

---

Financial statements of  
Centre for International Studies  
and Cooperation

March 31, 2016

---

---

Independent Auditor's Report .....	1-2
Statement of operations .....	3
Statement of changes in net assets .....	4
Statement of financial position .....	5
Statement of cash flows .....	6
Notes to the financial statements .....	7-14

---

## 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, 2016, 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, 2016, 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<sup>1</sup>*

June 21, 2016

---

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A110078

## Centre for International Studies and Cooperation

### Statement of operations

Year ended March 31, 2016

	Notes	2016	2015
		\$	\$
<b>Revenue</b>			
Global Affairs Canada - Partnership		7,204,266	6,919,582
Global Affairs Canada - Bilateral and other		8,790,338	6,712,854
Other funding organizations		21,273,780	10,750,024
Donations		862,478	431,282
Donations in kind		9,753	—
Contributed services by volunteers	12	3,192,284	4,241,173
Other revenue		535,982	648,239
		<u>41,868,881</u>	<u>29,703,154</u>
<b>Expenses</b>			
Programs	13	34,222,976	21,692,357
Program development		393,468	423,700
Administration	13	2,814,566	2,249,721
Fundraising activities		248,252	146,820
Interest on long-term debt		76,450	87,478
Amortization of tangible assets		161,726	198,356
Amortization of intangible assets		13,030	13,391
Contributed services by volunteers	12	3,192,284	4,241,173
		<u>41,122,752</u>	<u>29,052,996</u>
Excess of revenue over expenses before the following		746,129	650,158
Strategic investments	15	<u>(398,396)</u>	<u>(396,290)</u>
Excess of revenue over expenses before gain on insurance claim		347,733	253,868
Gain on insurance claim	14	627,651	—
<b>Excess of revenue over expenses</b>		<u>975,384</u>	<u>253,868</u>

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

## Centre for International Studies and Cooperation

### Statement of changes in net assets

Year ended March 31, 2016

	Notes	Invested in capital assets	Restricted for endowment purposes (Note 11)	Unrestricted	Total
		\$	\$	\$	\$
<b>Balance, April 1, 2014</b>		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) <sup>(1)</sup>	—	858,729	650,158
Strategic investments	15	—	—	(396,290)	(396,290)
Acquisition of capital assets		124,663	—	(124,663)	—
Reimbursement of long-term debt		194,672	—	(194,672)	—
Donation received and restricted for endowment purposes	11(b)	—	90,720	—	90,720
Exchange gain on net assets restricted for endowment purposes		—	100,784	—	100,784
<b>Balance, March 31, 2015</b>		<b>1,904,844</b>	<b>839,711</b>	<b>3,270,057</b>	<b>6,014,612</b>
Results of the year					
Excess (deficiency) of revenue over expenses before the following		(186,488) <sup>(2)</sup>	—	932,617	746,129
Gain on insurance claim	14	627,651	—	—	627,651
Strategic investments	15	—	—	(398,396)	(398,396)
Acquisition of capital assets		121,982	—	(121,982)	—
Insurance proceeds	14	(1,397,024)	—	1,397,024	—
Reimbursement of long-term debt		203,267	—	(203,267)	—
Donation received and restricted for endowment purposes	11(b)	—	53,000	—	53,000
Exchange loss on net assets restricted for endowment purposes		—	(9,997)	—	(9,997)
<b>Balance, March 31, 2016</b>		<b>1,274,232</b>	<b>882,714</b>	<b>4,876,053</b>	<b>7,032,999</b>

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

(2) Including amortization of tangible and intangible assets of \$174,756 and loss on disposal of tangible assets of \$12,658, less amortization of deferred contributions related to capital assets of \$926.

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

# Centre for International Studies and Cooperation

## Statement of financial position


As at March 31, 2016

	Notes	2016	2015
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		16,985,637	9,129,468
Accounts receivable	4	2,058,168	2,633,043
Advances to partners		495,448	534,355
Prepaid expenses		568,752	159,845
		<u>20,108,005</u>	<u>12,456,711</u>
Cash in trust	11(c)	203,657	86,965
Term deposit in trust	11(c)	164,100	162,170
Loans and interest receivable	11(c)	362,852	491,471
Tangible assets	5	2,632,031	3,453,806
Intangible assets	5	—	13,030
		<u>23,470,645</u>	<u>16,664,153</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		3,175,296	3,334,251
Government remittances		27,117	12,031
Deferred insurance proceeds	14	105,525	—
Deferred contributions	6	11,771,909	5,741,267
Current portion of long-term debt	8	649,884	306,715
		<u>15,729,731</u>	<u>9,394,264</u>
Deferred contributions related to capital assets	10	85,210	86,136
Long-term debt	8	622,705	1,169,141
		<u>16,437,646</u>	<u>10,649,541</u>
Commitments and contingencies	17 and 18		
<b>Net assets</b>			
Invested in capital assets		1,274,232	1,904,844
Restricted for endowment purposes	11	882,714	839,711
Unrestricted		4,876,053	3,270,057
		<u>7,032,999</u>	<u>6,014,612</u>
		<u>23,470,645</u>	<u>16,664,153</u>

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

Approved by the Board

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

## Centre for International Studies and Cooperation

### Statement of cash flows

Year ended March 31, 2016

	Notes	2016	2015
		\$	\$
<b>Operating activities</b>			
Excess of revenue over expenses		975,384	253,868
Adjustments for			
Amortization of tangible and intangible assets		174,756	211,747
Amortization of deferred contributions related to capital assets		(926)	(3,176)
Loss on disposal of tangible assets		12,658	—
Gain on insurance claim		(627,651)	—
Foreign exchange loss (gain) on cash held in foreign currency		389,271	(472,553)
		<u>923,492</u>	<u>(10,114)</u>
Insurance proceeds	14	1,502,549	—
Changes in non-cash operating working capital items	16	6,091,648	(1,531,983)
		<u>8,517,689</u>	<u>(1,542,097)</u>
<b>Financing activities</b>			
Donation received and restricted for endowment purposes		53,000	90,720
Reimbursement of long-term debt		(203,267)	(194,672)
		<u>(150,267)</u>	<u>(103,952)</u>
<b>Investing activities</b>			
Acquisition of tangible and intangible assets		(121,982)	(124,663)
Foreign exchange (loss) gain on cash held in foreign currency		<u>(389,271)</u>	472,553
Increase (decrease) in cash		7,856,169	(1,298,159)
Cash, beginning of year		9,129,468	10,427,627
<b>Cash, end of year</b>		<u>16,985,637</u>	<u>9,129,468</u>

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 the financial statements.



# Centre for International Studies and Cooperation

## Notes to the financial statements

March 31, 2016

---

### 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 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, 2016

---

#### 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 \$11,962,806 (\$11,000,453 in 2015) and expenses of \$10,458,810 (\$9,578,598 in 2015). The percentage of the Centre's interest in management revenue typically ranges from 21 % to 55 %.

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

	2016	2015
	\$	\$
Assets	8,373,040	3,607,324
Accounts payable and accrued liabilities	1,415,692	2,434,848
Deferred contributions	6,957,348	1,172,476

**Centre for International Studies and Cooperation**

**Notes to the financial statements**

March 31, 2016

**4. Accounts receivable**

	<u>2016</u>	<u>2015</u>
	\$	\$
Funding organizations	3,007,707	3,270,710
Deferred contributions related to accounts receivable	(1,725,545)	(916,715)
Other accounts receivable	1,053,400	549,530
Allowance for doubtful accounts relative to accounts receivable from funding organizations	(277,394)	(270,482)
	<u>2,058,168</u>	<u>2,633,043</u>

**5. Capital assets – tangible and intangible**

			<u>2016</u>	<u>2015</u>
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
<b>Tangible assets</b>				
Land	869,445	—	869,445	869,445
Buildings	2,356,438	844,238	1,512,200	2,332,451
Furniture and equipment	132,873	123,250	9,623	34,377
Computer equipment	317,676	238,760	78,916	67,079
Automotive equipment	687,802	525,955	161,847	150,454
Leasehold improvements	75,608	75,608	—	—
	<u>4,439,842</u>	<u>1,807,811</u>	<u>2,632,031</u>	<u>3,453,806</u>
<b>Intangible assets</b>				
Software	97,224	97,224	—	13,030
	<u>4,537,066</u>	<u>1,905,035</u>	<u>2,632,031</u>	<u>3,466,836</u>

**6. Deferred contributions**

	<u>2016</u>	<u>2015</u>
	\$	\$
Funding organizations	11,931,991	6,115,250
Accounts receivable related to deferred contributions	(160,082)	(373,983)
	<u>11,771,909</u>	<u>5,741,267</u>

## Centre for International Studies and Cooperation

### Notes to the financial statements

March 31, 2016

#### 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, 2016 and as at March 31, 2015, the operating credit facility is not utilized.

#### 8. Long-term debt

	2016	2015
	\$	\$
Loan of a maximum authorized amount of \$1,121,250 secured by a first-rank hypothec on a building with a net book value of \$407,411 and insurance proceeds, payable in monthly instalments of \$3,738 plus interest calculated at 4.70% maturing on January 15, 2017	485,875	530,725
Loan secured by a second-rank hypothec on a building with a net book value of \$407,411 and insurance proceeds, payable in monthly instalments of \$3,741, including interest calculated at 3.95%, maturing on February 15, 2017	40,307	82,681
Loan secured by a first-rank hypothec on a building with a net book value of \$1,104,787, payable in monthly instalments of \$12,248, including interest calculated at 6.50%, renewable on September 29, 2019, maturing on December 29, 2021	643,054	744,515
Loan secured by a first-rank hypothec on a building with a net book value of \$1,104,787, payable in monthly instalments of \$1,655, including interest calculated at 4.77%, renewed on August 24, 2015, maturing on March 24, 2022	103,353	117,935
	<u>1,272,589</u>	<u>1,475,856</u>
Current portion	649,884	306,715
	<u>622,705</u>	<u>1,169,141</u>

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

	\$
2017	649,884
2018	131,567
2019	139,943
2020	313,048
2021	17,951
2022	20,196

## Centre for International Studies and Cooperation

### Notes to the financial statements

March 31, 2016

---

#### 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 \$268,505 (\$227,970 in 2015). 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:

	2016	2015
	\$	\$
Balance, beginning of year	86,136	89,312
Amortization for the year	926	3,176
Balance, end of year	85,210	86,136

#### 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 \$147,800 (\$94,800 in 2015) 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 \$730,609 (\$740,606 in 2015) 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 for 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 by volunteers 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 Global Affairs Canada 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, 2016

#### 13. Expenses

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

	2016	2015
	\$	\$
Programs	86,155	266,103
Administration	(158,591)	12,707
	<u>(72,436)</u>	<u>278,810</u>

#### 14. Insurance claim

In July 2015, a flood occurred in a building occupied by The Centre, located on Omer-Lavallée Street. Following this flood, the Centre's insurers agreed to reimburse an amount of \$1,427,024 for the damages caused to the building, generating a gain on the insurance claim of \$627,651, after deferral of an amount of \$30,000 to compensate for the demolition work. This amount is part of the deferred insurance proceeds. The balance of the deferred insurance proceeds will compensate for the estimated loss of revenues for 2016-2017.

#### 15. 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.

#### 16. Changes in non-cash operating working capital items

	2016	2015
	\$	\$
Accounts receivable	574,875	(2,132,433)
Advances to partners	38,907	(482,218)
Prepaid expenses	(408,907)	131,607
Accounts payable and accrued liabilities	(158,955)	1,594,622
Government remittances	15,086	(291)
Deferred contributions	6,030,642	(643,270)
	<u>6,091,648</u>	<u>(1,531,983)</u>

## Centre for International Studies and Cooperation

### Notes to the financial statements

March 31, 2016

---

#### 17. Commitments

The Centre has commitments under renewable, non-cancellable leases for equipment, which expire through November 2019. The total amount of these commitments is \$65,696 and is repayable as follows:

	\$
2017	20,448
2018	16,968
2019	16,968
2020	11,312

#### 18. 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, 2016, the signed agreements totalled approximately \$147,777,618 (\$58,333,898 as at March 31, 2015) and expire through March 2020 (December 2019 in 2015). 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.

#### 19. 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:

	2016	2015
	\$	\$
U.S. Dollars		
Cash	4,048,635	2,459,560
Accounts receivable	652,813	547,753
Advances to partners	233,073	112,983
Accounts payable and accrued liabilities	(604,069)	(601,881)
Deferred contributions	(373,178)	(270,862)
	<u>3,957,274</u>	<u>2,247,553</u>

## Centre for International Studies and Cooperation

### Notes to the financial statements

March 31, 2016

#### 19. Financial instruments (continued)

##### *Currency risk (continued)*

	2016	2015
	\$	\$
<b>CFA Francs</b>		
Cash	899,932	551,731
Accounts receivable	49,276	10,242
Advances to partners	39,183	—
Accounts payable and accrued liabilities	(380,945)	(285,077)
Deferred contributions	(44,383)	(14,844)
	<u>563,063</u>	<u>262,052</u>
<b>Haitian Gourde</b>		
Cash	1,034,382	338,690
Accounts receivable	628,036	1,692,072
Advances to partners	(11,415)	11,099
Accounts payable and accrued liabilities	(840,173)	(1,328,643)
	<u>810,830</u>	<u>713,218</u>
<b>Other currencies</b>		
Cash	931,079	1,197,459
Accounts receivable	47,756	133,522
Advances to partners	21,595	3,003
Cash in trust	203,657	86,965
Term deposit in trust	164,100	162,170
Loans and interest receivable	362,852	491,471
Accounts payable and accrued liabilities	(103,734)	(170,973)
Deferred contributions	(46,188)	—
	<u>1,581,117</u>	<u>1,903,617</u>
	<u>6,912,284</u>	<u>5,126,440</u>

##### *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, 2016, the Centre's main financial liabilities are accounts payable and accrued liabilities and long-term debt.