

Cooperation Canada



Financial Statements

For the year ended March 31, 2022



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Financial Statements
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Independent Auditor's Report

To the Members of Cooperation Canada

Opinion

We have audited the financial statements of Cooperation Canada (the "Organization"), which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and its financial performance 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 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 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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:

- ◆ Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
September 2, 2022
Ottawa, Ontario

Cooperation Canada Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash	\$ 1,222,197	\$ 1,001,449
Investment - current portion (Note 2)	250,336	-
Trade and other receivables (Note 3)	169,395	167,799
Prepaid expenses	13,743	9,526
	1,655,671	1,178,774
Investment - long-term portion (Note 2)	-	250,336
Tangible capital assets (Note 4)	11,239	19,898
	\$ 1,666,910	\$ 1,449,008

Liabilities and Net Assets

Current		
Trade payables and other operating liabilities	\$ 131,285	\$ 70,517
Deferred contributions (Note 5)	991,057	798,181
	1,122,342	868,698
Long-term debt (Note 6)	30,000	30,000
	1,152,342	898,698
Net assets		
Internally restricted		
Invested in tangible capital assets	11,239	19,898
Restricted reserve fund	225,000	225,000
General reserve fund	157,899	157,899
Unrestricted net assets	120,430	147,513
	514,568	550,310
	\$ 1,666,910	\$ 1,449,008

Approved on behalf of the board:

_____ Director

_____ Director

Cooperation Canada
Statement of Changes in Net Assets

For the year ended March 31

	Invested in tangible capital assets	Restricted reserve fund	General reserve fund	Unrestricted net assets	Total 2022	Total 2021
Balance, beginning of year	\$ 19,898	\$ 225,000	\$ 157,899	\$ 147,513	\$ 550,310	\$ 233,764
Excess (deficiency) of revenues over expenditures for the year	(8,659)	-	-	(27,083)	(35,742)	316,546
Balance, end of year	\$ 11,239	\$ 225,000	\$ 157,899	\$ 120,430	\$ 514,568	\$ 550,310

Cooperation Canada Statement of Operations

For the year ended March 31	2022	2021
Revenues		
Membership fees	\$ 727,535	\$ 658,846
Regional Working Groups	-	5,452
Humanitarian Response Network - membership fees	38,333	-
Institutional donors	971,550	684,258
Other grants and contributions	67,128	152,512
Event registration fees and sponsorships	32,330	65,300
Other revenues (general sales and donations)	17,521	12,586
Interest revenue	1,453	4,693
Government assistance (Notes 6 and 7)	129,021	342,645
	1,984,871	1,926,292
Expenses (Schedule)		
Annual conference and events	75,899	62,674
Anti-Racism Cooperation Hub	30,656	-
Communications	204,402	150,047
Enhanced Canadian support for sustainable development	389,296	270,199
Humanitarian Response Network	197,178	123,630
Member engagement	156,286	100,238
Operations management	395,917	371,749
PSEA Sector Hub	295,750	218,372
Research and policy	275,229	312,837
	2,020,613	1,609,746
Excess (deficiency) of revenues over expenditures for the year	\$ (35,742)	\$ 316,546

Cooperation Canada Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenditures for the year	\$ (35,742)	\$ 316,546
Adjustments for non-cash items		
Amortization of tangible capital assets	8,659	15,893
Loss on sale of tangible capital assets	-	2,074
	(27,083)	334,513
Change in non-cash working capital items		
Trade and other receivables	(1,596)	196,426
Prepaid expenses	(4,217)	15,738
Trade payables and other operating liabilities	60,768	(59,848)
Deferred contributions	192,876	72,987
	220,748	559,816
Cash flows from (used in) investing activity		
Decrease in investments - cost	-	360,000
Cash flows from (used in) financing activities		
Advance of long-term debt	-	40,000
Forgiven portion of long-term debt	-	(10,000)
	-	30,000
Increase in cash and cash equivalents during the year	220,748	949,816
Cash and cash equivalents, beginning of year	1,001,449	51,633
Cash and cash equivalents, end of year	\$ 1,222,197	\$ 1,001,449

Cooperation Canada Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature of Organization	Cooperation Canada (the "Organization") is a coalition of Canadian voluntary sector organizations working globally to achieve sustainable human development. The Organization seeks to end global poverty and to promote social justice and human dignity for all. The Organization is a registered charitable organization.
Basis of Accounting	These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO"), which are part of Canadian generally accepted accounting principles and include the following significant accounting policies. As a permitted option under ASNPO, these financial statements are prepared on a non-consolidated basis with the alternative financial statement note disclosure option (see Note 10 to these financial statements).
Accounting Estimates	<p>The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the fiscal year in which they become known.</p> <p>Significant estimates include assumptions used in: estimating the amounts recoverable of accounts receivable; establishing the useful lives and related amortization of tangible capital assets; estimating provisions for accrued liabilities; estimating the salaries and benefits allocated to various operational areas; and estimating the amount of contributions earned, receivable, accrued and deferred and other funding agreements.</p>
Financial Instruments	<p>Financial instruments are financial assets or financial liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or has obligation to pay another party cash or other financial assets.</p> <p><u>Measurement of financial instruments</u></p> <p>The Organization initially measures its arm's length financial assets and liabilities at fair value.</p>

Cooperation Canada

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Measurement of financial instruments (continued)

The Organization subsequently measures all its arm's length financial assets and liabilities at amortized cost.

Arm's length financial assets measured at amortized cost include cash, trade and other receivables, contributions receivable and investments. Arm's length financial liabilities measured at amortized cost include trades payable and other operating liabilities.

The Organization has no financial assets or financial liabilities measured at fair value.

The Organization has no related party financial assets or liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that could have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Tangible Capital Assets

Tangible capital assets are recorded at cost. When the Organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined.

Amortization

Tangible capital assets are amortized over their useful lives according to the following methods, annual rate and periods.

Furniture is amortized on a straight-line basis over useful lives ranging from 5 years to 10 years.

Computers and equipment are amortized over their useful lives on a diminishing balance basis at a rate of 30%.

Leasehold improvements are amortized on a straight-line basis over useful lives of 5 years.

Cooperation Canada

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Tangible Capital Assets (continued)

Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost, and is recognized in operations as an expense at that time. A write-down is not reversed in subsequent years.

Reserve Funds

The Organization has established a restricted reserve fund to be used to meet the Organization's financial obligations in the event that it is necessary to scale back operations or to cease operations all together. The amounts required to meet the Organization's financial obligations in the event of closure are to approximate a four month operating period and will be reviewed annually. Additional funds will be transferred to the restricted reserve fund, as authorized by the Board of Directors, if needed to ensure that the funds will be able to cover all financial obligations. In the event that the amounts are lower than the balance in the restricted reserve fund, the Board of Directors may agree to transfer excess funds to the general reserve fund. This fund may only be spent in extraordinary circumstances as authorized by the Board of Directors.

The Organization has also established a general reserve fund to be used to increase the restricted reserve fund if needed, to fund special projects or defined expenditures and to respond to emergencies.

Revenue Recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses such as projects and administration fees, 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.

Membership fees

Membership fees are recognized in the period to which they relate.

Registration fees

Registration fees are recognized as revenue in accordance with the agreement between the parties, during the period for which the fees apply and when the fees are fixed or determinable and

Cooperation Canada

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Registration fees (continued)

collection is reasonably assured. The liability relating to the received but unearned portion of revenues from registration fees is recognized in the statement of financial position as deferred contributions.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Interest income is recognized on a time apportionment basis.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. The balance of investment income is unrestricted and recognized as revenue.

Government Assistance

During the 2021 fiscal year, the Organization applied for financial assistance under government incentive programs which included a forgivable government loan. The forgivable portion of the funds received from the loan are recorded as a government grant and not as a liability, when it is reasonably assured the conditions of the loan will be met.

Foreign Currency Transactions

Revenue and expenses are translated at the rate of exchange in effect on the transaction date. Exchange gains or losses are included in the determination of the statement of revenues and expenses. Monetary assets and liabilities are translated using the exchange rate in effect at the balance sheet date.

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.

Allocation of Expenses

The Organization's expenses are presented in the statement of operations on a functional basis. Expenses attributed to a particular function are directly related to the output of that functional category and are therefore not considered indirect allocated expenses. The Organization's expenses are also presented by object in a schedule accompanying the financial statements.

Cooperation Canada Notes to the Financial Statements

March 31, 2022

2. Investment

	2022	2021
Market linked guaranteed investment	\$ 250,336	\$ 250,336
Less current portion	250,336	-
Long-term portion	\$ -	\$ 250,336

The investment balance is comprised of a market linked guaranteed investment held with a Canadian chartered bank. The investment bears a guaranteed cumulative rate of return of 4.22% over its 3 year term and matures in August 2022.

3. Trade and Other Receivables

	2022	2021
Trade accounts receivable	\$ 97,277	\$ 52,288
Contributions receivable	33,435	91,990
Sales taxes receivable	38,683	23,521
	\$ 169,395	\$ 167,799

4. Tangible Capital Assets

	2022		
	Cost	Accumulated Amortization	Net Book Value
Furniture, computers and equipment	\$ 65,917	\$ 54,678	\$ 11,239
Leasehold improvements	36,356	36,356	-
	\$ 102,273	\$ 91,034	\$ 11,239

Cooperation Canada Notes to the Financial Statements

March 31, 2022

4. Tangible Capital Assets (continued)

	2021		
	Cost	Accumulated Amortization	Net Book Value
Furniture, computers and equipment	\$ 65,917	\$ 49,986	\$ 15,931
Leasehold improvements	36,356	32,389	3,967
	\$ 102,273	\$ 82,375	\$ 19,898

During the 2021 fiscal year, the Organization disposed of furniture and equipment with a cost of \$8,461 and accumulated amortization of \$6,387, resulting in a loss on disposal of \$2,074. During the 2021 fiscal year, the Organization also wrote off fully amortized furniture, computers and equipment with an original cost of \$91,380. There were no disposal of tangible capital assets in the 2022 fiscal year.

5. Deferred Contributions

Deferred contributions represent unused resources which, as a result of external restrictions, are intended to cover the Organization's expenses for the coming year.

The changes in the deferred contributions balance for the year ended March 31, 2022 are as follows:

	Balance, beginning of year	Received during the year	Recognized as revenue	Balance, end of year
Bill and Melinda Gates Foundation	\$ -	\$ 484,329	\$ (353,954)	\$ 130,375
Humanitarian Response Network	261,432	251,331	(205,482)	307,281
PSEA Sector Hub	320,249	339,141	(330,753)	328,637
ODA Campaign	200,000	100,000	(93,736)	206,264
Other deferred contributions	16,500	18,500	(16,500)	18,500
	\$ 798,181	\$ 1,193,301	\$ (1,000,425)	\$ 991,057

Cooperation Canada Notes to the Financial Statements

March 31, 2022

5. Deferred Contributions (continued)

The changes in the deferred contributions balance for the year ended March 31, 2021 were as follows:

	Balance, beginning of year	Received during the year	Recognized as revenue	Balance, end of year
Bill and Melinda Gates Foundation	\$ 308,338	\$ -	\$ (308,338)	\$ -
Working Groups	8,892	-	(8,892)	-
Humanitarian Response Network	174,613	219,152	(132,333)	261,432
PSEA Sector Hub	232,256	333,000	(245,007)	320,249
ODA Campaign	-	200,000	-	200,000
Other deferred contributions	1,095	16,500	(1,095)	16,500
	<u>\$ 725,194</u>	<u>\$ 768,652</u>	<u>\$ (695,665)</u>	<u>\$ 798,181</u>

Contingencies

Certain restricted contributions received may be subject to audit or final reconciliation under the terms and conditions of the related contribution agreement. Should an audit or reconciliation reveal that any of the expenditures on the project are not in accordance with funding guidelines, the Organization may be required to reimburse a portion of the funds advanced. No claim for reimbursement is currently pending and management is of the opinion that no claim is forthcoming.

Consequently, no provision for reimbursement of funds related to these projects has been made in the financial statements. In the event of any adjustment, it will be charged or credited to operations in the period of determination.

6. Long-term Debt

During the 2021 fiscal year, the Organization applied for a \$40,000 loan under the Canada Emergency Business Account ("CEBA") relief program established by the Federal Government of Canada.

Under the loan agreement, a maximum amount of \$10,000 can be forgiven, if at least 75% of the initial principal amount has been repaid as of December 31, 2023. The forgivable portion of the loan has been recognized as government assistance revenue as set out in the statement of operations.

Cooperation Canada Notes to the Financial Statements

March 31, 2022

7. Government Assistance - Subsidies

During the 2021 and 2022 fiscal years, the Organization applied for funding under the Canada Emergency Wage Subsidy ("CEWS") relief program and Temporary Wage Subsidy program established by the Federal Government of Canada. The subsidy programs are meant to assist businesses and organizations that saw large drops in revenue, in established periods, as a result of the impacts the COVID-19 pandemic. The purpose of the funding is to help organizations maintain the employment of their staff through covering payroll costs. As at March 31, 2022, the trade and other receivable balance as set out on the statement of financial position includes \$nil (2021 - \$91,990) of CEWS funding.

8. Pension Plan

The Organization participates in an employer pension plan. The plan is a defined contribution pension plan. Contributions made during the year were \$28,857 (2021 - \$23,385).

9. Commitments

During the year the Organization entered into a long-term lease agreement expiring on August 30, 2024. The future lease payments by fiscal over the remaining term of the lease are as follows:

2023	\$ 35,444
2024	<u>14,768</u>
	<u>\$ 50,212</u>

The Organization has the right to terminate the agreement with 3 months written notice as well as paying an early termination fee. At March 31, 2022, this termination fee would have been \$3,000 plus applicable taxes.

Cooperation Canada Notes to the Financial Statements

March 31, 2022

10. Controlled Organization

The Organization controls Co-Oper Inc., a not-for-profit organization with minimal activity, of which the Organization is the sole member. Co-Oper Inc. was incorporated in Canada by Letters Patent in 1997. The Organization has the right to appoint the Board of Directors of Co-Oper Inc., which is comprised on an annual basis of certain Board Members from the Organization.

Co-Oper Inc.'s financial statements are unaudited and are as follows:

Statement of Financial Position

	<u>2022</u>	<u>2021</u>
Assets	\$ 547	\$ 547
Liabilities	-	-
Net Assets	547	547

Statement of Operations

	<u>2022</u>	<u>2021</u>
Revenues	\$ -	\$ -
Expenses	-	-
Excess of revenues over expenses for the year	<u>\$ -</u>	<u>\$ -</u>

There have been no transactions between the Organization and Co-Oper Inc. during the year.

11. Financial Instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at March 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its trade payables and other operating liabilities, as well as its long-term debt set out in Note 6 to these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its trade and other receivables.

Cooperation Canada Notes to the Financial Statements

March 31, 2022

11. Financial Instruments (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Organization's trade payables and other operating liabilities includes \$2,502 Canadian denominated in U.S. dollars and \$6,329 Canadian denominated in British pound sterling. No foreign balances were held at the 2021 fiscal year end. The carrying value of these items may change due to the fluctuations in foreign exchange rates.

Interest rate risk

The Organization is mainly exposed to interest rate risk with respect to financial assets bearing variable interest rates. As set out in Note 2, the Organization's market linked investment bears interest at a variable rate. The Organization is therefore exposed to cash flow risk on its market linked investment resulting from interest rate fluctuations. The Organization's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

Change in risk

There have been no significant changes in the Organization's risk exposures from its previous fiscal year ended March 31, 2021.

12. Uncertainty Due to COVID-19

The duration and full financial impact of the COVID-19 pandemic is unknown at this time, as are any additional measures to be taken by governments, the Organization or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of this pandemic is subject to significant uncertainty and accordingly it is unknown whether COVID-19 may materially and adversely impact the Organization's operations, financial results and condition in future periods.

Cooperation Canada
Schedule 1 - Expenses by Object

For the year ended March 31	2022	2021
Amortization of tangible capital assets	\$ 8,659	\$ 15,893
Bank and service charges	5,220	10,023
Communications	17,814	26,401
Consultants and software support	315,818	145,365
Equipment rental	15,176	18,785
Foreign exchange loss	554	-
Loss on disposal of capital assets	-	2,074
Meeting expenses	10,605	6,504
Memberships and hospitality	822	4,779
Photocopies, postage and office supplies	2,721	2,338
Professional fees	32,770	89,166
Publications and subscriptions	81,850	44,723
Recruitment and training	77,663	4,252
Rent and insurance	38,968	33,962
Salaries and benefits	1,352,016	1,154,898
Translation	44,796	50,131
Travel	15,161	452
	\$ 2,020,613	\$ 1,609,746