

Canadian Council for International Co-operation



Financial Statements

For the year ended March 31, 2017



Canadian Council for International Co-operation
Financial Statements
For the year ended March 31, 2017

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Independent Auditor's Report

To the Members of the Canadian Council for International Co-operation

We have audited the accompanying financial statements of the Canadian Council for International Co-operation, which comprise the statement of financial position as at March 31, 2017, 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 of our audit opinion.



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Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Council for International Co-operation as at March 31, 2017, 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.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
May 8, 2017
Ottawa, Ontario

Canadian Council for International Co-operation Financial Position

March 31 2017 2016

Assets

Current

| | | |
|--------------------------------------|------------|------------|
| Cash | \$ 717,217 | \$ 340,592 |
| Term deposits | 216,330 | 216,330 |
| Trade and other receivables (Note 1) | 79,520 | 28,956 |
| Contributions receivable | 8,276 | 3,821 |
| Prepaid expenses | 6,139 | 6,340 |

1,027,482 596,039

Tangible capital assets (Note 2)

47,002 13,516

\$ 1,074,484 \$ 609,555

Liabilities and Net Assets

Current

| | | |
|--|-----------|-----------|
| Trade payables and other operating liabilities | \$ 57,352 | \$ 19,292 |
| Deferred contributions (Note 3) | 554,609 | 66,083 |

611,961 85,375

Deferred lease inducements

9,368 -

621,329 85,375

Net assets

| | | |
|-------------------------------------|---------|---------|
| Invested in tangible capital assets | 47,002 | 13,516 |
| Restricted reserve fund | 290,000 | 235,000 |
| Unappropriated surplus | 116,153 | 275,664 |

453,155 524,180

\$ 1,074,484 \$ 609,555

On behalf of the Board:

Director

Director

**Canadian Council for International Co-operation
Statement of Changes in Net Assets**

For the year ended March 31

| | Invested in Tangible Capital Assets | Restricted reserve fund | Unappropriated surplus | 2017 Total | 2016 Total |
|---|--|------------------------------------|-----------------------------------|-----------------------|-----------------------|
| Balance, beginning of year | \$ 13,516 | \$ 235,000 | \$ 275,664 | \$ 524,180 | \$ 553,515 |
| Deficiency of revenue over expenses for the year | (9,171) | - | (61,854) | (71,025) | (29,335) |
| Acquisition of tangible capital asset | 42,657 | - | (42,657) | - | - |
| Interfund transfers | - | 55,000 | (55,000) | - | - |
| Balance, end of year | \$ 47,002 | \$ 290,000 | \$ 116,153 | \$ 453,155 | \$ 524,180 |

Canadian Council for International Co-operation Statement of Operations

| For the year ended March 31 | 2017 | 2016 |
|--|--------------------|--------------------|
| Revenues | | |
| Membership fees | \$ 558,783 | \$ 484,683 |
| International Development Research Centre | 185,988 | 177,667 |
| Working groups contributions | 112,505 | 76,553 |
| Other grants and contributions | 189,142 | 37,776 |
| Registration fees | 49,591 | 60,012 |
| Other revenues (donations, organization transfers, fees for services) | 44,834 | 79,086 |
| Interest | 9,317 | 6,368 |
| | <u>1,150,160</u> | <u>922,145</u> |
| Expenses | | |
| Staff costs | 664,505 | 544,513 |
| Administrative costs, including Board | 135,843 | 106,267 |
| Expenses by program | | |
| Research, conference and workshop activities | 110,996 | 151,976 |
| Policy | 68,758 | 46,789 |
| Communications | 20,538 | 23,747 |
| Member engagement (AGM, workshops, seminars) | 9,159 | 12,260 |
| Working groups activities | 26,254 | 26,325 |
| CEO office | 11,612 | 6,520 |
| Special projects | 11,636 | 3,365 |
| Enhanced Canadian support for sustainable development | 58,953 | - |
| International assistance review | 29,403 | - |
| | <u>1,147,657</u> | <u>921,762</u> |
| Excess of revenues over expenses resulting from current operations | 2,503 | 383 |
| Strategic investments specifically approved to be paid from unappropriated surplus (Note 4) | (73,528) | (25,052) |
| Betty Plewes Fund Grant, net of interest income | - | (4,666) |
| Deficiency of revenue over expenses | \$ (71,025) | \$ (29,335) |

Canadian Council for International Co-operation Statement of Cash Flows

| For the year ended March 31 | 2017 | 2016 |
|--|-------------------|-------------------|
| Cash flows from (used in) operating activities | | |
| Deficiency of revenue over expenses for the year | \$ (71,025) | \$ (29,335) |
| Non-cash items | | |
| Loss on disposal of capital assets | - | 4,626 |
| Amortization of tangible capital assets | 9,171 | 4,752 |
| Amortization of deferred lease inducements | (1,041) | - |
| Changes in non-cash working capital balances | | |
| Trade and other receivables | (50,564) | 9,271 |
| Contribution receivable | (4,455) | 101,749 |
| Prepaid expenses | 201 | 835 |
| Trade payables and other operating liabilities | 38,060 | (20,297) |
| Deferred contributions | 488,526 | (15,641) |
| Cash flows from operating activities | <u>408,873</u> | <u>55,960</u> |
| Cash flows from (used in) investing activities | | |
| Acquisition of tangible capital assets | (42,657) | (5,381) |
| Disposal of tangible capital assets | - | 1,000 |
| Receipt of lease inducements | 10,409 | - |
| Cash flows from investing activities | <u>(32,248)</u> | <u>(4,381)</u> |
| Increase in cash and cash equivalents during the year | 376,625 | 51,579 |
| Cash and cash equivalents, beginning of year | 340,592 | 289,013 |
| Cash and cash equivalents, end of year | \$ 717,217 | \$ 340,592 |

Canadian Council for International Co-operation

Summary of Significant Accounting Policies

March 31, 2017

| | |
|-------------------------------|---|
| Nature of Organization | The Canadian Council for International Co-operation (CCIC) is a coalition of Canadian voluntary sector organizations working globally to achieve sustainable human development. CCIC seeks to end global poverty and to promote social justice and human dignity for all. The Council is a registered charitable organization. |
| Basis of Presentation | These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies. |
| Accounting Estimates | 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. Significant estimates include assumptions used in: estimating the initial fair value of financial instruments; estimating the amounts and collectibility 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. |
| Financial Instruments | <p>Financial instruments are financial assets or financial liabilities of the Council where, in general, the Council 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><i>Measurement of Financial Instruments</i></p> <p>The Council initially measures its financial assets and financial liabilities at fair value.</p> <p>The Council subsequently measures all its financial assets and financial liabilities at amortized cost.</p> <p>Financial assets measured at amortized cost include cash, term deposits, trade and other receivables and contribution receivable. Financial liabilities measured at amortized cost include trade payable and other operating liabilities. The Council has no financial assets or financial liabilities measured at fair value.</p> |

Canadian Council for International Co-operation Summary of Significant Accounting Policies

March 31, 2017

Financial Instruments
(continued)

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.

**Cash and Cash
Equivalents**

The Council'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.

Revenue Recognition

Contributions

The Council follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses such as CCIC 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 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.

Canadian Council for International Co-operation Summary of Significant Accounting Policies

March 31, 2017

Capital Assets

Tangible capital assets are recorded at cost. When the Council 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 estimated useful lives according to the following methods, annual rate and period:

| | | |
|-------------------------|---------|---------------------------|
| Furniture | 5 to 10 | years straight-line basis |
| Computers and equipment | 30% | diminishing balance basis |
| Leasehold improvements | 5 | years straight-line basis |

Write-Down

When the Council recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the statement of revenues and expenses.

Deferred Lease Inducements

Lease inducement include amounts received for leasehold improvements. Lease inducements are aggregated with the required lease payments and are amortized over the lease term resulting in a consistent expense.

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.

Restricted Reserve Fund

CCIC has established a restricted reserve fund to be used to meet the Council'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 Council's financial obligations in the event of closure will be reviewed annually and additional funds will be transferred to the restricted reserve fund 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 unappropriated surplus fund.

Canadian Council for International Co-operation Notes to financial Statements

March 31, 2017

1. Trade and Other Receivables

| | 2017 | | 2016 | |
|---------------------------|------|--------|------|--------|
| Trade accounts receivable | \$ | 66,921 | \$ | 14,304 |
| Sales taxes receivable | | 12,599 | | 14,652 |
| | \$ | 79,520 | \$ | 28,956 |

2. Tangible Capital Assets

| | 2017 | | | 2016 | | |
|---------------------------------------|------------|-----------------------------|-------------------|------------|-----------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Furniture, computers and equipment | \$ 128,512 | \$ 102,347 | \$ 26,165 | \$ 109,008 | \$ 95,492 | \$ 13,516 |
| Leasehold improvements | 23,152 | 2,315 | 20,837 | - | - | - |
| | \$ 151,664 | \$ 104,662 | \$ 47,002 | \$ 109,008 | \$ 95,492 | \$ 13,516 |

3. Deferred Contributions

| | 2017 | | 2016 | |
|---|------|----------|------|----------|
| Balance, beginning of year | \$ | 66,083 | \$ | 81,724 |
| Recognized as revenues | | (66,083) | | (81,724) |
| Received relating to the following year | | 554,609 | | 66,083 |
| Balance, end of year | \$ | 554,609 | \$ | 66,083 |

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

4. Strategic investments specifically approved to be paid from unappropriated surplus

Strategic investments represent expenses, such as staff costs and consulting and translation fees, that have been specifically approved for particular projects or working groups in addition to the original budgeted costs. The costs specifically approved by the Board of Directors for the year are staff costs of \$70,368 (2016 - \$18,465) and consulting and translation fees of \$3,160 (2016 - \$6,587).

Canadian Council for International Co-operation Notes to financial Statements

March 31, 2017

5. Pension Plan

The Council participates in an employer pension plan. The plan is a defined contribution pension plan. Contributions made during the year were \$24,227.

6. Commitments

The Council has entered into a long-term lease agreement expiring on September 30, 2021. The future lease payments and related costs on a fiscal year basis are as follows:

| | | |
|------|----|----------------|
| 2018 | \$ | 30,966 |
| 2019 | | 30,966 |
| 2020 | | 30,966 |
| 2021 | | 30,966 |
| 2022 | | <u>15,483</u> |
| | \$ | <u>139,347</u> |

Some leasehold improvements incurred during the year have been paid by the landlord. These costs are being repaid through the lease payments and have been recognized as lease inducements that are amortized over the lease term. The agreement also calls for \$1,500 penalty per year for early termination.

7. Financial Instruments

The Council is exposed to various risk through its financial instruments. The following analysis provides a measure of the Council's risk exposure and concentrations as at March 31, 2017.

The Council is not involved in any hedging relationships through its operations and does not hold or used any derivative financial instruments for trading purposes.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Council is exposed to this risk mainly in respect of its trade payables and other operating liabilities.

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 Council's main credit risk relates to its trade and other receivables and contribution receivable.

Canadian Council for International Co-operation Notes to financial Statements

March 31, 2017

7. **Financial Instruments** (continued)

Market Risk

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

Interest Rate Risk

The Council is mainly exposed to interest rate risk with respect to financial assets bearing fixed interest rates. Term deposits bear interest at a fixed rate and the Council is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Council's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

Changes in Risk

There have been no significant changes in the Council's risk exposures from its previous fiscal year ended March 31, 2016.

Canadian Council for International Co-operation Schedule

| For the year ended March 31 | 2017 | 2016 |
|--|--------------|------------|
| EXPENSES BY CATEGORY | | |
| Amortization of tangible capital assets | \$ 9,171 | \$ 4,752 |
| Bank and service charges | 3,875 | 4,329 |
| Communications | 17,790 | 15,567 |
| Consultants | 177,267 | 91,878 |
| Equipment rental | 5,936 | 2,821 |
| Loss on disposal of assets | - | 4,626 |
| Meeting expenses | 55,000 | 74,240 |
| Memberships and hospitality | 3,072 | 2,098 |
| Miscellaneous | 5,864 | 2,257 |
| Photocopies, postage and office supplies | 8,902 | 9,063 |
| Professional fees | 9,279 | 8,835 |
| Publications and subscriptions | 596 | 558 |
| Recruitment and training | 1,247 | 973 |
| Rent and insurance | 39,226 | 37,204 |
| Salaries and benefits | 734,873 | 562,978 |
| Translation | 57,564 | 70,999 |
| Travel | 63,326 | 46,465 |
| Workshops and coalitions | 28,197 | 7,171 |
| | \$ 1,221,185 | \$ 946,814 |

This Schedule presents expenses including strategic investments. Strategic investments are recorded on a separate line in the Statement of Operations.