

Canadian Council for International Co-operation



Financial Statements

For the year ended March 31, 2019



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For the year ended March 31, 2019

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the Canadian Council for International Co-operation (the "Council"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets 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 financial statements present fairly, in all material respects, the financial position of Canadian Council for International Co-operation as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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.

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 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.

Independent Auditor's Report (continued)

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 1, 2019
Ottawa, Ontario

Canadian Council for International Co-operation Financial Position

March 31	2019	2018
Assets		
Current		
Cash	\$ 705,395	\$ 357,115
Term deposits	216,330	216,330
Trade and other receivables (Note 1)	128,218	113,560
Contributions receivable	-	7,831
Prepaid expenses	11,900	6,789
	1,061,843	701,625
Tangible capital assets (Note 2)	52,682	68,555
	\$ 1,114,525	\$ 770,180

Liabilities and Net Assets

Current		
Trade payables and other operating liabilities	\$ 112,535	\$ 89,466
Deferred contributions (Note 3)	758,766	284,181
	871,301	373,647
Net assets		
Invested in tangible capital assets	52,682	68,555
Restricted reserve fund	270,000	312,000
Unappropriated surplus (deficit)	(79,458)	15,978
	243,224	396,533
	\$ 1,114,525	\$ 770,180

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 (deficit)	2019 Total	2018 Total
Balance , beginning of year	\$ 68,555	\$ 312,000	\$ 15,978	\$ 396,533	\$ 453,155
Deficiency of revenue over expenses for the year	(23,848)	-	(129,461)	(153,309)	(56,622)
Acquisition of tangible capital asset	7,975	-	(7,975)	-	-
Interfund transfers	-	(42,000)	42,000	-	-
Balance , end of year	\$ 52,682	\$ 270,000	\$ (79,458)	\$ 243,224	\$ 396,533

Canadian Council for International Co-operation Statement of Operations

For the year ended March 31	2019	2018
Revenues		
Membership fees	\$ 631,120	\$ 607,466
Regional Working Groups	91,238	116,087
Humanitarian Response Network	60,780	64,008
Institutional donors	363,708	684,575
Other grants and contributions	221,146	137,902
Other revenues (registration fees, general sales, donations)	105,199	119,633
Interest revenue	8,651	10,195
	1,481,842	1,739,866
Expenses		
Research and policy	297,114	181,555
Member engagement	167,622	173,869
Communications	88,718	118,594
Enhanced Canadian support for sustainable development	92,649	333,972
Operations management	559,751	498,659
Humanitarian Response Network	57,830	48,230
Next Generation Research Collaboration Project	246,418	243,884
Regional working groups	97,232	131,872
Strategic investment	27,817	65,853
	1,635,151	1,796,488
Deficiency of revenue over expenses	\$ (153,309)	\$ (56,622)

Canadian Council for International Co-operation Statement of Cash Flows

For the year ended March 31	2019	2018
Cash flows from (used in) operating activities		
Deficiency of revenue over expenses for the year	\$ (153,309)	\$ (56,622)
Non-cash items		
Amortization of tangible capital assets	23,848	17,812
Changes in non-cash working capital balances		
Trade and other receivables	(14,658)	(34,040)
Contribution receivable	7,831	445
Prepaid expenses	(5,111)	(650)
Trade payables and other operating liabilities	23,069	22,746
Deferred contributions	474,585	(270,428)
Cash flows from operating activities	356,255	(320,737)
Cash flows from (used in) investing activities		
Acquisition of tangible capital assets	(7,975)	(39,365)
Increase (decrease) in cash and cash equivalents during the year	348,280	(360,102)
Cash and cash equivalents, beginning of year	357,115	717,217
Cash and cash equivalents, end of year	\$ 705,395	\$ 357,115

Canadian Council for International Co-operation

Summary of Significant Accounting Policies

March 31, 2019

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 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 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	<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><u>Measurement of financial instruments</u></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 contributions receivable. 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.</p>

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

March 31, 2019

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 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, 2019

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.

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

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 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, 2019

1. Trade and Other Receivables

	2019		2018	
Trade accounts receivable	\$ 118,355		\$ 63,811	
Sales taxes receivable	9,863		49,749	
	\$ 128,218		\$ 113,560	

2. Tangible Capital Assets

	2019			2018		
	Accumulated Cost	Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture, computers and equipment	\$ 162,648	\$ 129,796	\$ 32,852	\$ 154,673	\$ 113,878	\$ 40,795
Leasehold improvements	36,356	16,526	19,830	36,356	8,596	27,760
	\$ 199,004			\$ 191,029		
	\$ 146,322			\$ 122,474		
	\$ 52,682			\$ 68,555		

3. Deferred Contributions

	2019			
	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 Financial Statements

March 31, 2019

3. Deferred Contributions (continued)

	2018			
	Balance beginning of year	Received during the year	Recognized as revenue	Balance end of year
Bill and Melinda Gates Foundation	\$ 394,321	\$ 95,966	\$ (383,579)	\$ 106,708
International Development Research Centre	107,528	332,109	(300,996)	138,641
Working Groups	47,520	78,095	(116,087)	9,528
Humanitarian Response Network	-	93,312	(64,008)	29,304
Other deferred contributions	5,240	-	(5,240)	-
	\$ 554,609	\$ 599,482	\$ (869,910)	\$ 284,181

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

4. Pension Plan

The Council participates in an employer pension plan. The plan is a defined contribution pension plan. Contributions made during the year were \$23,221 (2018 - \$31,002).

5. 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:

2020		\$ 38,954	
2021		39,643	
2022		16,639	
		\$ 95,236	

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.

Canadian Council for International Co-operation

Notes to Financial Statements

March 31, 2019

6. 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, 2019.

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

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 payable includes \$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 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, 2018.

Canadian Council for International Co-operation

Notes to Financial Statements

March 31, 2019

7. Corresponding Amounts and Financial Disclosures

In certain instances, 2018 fiscal year corresponding amounts and financial disclosures presented have been reclassified to conform with the financial statement presentation and financial disclosures adopted for the 2019 fiscal year. These reclassifications do not affect net assets.

Canadian Council for International Co-operation Schedule

For the year ended March 31	2019	2018
EXPENSES BY CATEGORY		
Amortization of tangible capital assets	\$ 23,848	\$ 17,812
Bad debt	9,272	-
Bank and service charges	5,880	6,569
Communications	35,315	22,722
Consultants and software support	222,745	298,881
Equipment rental	11,607	17,546
Meeting expenses	105,297	125,212
Memberships and hospitality	5,266	6,008
Miscellaneous	55	3,009
Photocopies, postage and office supplies	9,932	10,924
Professional fees	24,720	14,030
Publications and subscriptions	5,660	1,707
Recruitment and training	8,838	614
Rent and insurance	47,271	42,230
Salaries and benefits	962,869	1,047,880
Translation	44,847	56,373
Travel	89,729	83,411
Workshops and coalitions	22,000	41,560
	\$ 1,635,151	\$ 1,796,488
