

Canadian Council for International Co-operation



Financial Statements

For the year ended March 31, 2020



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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Canadian Council for International Co-operation (the "Council"), which comprise the statement of financial position as at March 31, 2020, 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 Council as at March 31, 2020, 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 Council 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 Council'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 Council'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 Council 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
June 4, 2020
Ottawa, Ontario

Canadian Council for International Co-operation Statement of Financial Position

March 31 2020 2019

Assets

Current

Cash	\$ 51,633	\$ 705,395
Investments - current portion (Note 2)	360,000	216,330
Trade and other receivables (Note 3)	364,225	128,218
Prepaid expenses	25,264	11,900
	801,122	1,061,843

Investments - long-term portion (Note 2)

250,336 -

Tangible capital assets (Note 4)

37,865 52,682

\$ 1,089,323 **\$ 1,114,525**

Liabilities and Net Assets

Current

Trade payables and other operating liabilities	\$ 130,365	\$ 112,535
Deferred contributions (Note 5)	725,194	758,766
	855,559	871,301

Net assets

Internally Restricted		
Invested in tangible capital assets	37,865	52,682
Restricted reserve fund	188,000	270,000
Unrestricted		
General reserve fund (deficit)	7,899	(79,458)
	233,764	243,224

\$ 1,089,323 **\$ 1,114,525**

Approved 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	General reserve fund (deficit)	Total 2020	Total 2019
Balance, beginning of year	\$ 52,682	\$ 270,000	\$ (79,458)	\$ 243,224	\$ 396,533
Deficiency of revenues over expenses for the year	(17,927)	-	8,467	(9,460)	(153,309)
Acquisition of tangible capital assets	3,110	-	(3,110)	-	-
Interfund transfer	-	(82,000)	82,000	-	-
Balance, end of year	\$ 37,865	\$ 188,000	\$ 7,899	\$ 233,764	\$ 243,224

Canadian Council for International Co-operation Statement of Operations

For the year ended March 31	2020	2019
Revenues		
Membership fees	\$ 660,541	\$ 631,120
Regional Working Groups	108,169	91,238
Humanitarian Response Network	13,539	60,780
Institutional donors	980,709	462,018
Other grants and contributions	95,790	122,836
Event registration fees and sponsorships	249,255	88,032
Other revenues (general sales and donations)	37,991	17,167
Interest revenue	12,830	8,651
	2,158,824	1,481,842
Expenses (Schedule)		
Research and policy	290,987	297,114
Member engagement	95,182	106,219
Communications	119,118	78,273
Enhanced Canadian support for sustainable development	220,309	92,649
Annual conference and events	244,502	71,848
Operations management	474,606	559,751
Humanitarian Response Network	178,167	57,830
Next Generation Research Collaboration Project	337,837	246,418
PSEA Sector Hub	96,052	-
Regional working groups	111,524	97,232
Strategic investment	-	27,817
	2,168,284	1,635,151
Deficiency of revenues over expenses for the year	\$ (9,460)	\$ (153,309)

Canadian Council for International Co-operation Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from (used in) operating activities		
Deficiency of revenues over expenses for the year	\$ (9,460)	\$ (153,309)
Adjustment for non-cash item		
Amortization of tangible capital assets	<u>17,927</u>	<u>23,848</u>
	8,467	(129,461)
Change in non-cash working capital items		
Trade and other receivables	(236,007)	(6,827)
Prepaid expenses	(13,364)	(5,111)
Trade payables and other operating liabilities	17,830	23,069
Deferred contributions	<u>(33,572)</u>	<u>474,585</u>
	<u>(256,646)</u>	<u>356,255</u>
Cash flows from (used in) investing activities		
Purchase of investments - cost	(610,336)	-
Proceeds on sale of investments - cost	216,330	-
Acquisition of tangible capital assets	<u>(3,110)</u>	<u>(7,975)</u>
	<u>(397,116)</u>	<u>(7,975)</u>
Increase (decrease) in cash and cash equivalents during the year	(653,762)	348,280
Cash and cash equivalents, beginning of year	<u>705,395</u>	<u>357,115</u>
Cash and cash equivalents, end of year	\$ 51,633	\$ 705,395

Canadian Council for International Co-operation Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies

Nature of Organization	The Canadian Council for International Co-operation (the "Council") is a coalition of Canadian voluntary sector organizations working globally to achieve sustainable human development. The Council seeks to end global poverty and to promote social justice and human dignity for all. The Council 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, 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 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.
Financial Instruments	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.

Measurement of financial instruments

The Council initially measures its financial assets and financial liabilities at fair value.

The Council subsequently measures all its financial assets and financial liabilities at amortized cost.

Canadian Council for International Co-operation

Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Measurement of financial instruments (continued)

Financial assets measured at amortized cost include cash, term deposits, trade and other receivables, contributions receivable and investments. Financial liabilities measured at amortized cost include trades payable and other operating liabilities. The Council has no financial assets or financial liabilities measured at fair value.

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 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 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.

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.

Canadian Council for International Co-operation

Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Restricted Reserve Fund The Council 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 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.

Revenue Recognition

Contributions

The Council 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 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.

Canadian Council for International Co-operation Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Revenue Recognition	<i>Net investment income (continued)</i> 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.
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 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.
Allocation of Expenses	The Council'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 Council's expenses are also presented by object in a schedule accompanying the financial statements.

2. Investments

	2020	2019
Term deposits	\$ 360,000	\$ 216,330
Market linked guaranteed investment	250,336	-
	610,336	216,330
Less current portion	360,000	216,330
Long-term portion	\$ 250,336	\$ -

Canadian Council for International Co-operation Notes to the Financial Statements

March 31, 2020

2. Investments (continued)

Term deposits are all held with one Canadian chartered bank. They bear interest at rates between 1.00% and 1.38% (2019 - 1.00%) and mature in fiscal 2020. The term deposit held at March 31, 2019 was redeemed in the year.

The market linked guaranteed investment is held with a Canadian chartered bank. The investment bears a guaranteed minimum annual rate of interest of 1.01% and matures in August 2022.

3. Trade and Other Receivables

	2020	2019
Trade accounts receivable	\$ 37,347	\$ 16,855
Contributions receivable	303,691	101,500
Sales taxes receivable	23,187	9,863
	\$ 364,225	\$ 128,218

4. Tangible Capital Assets

	2020		
	Cost	Accumulated Amortization	Net Book Value
Furniture, computers and equipment	\$ 165,758	\$ 139,791	\$ 25,967
Leasehold improvements	36,356	24,458	11,898
	\$ 202,114	\$ 164,249	\$ 37,865
	2019		
	Cost	Accumulated Amortization	Net Book Value
Furniture, computers and equipment	\$ 162,648	\$ 129,796	\$ 32,852
Leasehold improvements	36,356	16,526	19,830
	\$ 199,004	\$ 146,322	\$ 52,682

Canadian Council for International Co-operation Notes to the Financial Statements

March 31, 2020

5. Deferred Contributions

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

The changes in the deferred contributions balance for the year ended March 31, 2020 are as follows:

	Balance, beginning of year	Received during the year	Recognized as revenue	Balance, end of year
Bill and Melinda Gates Foundation	\$ 327,961	\$ 233,732	\$ (253,355)	\$ 308,338
International Development Research Centre	203,772	167,849	(371,621)	-
Working Groups	17,269	103,147	(111,524)	8,892
Humanitarian Response Network	136,677	228,608	(190,672)	174,613
PSEA Sector Hub	-	339,159	(106,903)	232,256
Other deferred contributions	73,087	94,385	(166,377)	1,095
	\$ 758,766	\$ 1,166,880	\$ (1,200,452)	\$ 725,194

The changes in the deferred contributions balance for the year ended March 31, 2019 were as follows:

	Balance, beginning of year	Received during the year	Recognized as revenue	Balance, end of year
Bill and Melinda Gates Foundation	\$ 106,708	\$ 359,077	\$ (137,824)	\$ 327,961
International Development Research Centre	138,641	336,190	(271,059)	203,772
Working Groups	9,528	104,973	(97,232)	17,269
Humanitarian Response Network	29,304	168,153	(60,780)	136,677
Other deferred contributions	-	121,440	(48,353)	73,087
	\$ 284,181	\$ 1,089,833	\$ (615,248)	\$ 758,766

Canadian Council for International Co-operation Notes to the Financial Statements

March 31, 2020

6. Pension Plan

The Council participates in an employer pension plan. The plan is a defined contribution pension plan. Contributions made during the year were \$26,656 (2019 - \$23,221).

7. Commitments

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

2021	\$	39,643
2022		<u>16,639</u>
	\$	<u>56,282</u>

Some leasehold improvements have been paid by the landlord. These costs are being repaid through the lease payments and are included in trade payables and other operating liabilities. The agreement also calls for \$1,500 penalty per year for early termination.

8. 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, 2020.

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. At year-end, amounts receivable from one entity accounted for 65% (2019 - 79%) of the total accounts receivable balance.

Canadian Council for International Co-operation

Notes to the Financial Statements

March 31, 2020

8. 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 currency risk and interest rate 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 Council's accounts receivable includes \$233,732 (2019 - \$5,020) Canadian, denominated in U.S dollars. The carrying value of these items may change due to fluctuations in foreign exchange rates.

Interest rate risk

The Council is mainly exposed to interest rate risk with respect to financial assets bearing fixed and variable interest rates. As set out in Note 2, the Council's term deposits bear interest at fixed rates and its market linked investment bears interest at a variable rate. The Council is therefore exposed to the risk of changes in fair value on its term deposits and cash flow risk on its market linked investment 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, 2019.

9. Corresponding Amounts and Financial Disclosures

In certain instances, 2019 fiscal year corresponding amounts and financial disclosures presented have been reclassified to conform with the financial statement presentation and financial disclosures adopted for the 2020 fiscal year. These reclassifications do not affect net assets.

Canadian Council for International Co-operation Notes to the Financial Statements

March 31, 2020

10. Subsequent Events

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Council's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Council's operations.

The full extent of the impact of this outbreak and related containment measures on the Council's operations cannot be reliably estimated at this time.

Canadian Council for International Co-operation Schedule 1 - Expenses by Object

For the year ended March 31	2020	2019
Amortization of tangible capital assets	\$ 17,927	\$ 23,848
Bad debts	-	9,272
Bank and service charges	8,828	5,880
Communications	35,667	35,315
Consultants and software support	220,304	222,745
Equipment rental	42,823	11,607
Meeting expenses	39,581	105,297
Memberships and hospitality	119,916	5,266
Miscellaneous	-	55
Photocopies, postage and office supplies	20,395	9,932
Professional fees	29,086	24,720
Publications and subscriptions	31,353	5,660
Recruitment and training	11,086	8,838
Rent and insurance	47,595	47,271
Salaries and benefits	1,333,048	962,869
Translation	72,907	44,847
Travel	86,768	89,729
Workshops and coalitions	51,000	22,000
	\$ 2,168,284	\$ 1,635,151
