part III of the *Companies Act* of the province of Quebec.

In developing countries, the Centre takes part in activities to promote economic, social and cultural development. It does so through training, by sending volunteers and technical assistants to these areas and by undertaking projects, conducting research and publishing specialized works.

2. Adoption of a new accounting framework

During the year ended March 31, 2013, the Centre adopted the new Canadian accounting standards for not-for-profit organizations (the "new standards") issued by the Canadian Institute of Chartered Accountants ("CICA") and set out in Part III of the CICA Handbook. In accordance with Section 1501 of Part III of the CICA Handbook, "First-time adoption by not-for-profit organizations", ("Section 1501"), the date of transition to the new standards is April 1, 2011, and the Centre has prepared and presented an opening statement of financial position at the date of transition to these new standards. This opening statement of financial position is the starting point for the Centre's accounting under the new standards. In its opening statement of financial position, under the recommendations of Section 1501, the Centre:

(a) recognized all assets and liabilities whose recognition is required by the new standards;

(b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;

(c) reclassified items that it recognized previously as one type of asset, liability or component of net assets, but are recognized as a different type of asset, liability or component of net assets under the new standards; and

(d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented in these financial statements. The adoption of the new standards had no impact on the financial statements, except for making mandatory the disclosure of government remittances which were not previously presented. Consequently, an amount of $58,246 as at April 1, 2011 and an amount of $117,778 as at March 31, 2012 which were previously included under accounts payable and accrued liabilities, have been presented separately in the statement of financial position.

3. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and reflect the following significant accounting policies:

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Centre becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at amortized cost, the Centre recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

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.

Contributions in kind and in the form of services rendered are recorded at their estimated fair value and are reflected in the statement of operations because they are utilized for humanitarian purposes to the beneficiaries who are the end users or are part of the programs.

Foreign transaction recognition

The Centre accounts for expenses using the following accounting practices:

i) Capital expenditures incurred for overseas activities are charged as operating expenses, with the exception of the capital expenditures of regional offices, which are capitalized.

ii) Most of the gains and losses resulting from exchange rate fluctuations are charged to the programs in which they are realized.

3. Accounting policies (continued)

Capital assets - tangible and intangible

Capital assets are accounted for at cost and amortized according to their estimated useful lives using the straight-line amortization method based on the following terms and rates:

Buildings	2.5%
Furniture and equipment	20%
Computer equipment	25%
Automotive equipment	20%
Leasehold improvements	Lease term
Web site	25%
Software	25%

Foreign currency translation

Monetary assets and liabilities are translated into Canadian dollars at the exchange rates in effect at year end, whereas non-monetary assets and liabilities are translated at historical rates. The market values are translated into Canadian dollars at the exchange rates in effect at year end. Revenue and expenses are translated at average rates prevailing during the year. Resulting gains and losses are reflected in the statement of operations.

Investment in joint ventures

The Centre has elected to record its investments in joint ventures using the equity method.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Key components of the financial statements requires management to make estimates include the useful life of capital assets, allowance for doubtful accounts and accrued liabilities. Actual results could differ from these estimates.

4. Interest in joint ventures

The Centre participated in international assistance projects by forming joint ventures. These consortium projects generated revenue of $12,456,675 ($18,333,459 in 2012) and expenses of $10,750,011 ($16,770,618 in 2012). The percentage of the Centre's interest in management revenue typically ranges from 30% to 60%.

The Centre's financial statements include the following amounts attributable to joint ventures:

	March 31,		April 1,
	2013	2012	2011
	$	$	$
Assets	**3,854,756**	3,078,161	3,900,636
Accounts payable and accrued liabilities	**611,696**	1,760,566	813,131
Deferred contributions	**3,243,060**	1,317,595	3,065,630

5. Accounts receivable

	March 31,		April 1,
	2013	2012	2011
	$	$	$
Funding organizations	**1,064,611**	976,573	529,462
Deferred contributions related to accounts receivable	**(238,390)**	(68,053)	(330,876)
Other accounts receivable	**520,775**	447,176	489,479
Allowance for doubtful accounts receivable from funding organizations	**(197,317)**	(193,475)	(100,000)
	1,149,679	1,162,221	588,065

6. Capital assets - tangible and intangible

	March 31, 2013		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible assets			
Land	**869,445**	**-**	**869,445**
Buildings	**3,595,183**	**1,103,666**	**2,491,517**
Furniture and equipment	**1,136,343**	**1,065,569**	**70,774**
Computer equipment	**771,249**	**696,220**	**75,029**
Automotive equipment	**682,202**	**506,227**	**175,975**
Leasehold improvements	**81,160**	**78,120**	**3,040**
	7,135,582	**3,449,802**	**3,685,780**
Intangible assets			
Software	**218,795**	**178,982**	**39,813**
	7,354,377	**3,628,784**	**3,725,593**

	March 31, 2012		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible assets			
Land	869,445	-	869,445
Buildings	3,576,588	1,024,832	2,551,756
Furniture and equipment	1,115,851	1,039,956	75,895
Computer equipment	747,697	653,843	93,854
Automotive equipment	626,142	438,612	187,530
Leasehold improvements	76,094	76,094	-
	7,011,817	3,233,337	3,778,480
Intangible assets			
Web site	42,490	21,245	21,245
Software	319,559	165,712	153,847
	362,049	186,957	175,092
	7,373,866	3,420,294	3,953,572

6. Capital assets - tangible and intangible (continued)

	April 1, 2011		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible assets			
Land	869,445	-	869,445
Buildings	3,535,112	944,008	2,591,104
Furniture and equipment	1,080,730	1,019,569	61,161
Computer equipment	699,561	612,516	87,045
Automotive equipment	513,918	383,579	130,339
Leasehold improvements	76,094	55,692	20,402
	6,774,860	3,015,364	3,759,496
Intangible assets			
Web site	42,490	10,622	31,868
Software	165,230	163,626	1,604
	207,720	174,248	33,472
	6,982,580	3,189,612	3,792,968

The fair value of the two buildings, determined using the income approach, as at January 7, 2005, is approximately $6,000,000. Using the comparable transaction analysis at the same date, the fair value is essentially the same.

7. Deferred contributions

	March 31,		April 1,
	2013	2012	2011
	$	$	$
Funding organizations	**9,007,835**	8,295,401	8,532,157
Accounts receivable related to deferred contributions	**(1,255,321)**	(1,997,197)	(887,567)
	7,752,514	6,298,204	7,644,590

8. Bank loan

The Centre has an operating credit facility of an authorized amount of $1,000,000, bearing interest at the prime rate, secured by a movable hypothec on the universality of accounts receivable and is repayable on demand. As at March 31, 2013, March 31, 2012 and April 1, 2011, the balance is nil.

9. Long-term debt

	March 31,		April 1,
	2013	2012	2011
	$	$	$
Loan secured by a first-rank hypothec on a building with a net book value of $1,270,310 for a maximum authorized amount of $1,121,250 payable in monthly instalments of $3,738 plus interest calculated at 4.70% maturing on January 15, 2017	**620,425**	665,275	710,125
Loan secured by a second-rank hypothec on a building, with a net book value of $1,270,310 payable in monthly instalments of $3,741, including interest calculated at 3.95%, maturing on February 15, 2017	**162,590**	199,489	234,584
Loan secured by a first-rank hypothec on a building, with a net book value of $1,221,207 payable in monthly instalments of $12,248, including interest calculated at 6.50%, renewable on September 29, 2019, maturing on December 29, 2021	**928,953**	1,012,589	1,090,808
Loan secured by a first-rank hypothec on a building, with a net book value of $1,221,207 payable in monthly instalments of $1,655, including interest calculated at 4.77%, renewable on August 24, 2015, maturing on March 24, 2022	**145,041**	157,657	169,667
	1,857,009	2,035,010	2,205,184
Current portion	**186,432**	177,900	170,357
	1,670,577	1,857,110	2,034,827

9. Long-term debt (continued)

Estimated principal payments required in each of the next five years are as follows:

	$
2014	**186,432**
2015	**194,625**
2016	**203,322**
2017	**649,788**
2018	**131,596**

The payment in 2017 includes a final balance amounting to $448,500 due on January 15, 2017. According to management, this balance will be refinanced.

10. Pension plan

The Centre contributes to a defined contribution pension plan by matching employee contributions. The contribution limit from the Centre is 5% of gross salaries. Contributions paid and expensed for the year totalled $244,800 ($258,155 in 2012). This amount is reported in the statement of operations.

11. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributions received to acquire capital assets. They are amortized using the same methods and rates as the related capital assets. Changes for the year are as follows:

	2013	2012
	$	$
Balance, beginning of year	**92,709**	98,839
Amortization for the year	**221**	6,130
Balance, end of year	**92,488**	92,709

12. Net assets restricted for endowment purposes

Net assets restricted for endowment purposes are as follows:

a) An amount of $4,305 is 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 $4,080 is 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.

c) An amount of $556,091 ($592,944 in 2012 and $603,841 in 2011) is subject to external restrictions under which resources can be used to make loans. Loan recipients are local rural Guatemalan organizations and associations. Loans enable them to finance the purchase of equipment and agricultural products. As per the recommendations of the Credit Committee of the trust, the Centre could also support financing of new initiatives. The assets related to these amounts restricted for endowment purposes are presented in the statement of financial position under long-term assets.

13. Contributed services

Contributed services represent the value of services rendered by participants to volunteer cooperation programs.

The contribution for services is calculated at a predetermined rate according to the agreement signed with CIDA for Uniterra. The amount specified in the agreement amounts to $200/day/person.

The contributions in the form of services rendered by the Board of Directors have not been reflected in this data.

14. Changes in non-cash operating working capital items

	2013	2012
	$	$
Accounts receivable	**12,542**	(574,156)
Advances to partners	**1,140,111**	204,142
Prepaid expenses	**28,014**	(18,825)
Accounts payable and accrued liabilities	**73,871**	251,796
Government remittances	**(60,231)**	59,532
Deferred contributions	**1,454,310**	(1,346,386)
	2,648,617	(1,423,897)

15. Commitments

The Centre has commitments under renewable, non-cancellable leases for equipment which expire through February 2017. The total amount of these commitments is $67,742 and is repayable as follows:

	$
2014	**31,889**
2015	**25,560**
2016	**6,612**
2017	**3,681**

16. Contingencies

The Centre has signed partnership agreements with other organizations for the purpose of carrying out projects. Under these agreements, the Centre is jointly and severally liable with the other organizations to its funding organizations. As at March 31, 2013, the signed agreements totalled approximately $129,000,000 ($168,000,000 as at March 31, 2012 and $189,000,000 as at April 1, 2011) and expire through October 2016 (October 2016 in 2012 and in 2011). Management is nonetheless of the opinion that there is no significant risk, as all partnerships for projects are subject to a contract between the organizations, and these contracts clearly specify the respective financial liabilities of the partners.

17. Financial instruments

Currency risk

The Centre carries out transactions in foreign currencies and is, therefore, exposed to foreign exchange fluctuations. The Centre does not fully manage this risk. Most of the exchange gains and losses are included in program costs.

17. Financial instruments (continued)

Currency risk (continued)

The statements of financial position include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in the following currencies:

	March 31,		April 1,
	2013	2012	2011
	$	$	$
U.S. Dollars:			
Cash	**4,388,861**	3,173,521	2,429,027
Accounts receivable	**1,006,586**	355,317	374,827
Advances to partners	**18,692**	56,205	45,231
Accounts payable and accrued liabilities	**231,312**	233,385	321,690
Deferred contributions	**1,684,014**	1,673,775	1,729,866
CFA Francs:			
Cash	**382,963**	386,698	278,416
Accounts receivable	**11,602**	35,338	59,292
Advances to partners	**100,561**	2,971	38,124
Accounts payable and accrued liabilities	**189,110**	179,989	171,286
Deferred contributions	**277,168**	222,946	48,453
Haitian Gourde:			
Cash	**648,187**	1,055,921	546,975
Accounts receivable	**153,953**	385,335	104,552
Advances to partners	**214,128**	1,376,887	1,470,582
Accounts payable and accrued liabilities	**687,652**	165,197	144,231
Deferred contributions	**117,573**	47,866	3,631
Other currencies:			
Cash	**241,031**	282,308	774,764
Cash in trust	**186,869**	460,884	167,588
Term deposit in trust	**-**	132,060	-
Accounts receivable	**44,686**	78,653	-
Advances to partners	**14,573**	48,268	133,038
Loans and interest receivable	**369,222**	-	436,253
Accounts payable and accrued liabilities	**50,782**	41,871	74,130
Deferred contributions	**78,086**	22,733	69,007

17. Financial instruments (continued)

Interest rate risk

The Centre is exposed to interest rate risk in relation to its fixed rate and variable rate financial instruments. The fixed rate instruments expose the Centre to fair value risk and the variable rate instruments to cash flow risk. The Centre is exposed to this type of risk on its investments in term deposits, on the bank loan (variable rate) and on the long-term debt (fixed rate).

Credit risk

The Centre makes advances to partners in the normal course of its operations. It conducts regular assessments of credit toward its partners and maintains provisions for potential losses on loans, if necessary.

Liquidity risk

Liquidity risk is the risk the Centre will be unable to meet its financial obligations as they become due. The Centre monitors its cash balances and cash flows generated from operations to meet its obligations. As at March 31, 2013, the Centre's main financial liabilities are accounts payable, accrued liabilities and long-term debt.