

**Centre for International Studies
and Cooperation**

**Consolidated Financial Statements
March 31, 2020**

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Independent Auditor's Report

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

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Opinion

We have audited the consolidated financial statements of Centre for International Studies and Cooperation (hereafter "the Organization"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Raymond Chabot Grant Thornton LLP¹

Montréal
September 21, 2020

¹ CPA auditor, CA public accountancy permit no. A117472

Centre for International Studies and Cooperation

Consolidated Operations

Year ended March 31, 2020

	2020	2019
	\$	\$
Revenues		
Cash contributions (Note 12)		
Global Affairs Canada – Partnership	7,788,333	6,581,265
Global Affairs Canada – Bilateral and others	11,580,104	11,385,677
Other donors	13,601,650	15,025,122
Donations	774,592	1,182,356
	<u>33,744,679</u>	<u>34,174,420</u>
Other		
Contributed volunteer services (Note 6)	4,188,052	3,559,872
Other revenues	492,826	610,449
	<u>38,425,557</u>	<u>38,344,741</u>
Expenses		
Programs	30,582,776	30,415,404
Contributed volunteer services (Note 6)	4,188,052	3,559,872
Program development	468,076	670,220
Administration	2,379,470	2,836,652
Fundraising	377,837	414,437
Interest on long-term debt	58,962	74,157
Amortization of tangible capital assets	280,432	281,633
Amortization of intangible assets	67,935	67,932
	<u>38,403,540</u>	<u>38,320,307</u>
Excess of revenues over expenses	<u>22,017</u>	<u>24,434</u>

The accompanying notes are an integral part of the consolidated financial statements and Note 5 provides other information on consolidated operations.

Centre for International Studies and Cooperation

Consolidated Changes in Net Assets

Year ended March 31, 2020

	2020			2019	
	Invested in capital assets \$	Received for endowment purposes (Note 8) \$	Unrestricted \$	Total \$	Total \$
Balance, beginning of year	4,479,441	988,325	2,012,823	7,480,589	7,512,634
Excess (deficiency) of revenues over expenses	(345,191) ⁽¹⁾		367,208	22,017	24,434
Acquisition of tangible capital assets	437,648		(437,648)		
Repayment of long-term debt	210,567		(210,567)		
Endowment contributions (Note 8)		11,000		11,000	15,600
Exchange gain (loss) relating to net assets received for endowment purposes		50,305		50,305	(72,079)
Balance, end of year	<u>4,782,465</u>	<u>1,049,630</u>	<u>1,731,816</u>	<u>7,563,911</u>	<u>7,480,589</u>

⁽¹⁾ This amount includes the amortization of tangible capital assets and intangible assets of \$348,367 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, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	22,017	24,434
Non-cash items		
Amortization of tangible capital assets	280,432	281,633
Amortization of intangible assets	67,935	67,932
Amortization of deferred contributions relating to tangible capital assets	(3,176)	(3,176)
Net change in working capital items	(6,017,836)	(896,540)
Cash flows from operating activities	<u>(5,650,628)</u>	<u>(525,717)</u>
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(437,648)	(155,072)
Acquisition of intangible assets		(105,699)
Cash flows from investing activities	<u>(437,648)</u>	<u>(260,771)</u>
FINANCING ACTIVITIES		
Bank loan	1,430,000	
Endowment contributions received	11,000	15,600
Repayment of long-term debt	(210,567)	(213,877)
Cash flows from financing activities	<u>1,230,433</u>	<u>(198,277)</u>
Decrease in cash	(4,857,843)	(984,765)
Cash, beginning of year	<u>10,742,774</u>	<u>11,727,539</u>
Cash, end of year	<u><u>5,884,931</u></u>	<u><u>10,742,774</u></u>

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

Centre for International Studies and Cooperation

Consolidated Financial Position

March 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
ASSETS		
Current		
Cash	5,884,931	10,742,774
Trade and other receivables (Note 7)	8,132,369	4,149,030
Advances to partners	167,570	168,392
Prepaid expenses	292,335	642,866
	<u>14,477,205</u>	<u>15,703,062</u>
Long-term		
Cash and term deposit in trust (Note 8 (c))	812,925	762,620
Tangible capital assets (Note 9)	6,253,802	6,096,586
Intangible assets (Note 10)	115,887	183,822
	<u>21,659,819</u>	<u>22,746,090</u>
LIABILITIES		
Current		
Bank loan (Note 11)	1,430,000	
Accounts payable and accrued liabilities	2,706,097	2,707,768
Government remittances	43,630	38,743
Deferred contributions (Note 12)	8,328,957	10,718,023
Current portion of long-term debt	216,608	1,685,552
	<u>12,725,292</u>	<u>15,150,086</u>
Long-term		
Deferred contributions relating to tangible capital assets (Note 13)	74,094	77,270
Long-term debt (Note 14)	1,296,522	38,145
	<u>14,095,908</u>	<u>15,265,501</u>
NET ASSETS		
Invested in capital assets	4,782,465	4,479,441
Received for endowment purposes	1,049,630	988,325
Unrestricted	1,731,816	2,012,823
	<u>7,563,911</u>	<u>7,480,589</u>
	<u>21,659,819</u>	<u>22,746,090</u>

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

On behalf of the Board,

Director

Director

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization is incorporated under Part III of the Companies Act (Quebec). The Organization is a not-for-profit organization under 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, researching and publishing specialized work.

2 - IMPACTS RESULTING FROM THE COVID-19 PANDEMIC

In March 2020, the decree of a COVID-19 state of pandemic and the numerous measures put in place by the federal, provincial and municipal governments to protect the public had impacts on the Organization's operations. From that point on, in accordance with the directives of the respective local authorities, all teams in Canada as well as in all offices around the world were working remotely.

The Organization has had humanitarian programming for many years and has adapted certain projects to support local partners to better respond to the crisis. The Organization met its contractual obligations towards its donors despite the COVID-19 pandemic.

The Organization initiated its deconfinement process as of June 22, 2020, which consists in the gradual and controlled resumption of work at the head office and in countries in accordance with local guidelines. As of the date of completion of the consolidated financial statements, management was not able to assess how quickly the Organization's activities would get back to normal. However, a balanced COVID-19 budget was presented and adopted by the Board of Directors on June 22, 2020.

3 - ACCOUNTING CHANGES

On April 1, 2019, the Organization applied Section 4433, Tangible Capital Assets Held by Not-for-profit Organizations, of Part III of the *CPA Canada Handbook – Accounting*. This section replaces Section 4431 of the same name. In accordance with this new section, not-for-profit organizations are now required to comply with the guidance in Sections 3061, Property, Plant and Equipment, and 3110, Asset Retirement Obligations, and with the reporting requirements of Section 3063, Impairment of Long-lived Assets, of Part II of the *CPA Canada Handbook – Accounting*, except for the guidance in Section 4433.

Application of Section 3061 by not-for-profit organizations now requires that they consider the guidance on componentization of the cost of an item of property, plant and equipment made up of significant separable component parts. For its part, Section 4433 presents new tangible capital assets impairment standards.

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

3 - ACCOUNTING CHANGES (Continued)

On April 1, 2019, the Organization applied Section 4434, Intangible Assets Held by Not-for-profit Organizations, of Part III of the *CPA Canada Handbook – Accounting*. This section replaces Section 4432 of the same name. In accordance with this new section, not-for-profit organizations are now required to comply with the guidance in Section 3064, Goodwill and Intangible Assets, and with the reporting requirements of Section 3063, Impairment of Long-lived Assets, of Part II of the *CPA Canada Handbook – Accounting*, except for the guidance in Section 4434. For its part, Section 4434 presents new intangible assets impairment standards.

In accordance with the transitional provisions, these new sections, applicable to years beginning on or after January 1, 2019, have been applied prospectively.

Application of these new sections did not have any impact on the Organization's consolidated financial statements.

4 - 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).

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

4 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

4 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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;
- (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 acquired are recorded at cost. When the Organization receives contributions of tangible capital assets or intangible assets subject to amortization, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets or intangible assets subject to amortization, or at a nominal value if fair value cannot be reasonable determined.

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:

	<u>Periods</u>
Buildings	40 years
Furniture, equipment and automotive equipment	5 years
Computer equipment	4 years
Website and software	4 to 5 years

Write-down

When conditions indicate that a tangible capital asset or an intangible asset subject to amortization is impaired, the net carrying amount of the tangible capital asset or the intangible asset subject to amortization is written down to the tangible capital asset's or the intangible asset subject to amortization's fair value or replacement cost. The write-down is accounted for in the consolidated statement of operations and cannot be reversed.

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, 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.

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

4 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The Organization considers its offices as integrated establishments operating internationally and uses the temporal method to translate transactions denominated in a foreign currency. 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, with the exception of the amortization of assets translated at the historical exchange rates, which is translated at the same exchange rates as the related assets. The related exchange gains and losses are accounted for in consolidated operations for the year.

5 - INFORMATION INCLUDED IN CONSOLIDATED OPERATIONS

	<u>2020</u>	<u>2019</u>
	\$	\$
Other revenue		
Rental	486,742	448,226
Exchange losses (gains)		
Programs	338,476	12,317
Administration	(140,523)	(2,501)

6 - 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 per person.

7 - TRADE AND OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Contributions receivable – Donors (a)	8,119,558	4,018,044
Other receivables	287,710	389,923
Allowance for doubtful accounts relating to contributions receivable – Donors	(274,899)	(258,937)
	<u>8,132,369</u>	<u>4,149,030</u>

(a) As at March 31, 2020, a donor represents 44.5% (40.5% as at March 31, 2019) of contributions receivable.

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

8 - 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 \$232,400 (\$221,400 as at March 31, 2019) 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.
- (c) An amount of \$812,925 (\$762,620 as at March 31, 2019) 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 Organization 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.

9 - TANGIBLE CAPITAL ASSETS

	2020		2019
Cost	Accumulated amortization	Net carrying amount	Net carrying amount
\$	\$	\$	\$
Land	869,445	869,445	869,445
Buildings	6,555,888	1,379,347	5,176,541
Furniture and equipment	308,850	236,628	72,222
Computer equipment	419,332	379,778	39,554
Automotive equipment	809,776	713,736	96,040
Leasehold improvements	70,542	70,542	153,932
	9,033,833	2,780,031	6,253,802
			6,096,586

10 - INTANGIBLE ASSETS

	2020		2019
Cost	Accumulated amortization	Net carrying amount	Net carrying amount
\$	\$	\$	\$
Website	150,305	64,963	85,342
Software	253,893	223,348	30,545
	404,198	288,311	115,887
			183,822

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

11 - BANK LOAN

The Organization has a line of credit for an authorized amount of \$3,000,000, bearing interest at the Fédération des Caisses Desjardins's prime rate plus 0.5% (2.95%; 3.95% as at March 31, 2019) and secured by a \$3,000,000 movable hypothec on the universality of accounts receivable. The bank loan is renegotiable in April 2020 and is currently being analyzed. An amount of \$200,000 is available for letters of guarantee and an amount of \$200,000 for exchange contracts which have not been used as at March 31, 2020.

Under the terms of the credit agreement, the Organization is required to respect certain covenants.

12 - DEFERRED CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
	\$	\$
Balance, beginning of year	<u>10,718,023</u>	10,500,228
Amounts received during the year	27,254,099	32,980,090
Contributions receivable, beginning of year	(4,018,044)	(2,605,919)
	<u>23,236,055</u>	<u>30,374,171</u>
Amounts recognized as income for the year	33,744,679	34,174,420
Contributions receivable, end of year	(8,119,558)	(4,018,044)
	<u>25,625,121</u>	<u>30,156,376</u>
Balance, end of year	<u>8,328,957</u>	<u>10,718,023</u>

13 - 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 the corresponding tangible capital assets. Changes during the year are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Balance, beginning of year	77,270	80,446
Amortization	3,176	3,176
Balance, end of year	<u>74,094</u>	<u>77,270</u>

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

14 - LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
	\$	\$
Loan, secured by an immovable hypothec on a building with a net carrying amount of \$4,202,362, 3.95%, payable in monthly instalments of \$6,598, including interest, maturing on January 2, 2021	968,962	1,010,206
Loan, of a maximum authorized amount of \$1,121,250, secured by an immovable hypothec on a building with a net carrying amount of \$4,202,362, 3.95%, payable in monthly instalments of \$3,738, plus interest, maturing on January 15, 2021	306,475	351,325
Loan, secured by an immovable hypothec on a building with a net carrying amount of \$974,179, 4.3%, payable in monthly instalments of \$9,880, including interest, maturing on September 29, 2020	199,549	306,760
Loan, secured by an immovable hypothec on a building with a net carrying amount of \$974,179, 3.9%, payable in monthly instalments of \$1,593, including interest, maturing on November 24, 2020	38,144	55,406
	1,513,130	1,723,697
Current portion	216,608	1,685,552
	1,296,522	38,145

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

	<u>\$</u>
2021	216,608
2022	1,296,522
	<u>1,513,130</u>

15 - PENSION PLAN

The Organization participates in a defined contribution pension plan 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 \$269,337 (\$285,927 in 2019).

16 - 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 and advances to partners since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

16 - FINANCIAL RISKS (Continued)

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.

Currency risk

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

As at March 31, 2020 and 2019, the Organization is exposed to currency risk due to cash, trade and other receivables, advances to partners and cash and term deposit in trust as well as accounts payable and accrued liabilities denominated in foreign currencies as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash		
U.S. dollars	1,404,362	1,765,004
CFA francs	1,417,655	2,308,374
Haitian gourdes	840,257	493,562
Guinean francs	1,582,728	1,454,395
Other currencies	468,499	835,244
Trade and other receivables		
U.S. dollars	1,293,246	875,324
CFA francs	337,271	211,873
Haitian gourdes	2,049,287	1,575,094
Other currencies	400,289	317,531
Advances to partners		
CFA francs	32,270	109,024
Haitian gourdes	52,083	–
Guinean francs	73,986	–
Other currencies	9,231	–
Cash and term deposit in trust		
Other currencies	812,925	762,620
Accounts payable and accrued liabilities		
U.S. dollars	146,729	65,278
CFA francs	258,370	463,185
Haitian gourdes	737,596	153,707
Other currencies	65,557	46,509

Interest rate risk

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

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.

Centre for International Studies and Cooperation

Notes to Consolidated Financial Statements

March 31, 2020

16 - FINANCIAL RISKS (Continued)

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

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.

17 - COMMITMENTS

The Organization has entered into long-term lease agreements expiring in June 2024 which call for lease payments of \$64,905 for the rental of office equipment. Minimum lease payments for the next five years are \$15,820 in 2021, 2022, 2023 and 2024 and \$1,625 in 2025.

18 - 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, 2020, the signed agreements total \$299,457,221 (\$274,367,075 as at March 31, 2019) and mature until May 2025. In the opinion of management, there is no significant risk because to complete the projects, all partnerships are subject to contracts between the organizations, in which the partners' respective financial liabilities are clearly specified.