
Financial statements of
Centre for International Studies
and Cooperation

March 31, 2015

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Deloitte LLP
1 Place Ville Marie
Suite 3000
Montreal QC H3B 4T9
Canada

Tel.: 514-393-7115
Fax: 514-390-4116
www.deloitte.ca

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, which comprise the statement of financial position as at March 31, 2015, and the 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 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 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 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 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 for International Studies and Cooperation as at March 31, 2015, 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.

*Deloitte LLP*¹

June 30, 2015

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

Centre for International Studies and Cooperation

Statement of operations

Year ended March 31, 2015

	Notes	2015	2014
		\$	\$
Revenue			
DFATD Partnership		6,919,582	6,841,040
DFATD Bilateral and other		6,712,854	6,720,497
Other funding organizations		10,750,024	23,448,320
Donations		431,282	621,994
Contributed services by volunteers	12	4,241,173	5,034,115
Other revenue		648,239	593,917
		29,703,154	43,259,883
Expenses			
Programs	13	21,692,357	33,459,406
Program development		423,700	456,064
Administration	13	2,249,721	2,228,271
Fundraising activities		146,820	186,431
Interest on long-term debt		87,478	96,398
Amortization of tangible assets		198,356	201,032
Amortization of intangible assets		13,391	13,391
Contributed services by volunteers	12	4,241,173	5,034,115
		29,052,996	41,675,108
Excess of revenue over expenses before strategic investments		650,158	1,584,775
Strategic investments	14	396,290	—
Excess of revenue over expenses		253,868	1,584,775

The accompanying notes are an integral part of these financial statements.

Centre for International Studies and Cooperation

Statement of changes in net assets

Year ended March 31, 2015

	Notes	Invested in capital assets	Restricted for endowment purposes (Note 11)	Unrestricted	Total
		\$	\$	\$	\$
Balance, April 1, 2013		1,776,096	564,476	1,560,162	3,900,734
Excess (deficiency) of revenue over expenses		(208,247) ⁽¹⁾	—	1,793,022	1,584,775
Acquisition of capital assets		44,250	—	(44,250)	—
Reimbursement of long-term debt		186,481	—	(186,481)	—
Disposal of capital assets		(4,500)	—	4,500	—
Exchange gains on net assets restricted for endowment purposes		—	83,731	—	83,731
Balance, March 31, 2014		1,794,080	648,207	3,126,953	5,569,240
Results of the year					
Excess (deficiency) of revenue over expenses before strategic investments		(208,571)⁽²⁾	—	858,729	650,158
Strategic investments	14	—	—	(396,290)	(396,290)
Acquisition of capital assets		124,663	—	(124,663)	—
Reimbursement of long-term debt		194,672	—	(194,672)	—
Donations received and restricted for endowment purposes	11(b)	—	90,720	—	90,720
Exchange gains on net assets restricted for endowment purposes		—	100,784	—	100,784
Balance, March 31, 2015		1,904,844	839,711	3,270,057	6,014,612

⁽¹⁾ Including amortization of tangible and intangible assets of \$214,423, gains on disposal of automotive equipment of \$4,500, write-off of buildings of \$1,500, less amortization of deferred contributions related to capital assets of \$3,176.

⁽²⁾ Including amortization of tangible and intangible assets of \$211,747, less amortization of deferred contributions related to capital assets of \$3,176.

The accompanying notes are an integral part of these financial statements.

Centre for International Studies and Cooperation

Statement of financial position

As at March 31, 2015

	Notes	2015	2014
		\$	\$
Assets			
Current			
Cash		9,129,468	10,427,627
Accounts receivable	4	2,633,043	500,610
Advances to partners		534,355	52,137
Prepaid expenses		159,845	291,452
		12,456,711	11,271,826
Cash in trust	11(c)	86,965	49,038
Term deposit in trust	11(c)	162,170	140,380
Loans and interest receivable	11(c)	491,471	450,404
Tangible assets	5	3,453,806	3,527,499
Intangible assets	5	13,030	26,421
		16,664,153	15,465,568
Liabilities			
Current			
Accounts payable and accrued liabilities		3,334,251	1,739,629
Government remittances		12,031	12,322
Deferred contributions	6	5,741,267	6,384,537
Current portion of long-term debt	8	306,715	194,628
		9,394,264	8,331,116
Deferred contributions related to capital assets	10	86,136	89,312
Long-term debt	8	1,169,141	1,475,900
		10,649,541	9,896,328
Commitments and contingencies	16 and 17		
Net assets			
Invested in capital assets		1,904,844	1,794,080
Restricted for endowment purposes	11	839,711	648,207
Unrestricted		3,270,057	3,126,953
		6,014,612	5,569,240
		16,664,153	15,465,568

The accompanying notes are an integral part of these financial statements.

Approved by the Board

_____, Director

_____, Director

Centre for International Studies and Cooperation

Statement of cash flows

Year ended March 31, 2015

	Notes	2015	2014
		\$	\$
Operating activities			
Excess of revenue over expenses		253,868	1,584,775
Adjustments for:			
Gain on disposal of tangible assets		—	(4,500)
Amortization of tangible and intangible assets		211,747	214,423
Amortization of deferred contributions related to capital assets		(3,176)	(3,176)
Write-off of tangible assets		—	1,500
Foreign exchange gain on cash held in foreign currency		(472,553)	(394,338)
		(10,114)	1,398,684
Changes in non-cash operating working capital items	15	(1,531,983)	(1,245,866)
		(1,542,097)	152,818
Financing activities			
Donations received and restricted for endowment purposes		90,720	—
Reimbursement of long-term debt		(194,672)	(186,481)
		(103,952)	(186,481)
Investing activities			
Acquisition of tangible and intangible assets		(124,663)	(44,250)
Proceeds on disposal of tangible assets		—	4,500
		(124,663)	(39,750)
Foreign exchange gain on cash held in foreign currency		472,553	394,338
(Decrease) increase in cash		(1,298,159)	320,925
Cash, beginning of year		10,427,627	10,106,702
Cash, end of year		9,129,468	10,427,627

Transactions during the year in “Cash in trust”, “Term deposit in trust” and “Loans and interest receivable” are not disclosed in the statement of cash flows because the aggregate amount available in foreign currency is always the same. The change in the balance of the endowment represents the foreign exchange gain or loss of the amount available in Canadian dollars.

The accompanying notes are an integral part of these financial statements.

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2015

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. 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 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 (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 a part of the programs.

Foreign transaction recognition

The Centre accounts for expenses using the following accounting practices:

- (a) Capital expenditures incurred for overseas activities are charged as operating expenses, with the exception of the capital expenditures of regional offices, which are capitalized;
- (b) Most of the gains and losses resulting from exchange rate fluctuations are charged to the programs in which they are realized.

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2015

2. Accounting policies (continued)

Capital assets – tangible and intangible

Capital assets are accounted for at cost and amortized according to their 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
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 fair 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 requiring management to make estimates include the useful lives of capital assets, allowance for doubtful accounts and certain accrued liabilities. Actual results could differ from these estimates.

3. Interest in joint ventures

The Centre participates in international assistance projects by forming joint ventures. These consortium projects generated revenue of \$11,000,453 (\$9,577,225 in 2014) and expenses of \$9,578,598 (\$7,965,400 in 2014). The percentage of the Centre's interest in management revenue typically ranges from 30% to 55%.

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

	2015	2014
	\$	\$
Assets	3,607,324	4,532,551
Accounts payable and accrued liabilities	2,434,848	757,387
Deferred contributions	1,172,476	3,775,164

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2015

4. Accounts receivable

	2015	2014
	\$	\$
Funding organizations	3,270,710	672,830
Deferred contributions related to accounts receivable	(916,715)	(289,923)
Other accounts receivable	549,530	332,032
Allowance for doubtful accounts relative to accounts receivable from funding organizations	(270,482)	(214,329)
	2,633,043	500,610

5. Capital assets – tangible and intangible

	2015			2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
<i>Tangible assets</i>				
Land	869,445	—	869,445	869,445
Buildings	3,601,006	1,268,555	2,332,451	2,410,858
Furniture and equipment	1,147,953	1,113,576	34,377	46,379
Computer equipment	829,792	762,713	67,079	79,988
Automotive equipment	726,040	575,586	150,454	120,829
Leasehold improvements	81,160	81,160	—	—
	7,255,396	3,801,590	3,453,806	3,527,499
<i>Intangible assets</i>				
Software	97,224	84,194	13,030	26,421
	7,352,620	3,885,784	3,466,836	3,553,920

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.

6. Deferred contributions

	2015	2014
	\$	\$
Funding organizations	6,115,250	7,053,543
Accounts receivable related to deferred contributions	(373,983)	(669,006)
	5,741,267	6,384,537

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2015

7. 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, 2015 and as at March 31, 2014, the operating credit facility is not utilized.

8. Long-term debt

	2015	2014
	\$	\$
Loan secured by a first-rank hypothec on a building with a net book value of \$1,189,237 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	530,725	575,575
Loan secured by a second-rank hypothec on a building with a net book value of \$1,189,237 payable in monthly instalments of \$3,741, including interest calculated at 3.95%, maturing on February 15, 2017	82,681	123,422
Loan secured by a first-rank hypothec on a building with a net book value of \$1,143,214 payable in monthly instalments of \$12,248, including interest calculated at 6.50%, renewable on September 29, 2019, maturing on December 29, 2021	744,515	839,720
Loan secured by a first-rank hypothec on a building with a net book value of \$1,143,214 payable in monthly instalments of \$1,655, including interest calculated at 4.77%, renewable on August 24, 2015, maturing on March 24, 2022	117,935	131,811
	1,475,856	1,670,528
Current portion	306,715	194,628
	1,169,141	1,475,900

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

\$

2016	306,715
2017	634,529
2018	115,602
2019	123,344
2020	295,666

The payments in 2016, 2017 and 2020 respectively include a final balance amounting to \$117,935, \$448,500 and \$164,048. According to management, these balances will be refinanced.

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2015

9. Pension plan

The Centre contributes to defined contribution pension plans by matching employee contributions. The contribution limit from the Centre is 5% of gross salaries. Contributions paid and expensed for the year totalled \$227,970 (\$237,595 in 2014). This amount is reported in the statement of operations.

10. 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:

	2015	2014
	\$	\$
Balance, beginning of year	89,312	92,488
Amortization for the year	3,176	3,176
Balance, end of year	86,136	89,312

11. 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 \$94,800 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 \$740,606 (\$639,822 in 2014) 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 finance new initiatives. The assets related to these amounts restricted for endowment purposes are presented in the statement of financial position under long-term assets.

12. Contributed services by volunteers

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 DFATD for Uniterria. 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.

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2015

13. Expenses

Expenses include net foreign exchange gains (losses) included under the following lines in the statement of operations:

	2015	2014
	\$	\$
Programs	266,103	(56,027)
Administration	12,707	376,830
	278,810	320,803

14. Strategic investments

The Centre created a program for strategic investments financed by unrestricted net assets to ensure key objectives of the 2014-2019 strategic plan are achieved. This strategic investment program was approved by the Centre's Board of Directors.

15. Changes in non-cash operating working capital items

	2015	2014
	\$	\$
Accounts receivable	(2,132,433)	649,069
Advances to partners	(482,218)	295,833
Prepaid expenses	131,607	48,759
Accounts payable and accrued liabilities	1,594,622	(826,325)
Government remittances	(291)	(45,225)
Deferred contributions	(643,270)	(1,367,977)
	(1,531,983)	(1,245,866)

16. Commitments

The Centre has commitments under renewable, non-cancellable leases for equipment, which expire through November 2019. The total amount of these commitments is \$88,978 and is repayable as follows:

	\$
2016	22,078
2017	21,652
2018	16,968
2019	16,968
2020	11,312

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2015

17. 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, 2015, the signed agreements totalled approximately \$58,333,898 (\$56,217,330 as at March 31, 2014) and expire through December 2019 (October 2017 in 2014). 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.

18. 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 the program costs.

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

	2015	2014
	\$	\$
U.S. Dollars		
Cash	2,459,560	3,800,163
Accounts receivable	547,753	409,140
Advances to partners	112,983	10,793
Accounts payable and accrued liabilities	(601,881)	(291,606)
Deferred contributions	(270,862)	(497,393)
	2,247,553	3,431,097
CFA Francs		
Cash	551,731	264,385
Accounts receivable	10,242	20,114
Accounts payable and accrued liabilities	(285,077)	(240,713)
Deferred contributions	(14,844)	(77,716)
	262,052	(33,930)

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2015

18. Financial instruments (continued)

Currency risk (continued)

	2015	2014
	\$	\$
Haitian Gourde		
Cash	338,690	484,383
Accounts receivable	1,692,072	56,739
Advances to partners	11,099	14,773
Accounts payable and accrued liabilities	(1,328,643)	(206,100)
	713,218	349,795
Other currencies		
Cash	1,197,459	592,667
Accounts receivable	133,522	—
Advances to partners	3,003	37,316
Cash in trust	86,965	49,038
Term deposit in trust	162,170	140,380
Loans and interest receivable	491,471	450,404
Accounts payable and accrued liabilities	(170,973)	(23,844)
Deferred contributions	—	(359,729)
	1,903,617	886,232
	5,126,440	4,633,194

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 the long-term debt.

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 that 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, 2015, the Centre's main financial liabilities are accounts payable and accrued liabilities and long-term debt.