
Financial statements of
Centre for International Studies
and Cooperation

March 31, 2014

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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 statement of financial position as at March 31, 2014, 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 as at March 31, 2014, 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 LLP¹

June 19, 2014

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

Centre for International Studies and Cooperation
Statement of operations
Year ended March 31, 2014

	Notes	2014	2013
		\$	\$
Revenue			
DFATD – Partnership		6,841,040	8,778,082
DFATD – Bilateral and other		6,720,497	12,938,604
Other funding organizations		23,448,320	13,408,787
Donations		621,994	425,103
Contributed services by volunteers	12	5,034,115	4,785,546
Other revenue		593,917	511,184
		43,259,883	40,847,306
Expenses			
Programs	13	30,070,724	28,109,403
Expenses attributed to programs		3,388,682	3,677,992
Administration	13	2,228,271	2,947,015
Program development		456,064	267,038
Fundraising activities		186,431	226,656
Interest on long-term debt		96,398	108,166
Amortization of tangible assets		201,032	216,466
Amortization of intangible assets		13,391	49,084
Contributed services by volunteers	12	5,034,115	4,785,546
		41,675,108	40,387,366
Excess of revenue over expenses		1,584,775	459,940

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, 2014

	Invested in capital assets	Restricted for endowment purposes (Note 11)	Unrestricted	Total
	\$	\$	\$	\$
Balance, April 1, 2012	1,825,853	601,329	1,050,465	3,477,647
Excess (deficiency) of revenue over expenses	(351,524) ⁽¹⁾	—	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
Excess (deficiency) of revenue over expenses	(208,247) ⁽²⁾	—	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

⁽¹⁾ Including amortization of tangible and intangible assets of \$265,550, write-offs of web site and softwares of \$86,195 and amortization of deferred contributions related to capital assets of \$221.

⁽²⁾ 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.

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


Centre for International Studies and Cooperation
Statement of financial position

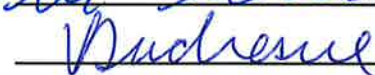
As at March 31, 2014

	Notes	2014 \$	2013 \$
Assets			
Current			
Cash		10,427,627	10,106,702
Accounts receivable	4	500,610	1,149,679
Advances to partners		52,137	347,970
Prepaid expenses		291,452	340,211
		11,271,826	11,944,562
Long-term			
Cash in trust	11c)	49,038	186,869
Term deposit in trust	11c)	140,380	—
Loans and interest receivable	11c)	450,404	369,222
Tangible assets	5	3,527,499	3,685,780
Intangible assets	5	26,421	39,813
		15,465,568	16,226,246
Liabilities			
Current			
Accounts payable and accrued liabilities		1,739,629	2,565,954
Government remittances		12,322	57,547
Deferred contributions	6	6,384,537	7,752,514
Current portion of long-term debt	8	194,628	186,432
		8,331,116	10,562,447
Deferred contributions related to capital assets	10	89,312	92,488
Long-term debt	8	1,475,900	1,670,577
		9,896,328	12,325,512
Commitments and contingencies	15 and 16		
Net assets			
Invested in capital assets		1,794,080	1,776,096
Restricted for endowment purposes	11	648,207	564,476
Unrestricted		3,126,953	1,560,162
		5,569,240	3,900,734
		15,465,568	16,226,246

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, 2014

	Notes	2014	2013
		\$	\$
Operating activities			
Excess of revenue over expenses		1,584,775	459,940
Adjustments for:			
Gain on disposal of tangible assets		(4,500)	—
Amortization of tangible and intangible assets		214,423	265,550
Amortization of deferred contributions related to capital assets		(3,176)	(221)
Write-off of tangible assets		1,500	86,195
Foreign exchange gain on cash held in foreign currency		(394,338)	(142,145)
		1,398,684	669,319
Changes in non-cash operating working capital items	14	(1,245,866)	2,648,617
		152,818	3,317,936
Financing activity			
Reimbursement of long-term debt		(186,481)	(178,001)
Investing activities			
Acquisition of tangible and intangible assets		(44,250)	(123,766)
Proceeds on disposal of tangible assets		4,500	—
		(39,750)	(123,766)
Foreign exchange gain on cash held in foreign currency		394,338	142,145
Increase in cash		320,925	3,158,314
Cash, beginning of year		10,106,702	6,948,388
Cash, end of year		10,427,627	10,106,702

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, 2014

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 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 (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:

- 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, 2014

2. 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
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 estimated useful lives of capital assets, allowance for doubtful accounts and 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 \$9,577,225 (\$12,456,675 in 2013) and expenses of \$7,965,400 (\$10,750,011 in 2013). 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:

	2014	2013
	\$	\$
Assets	4,532,551	3,854,756
Accounts payable and accrued liabilities	757,387	611,696
Deferred contributions	3,775,164	3,243,060

Centre for International Studies and Cooperation
Notes to the financial statements
 March 31, 2014

4. Accounts receivable

	<u>2014</u>	<u>2013</u>
	\$	\$
Funding organizations	672,830	1,064,611
Deferred contributions related to accounts receivable	(289,923)	(238,390)
Other accounts receivable	332,032	520,775
Allowance for doubtful accounts relative to accounts receivable from funding organizations	(214,329)	(197,317)
	<u>500,610</u>	<u>1,149,679</u>

5. Capital assets – tangible and intangible

			<u>2014</u>	<u>2013</u>
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
<i>Tangible assets</i>				
Land	869,445	—	869,445	869,445
Buildings	3,598,322	1,187,464	2,410,858	2,491,517
Furniture and equipment	1,137,474	1,091,095	46,379	70,774
Computer equipment	809,730	729,742	79,988	75,029
Automotive equipment	634,602	513,773	120,829	175,975
Leasehold improvements	81,160	81,160	—	3,040
	<u>7,130,733</u>	<u>3,603,234</u>	<u>3,527,499</u>	<u>3,685,780</u>
<i>Intangible assets</i>				
Software	97,224	70,803	26,421	39,813
	<u>7,227,957</u>	<u>3,674,037</u>	<u>3,553,920</u>	<u>3,725,593</u>

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Funding organizations	7,053,543	9,007,835
Accounts receivable related to deferred contributions	(669,006)	(1,255,321)
	<u>6,384,537</u>	<u>7,752,514</u>

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2014

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, 2014 and as at March 31, 2013, the operating credit facility is not utilized.

8. Long-term debt

	<u>2014</u>	<u>2013</u>
	\$	\$
Loan secured by a first-rank hypothec on a building with a net book value of \$1,229,216 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	575,575	620,425
Loan secured by a second-rank hypothec on a building with a net book value of \$1,229,216 payable in monthly instalments of \$3,741, including interest calculated at 3.95%, maturing on February 15, 2017	123,422	162,590
Loan secured by a first-rank hypothec on a building with a net book value of \$1,181,642 payable in monthly instalments of \$12,248, including interest calculated at 6.50%, renewable on September 29, 2019, maturing on December 29, 2021	839,720	928,953
Loan secured by a first-rank hypothec on a building with a net book value of \$1,181,642 payable in monthly instalments of \$1,655, including interest calculated at 4.77%, renewable on August 24, 2015, maturing on March 24, 2022	131,811	145,041
	1,670,528	1,857,009
Current portion	194,628	186,432
	1,475,900	1,670,577

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

	\$
2015	194,628
2016	203,325
2017	649,787
2018	131,600
2019	140,122

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.

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2014

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 \$237,595 (\$244,800 in 2013). 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:

	2014	2013
	\$	\$
Balance, beginning of year	92,488	92,709
Amortization for the year	3,176	221
Balance, end of year	89,312	92,488

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 \$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 \$639,822 (\$556,091 in 2013) 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.

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 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.

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2014

13. Expenses

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

	2014	2013
	\$	\$
Programs	(56,027)	51,060
Administration	376,830	42,100
	<u>320,803</u>	<u>93,160</u>

14. Changes in non-cash operating working capital items

	2014	2013
	\$	\$
Accounts receivable	649,069	12,542
Advances to partners	295,833	1,140,111
Prepaid expenses	48,759	28,014
Accounts payable and accrued liabilities	(826,325)	73,871
Government remittances	(45,225)	(60,231)
Deferred contributions	(1,367,977)	1,454,310
	<u>(1,245,866)</u>	<u>2,648,617</u>

15. Commitments

The Centre has commitments under renewable, non-cancellable leases for equipment, which expire through November 2019. The total amount of these commitments is \$104,975 and is repayable as follows:

	\$
2015	21,227
2016	19,076
2017	19,073
2018	17,319
2019 and thereafter	28,280

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, 2014, the signed agreements totalled approximately \$56,217,330 (\$50,829,308 as at March 31, 2013) and expire through October 2017 (October 2016 in 2013). 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.

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2014

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.

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:

	<u>2014</u>	<u>2013</u>
	\$	\$
U.S. Dollars:		
Cash	3,800,163	4,388,861
Accounts receivable	409,140	1,006,586
Advances to partners	10,793	18,692
Accounts payable and accrued liabilities	291,606	231,312
Deferred contributions	497,393	1,684,014
CFA Francs:		
Cash	264,385	382,963
Accounts receivable	20,114	11,602
Advances to partners	—	100,561
Accounts payable and accrued liabilities	240,713	189,110
Deferred contributions	77,716	277,168
Haitian Gourde:		
Cash	484,383	648,187
Accounts receivable	56,739	153,953
Advances to partners	14,773	214,128
Accounts payable and accrued liabilities	206,100	687,652
Deferred contributions	(8,186)	117,573
Other currencies:		
Cash	592,667	241,031
Accounts receivable	—	44,686
Advances to partners	37,316	14,573
Cash in trust	49,038	186,869
Term deposit in trust	140,380	—
Loans and interest receivable	450,404	369,222
Accounts payable and accrued liabilities	23,844	50,782
Deferred contributions	359,729	78,086

Centre for International Studies and Cooperation

Notes to the financial statements

March 31, 2014

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 and 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 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, 2014, the Centre's main financial liabilities are accounts payable and accrued liabilities, and long-term debt.

18. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.