Centre for International Studies and Cooperation

Consolidated Financial Statements
March 31, 2023

Raymond Chabot
Grant Thornton

Independent Auditor's Report

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To the Board of Directors of
Centre for International Studies and Cooperation

Opinion

We have audited the consolidated financial statements of Centre for International Studies and Cooperation (hereafter "the Organization"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, 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.

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 consolidated 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 consolidated 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Raymond Chabot Grant Thornton LLP[1]

Montréal
September 12, 2023

[1] CPA auditor, public accountancy permit no. A117472

Centre for International Studies and Cooperation
Consolidated Operations
Year ended March 31, 2023

	2023	2022
	$	$
Revenues		
Cash contributions (Note 9)		
Global Affairs Canada – partnership	**7,242,016**	6,198,520
Global Affairs Canada – bilateral and other	**18,074,781**	15,635,546
Other donors	**8,777,459**	9,571,983
Donations	**319,085**	536,521
	34,413,341	31,942,570
Other revenues		
Contributed volunteer services (Note 4)	**6,855,275**	5,578,891
Other	**468,989**	501,157
	41,737,605	38,022,618
Expenses		
Programs	**30,706,196**	28,222,230
Contributed volunteer services (Note 4)	**6,855,275**	5,578,891
Program development	**611,396**	382,265
Administration	**2,690,951**	3,166,433
Fundraising	**341,672**	258,641
Interest on long-term debt	**83,501**	69,755
Amortization of tangible capital assets	**220,510**	232,506
Amortization of intangible assets		22,347
Gain on disposal of tangible capital assets	**(31,902)**	
	41,477,599	37,933,068
Excess of revenues over expenses	**260,006**	89,550

The accompanying notes are an integral part of the consolidated financial statements and Note 3 provides other information on consolidated operations.

Centre for International Studies and Cooperation
Consolidated Changes in Net Assets
Year ended March 31, 2023

				2023	2022
	Received for endowment purposes (Note 6)	**Invested in capital assets**	**Unrestricted**	**Total**	Total
	$	**$**	**$**	**$**	$
Balance, beginning of year	**1,042,837**	**3,818,427**	**2,840,282**	**7,701,546**	7,565,853
Excess (deficiency) of revenues over expenses		**(185,432)** (a)	**445,438**	**260,006**	89,550
Acquisition of tangible capital assets		**114,432**	**(114,432)**		
Repayment of long-term debt		**143,545**	**(143,545)**		
Disposal of tangible capital assets		**(31,902)**	**31,902**		
Endowment contributions (Note 6)	**4,000**			**4,000**	7,500
Exchange gain related to net assets received for endowment purposes	**57,946**			**57,946**	38,643
Balance, end of year	**1,104,783**	**3,859,070**	**3,059,645**	**8,023,498**	7,701,546

(a) This amount includes the amortization of tangible capital assets and intangible assets of $220,510, a gain on disposal of tangible capital assets of $31,902, less the amortization of deferred contributions related to tangible capital assets of $3,176.

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

Centre for International Studies and Cooperation
Consolidated Cash Flows
Year ended March 31, 2023

	2023	2022
	$	$
OPERATING ACTIVITIES		
Excess of revenues over expenses	**260,006**	89,550
Non-cash items		
Amortization of tangible capital assets	**220,510**	232,506
Amortization of intangible assets		22,347
Amortization of deferred contributions related to tangible capital assets	**(3,176)**	(3,176)
Gain on disposal of tangible capital assets	**(31,902)**	
	445,438	341,227
Net change in working capital items	**2,102,391**	3,358,821
Cash flows from operating activities	**2,547,829**	3,700,048
INVESTING ACTIVITIES		
Disposal of tangible capital assets	**31,902**	
Acquisition of tangible capital assets	**(114,432)**	(19,694)
Cash flows from investing activities	**(82,530)**	(19,694)
FINANCING ACTIVITIES		
Endowment contributions received	**4,000**	7,500
Repayment of long-term debt	**(143,545)**	(233,978)
Cash flows from financing activities	**(139,545)**	(226,478)
Net increase in cash	**2,325,754**	3,453,876
Cash, beginning of year	**13,200,615**	9,746,739
Cash, end of year	**15,526,369**	13,200,615

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

Centre for International Studies and Cooperation
Consolidated Financial Position
March 31, 2023

	2023	2022
	$	$
ASSETS		
Current		
Cash	**15,526,369**	13,200,615
Trade and other receivables (Note 5)	**2,988,486**	1,935,914
Advances to partners	**1,575,632**	812,822
Prepaid expenses	**442,493**	499,702
	20,532,980	16,449,053
Long-term		
Restricted cash (Note 6)	**846,578**	788,633
Tangible capital assets (Note 7)	**5,795,510**	5,901,588
	27,175,068	23,139,274
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**2,744,078**	2,574,023
Government remittances	**114,443**	69,338
Deferred contributions (Note 9)	**14,356,609**	10,711,206
Current portion of long-term debt	**1,070,703**	143,526
	18,285,833	13,498,093
Long-term		
Deferred contributions related to tangible capital assets (Note 10)	**64,566**	67,742
Long-term debt (Note 11)	**801,171**	1,871,893
	19,151,570	15,437,728
NET ASSETS		
Received for endowment purposes	**1,104,783**	1,042,837
Invested in capital assets	**3,859,070**	3,818,427
Unrestricted	**3,059,645**	2,840,282
	8,023,498	7,701,546
	27,175,068	23,139,274

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

On behalf of the Board,

Director

Director

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization is incorporated under Part III of the Companies Act (Quebec). The Organization is a not-for-profit organization under the Income Tax Act and, as such, it is exempt from income taxes.

The Organization participates in economic, social and cultural development activities in third-world countries through training and by sending volunteers and technical assistants, completing projects, researching and publishing specialized work.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes to consolidated financial statements. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in the consolidated statement of operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in the consolidated statement of operations in the year the reversal occurs.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of consolidation

The Organization has elected to present consolidated financial statements and to recognize interests in joint arrangements using the proportionate consolidation method. Accordingly, these consolidated financial statements include the share of the assets, liabilities, revenues and expenses of joint arrangements in which the Organization has an interest.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses 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. Endowment contributions are reported as direct increases in net assets.

Contributed supplies and services

The Organization elected to recognize contributed supplies and services when the fair value of these contributions can be reasonably estimated, supplies and services are used in the normal course of the Organization's operations and if it would have had to otherwise acquire these supplies and services for its normal operations.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Net investment income subject to externally imposed restrictions is recognized as endowment contributions, including related exchange gains and losses, and is presented as direct increases in net assets.

Rental income

The Organization recognizes rental income on a straight-line basis over the lease term when collection is reasonably assured. The excess of rent recognized over amounts receivable under the leases is shown, as applicable, as rent receivable in the consolidated statement of financial position.

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.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of foreign transactions

The Organization recognizes its expenses by using the following accounting practices:

– The purchase of tangible capital assets incurred for overseas operations is charged as operating expenses, except for tangible capital assets of regional divisions which are capitalized;

– Most gains and losses due to exchange rate fluctuations are charged to the programs in which they are realized.

Tangible capital assets

Tangible capital assets acquired 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 plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives over the following periods:

	Periods
Buildings	40 years
Furniture, equipment and automotive equipment	5 years
Computer equipment	4 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 tangible capital asset's fair value or replacement cost. The write-down is accounted for in the consolidated statement of operations and cannot be reversed.

Advances to partners

In connection with economic, social and cultural development activities, the Organization works in collaboration with partners on certain international projects. According to agreement protocols, amounts paid to partners are initially recognized as advances to partners. Upon receipt of the financial reports and corresponding supporting documents, the project expenses are then recognized in the consolidated statement of operations.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The Organization considers its offices as integrated establishments operating internationally and uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the year-end date. Non-monetary assets and liabilities are translated at historical exchange rates, except those recognized at fair value, which are translated at the exchange rate in effect at the year-end date. Revenues and expenses are translated at the average rate for the period, with the exception of the amortization of assets translated at the historical exchange rates, which is translated at the same exchange rates as the related assets. The related exchange gains and losses are accounted for in consolidated operations for the year.

3 - INFORMATION INCLUDED IN CONSOLIDATED OPERATIONS

	2023	2022
	$	$
Other revenues		
Rental income	**488,238**	487,365
Exchange loss (gain)		
Programs	**372,698**	369,359
Administration	**(336,116)**	250,551

4 - CONTRIBUTED VOLUNTEER SERVICES

Contributed volunteer services represent the value of the contribution provided by the participants of the volunteer cooperation programs.

The contribution is established using a predetermined rate in the agreement signed with Global Affairs Canada for the Uniterra program. The amount specified in the agreement is $200 to $470 per person per day.

5 - TRADE AND OTHER RECEIVABLES

	2023	2022
	$	$
Contributions receivable – donors (a)	**2,930,580**	1,892,663
Other receivables	**57,906**	43,251
	2,988,486	1,935,914

(a) As at March 31, 2023, one donor represents 27 % of the total contributions receivable (28% as at March 31, 2022).

6 - NET ASSETS RECEIVED FOR ENDOWMENT PURPOSES

Net assets received for endowment purposes include the following items:

– An amount of $4,305 ($4,305 as at March 31, 2022) subject to external restrictions stipulating that the resources be maintained permanently in the Fonds Pelletier; the related investment income is restricted for the funding of projects concerning the education and training of girls and women;

– An amount of $253,900 ($249,900 as at March 31, 2022) subject to external restrictions stipulating that the resources be maintained permanently in the Fonds Jean Bouchard; the related investment income is restricted for the funding of projects concerning basic human needs;

– An amount of $846,578 ($788,633 as at March 31, 2022) subject to external restrictions stipulating that the resources may be used to grant loans; loan beneficiaries are local, rural Guatemalan organizations and associations and the loans enable them to fund the purchase of farming equipment and products. On the recommendations of the trust's credit committee, the Organization could also support the funding of new initiatives. The assets relating to these amounts received for endowment purposes are presented in the consolidated statement of financial position in the long-term assets section.

7 - TANGIBLE CAPITAL ASSETS

			2023	2022
	Cost	**Accumulated amortization**	**Net carrying amount**	Net carrying amount
	$	**$**	**$**	$
Land	**869,445**		**869,445**	869,445
Buildings	**6,706,302**	**1,874,758**	**4,831,544**	4,962,602
Furniture and equipment	**320,008**	**308,850**	**11,158**	8,388
Computer equipment	**509,265**	**439,830**	**69,435**	35,196
Automotive equipment	**765,267**	**751,339**	**13,928**	25,957
Leasehold improvements	**70,541**	**70,541**		
	9,240,828	**3,445,318**	**5,795,510**	5,901,588

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8 - BANK LOAN

The Organization has a line of credit for an authorized amount of $3,000,000, bearing interest at the Fédération des Caisses Desjardins du Québec's prime rate plus 0.5% (7.2%; 3.7% as at March 31, 2022) and secured by a $3,000,000 movable hypothec on the universality of accounts receivable. The bank loan is renegotiable in August 2023. An amount of $200,000 is available for letters of guarantee and an amount of $200,000 is available for exchange contracts which have not been used as at March 31, 2023.

Under the terms of the credit agreement, the Organization is required to respect certain covenants.

9 - DEFERRED CONTRIBUTIONS

	2023	2022
	$	$
Balance, beginning of year	**10,711,206**	8,952,430
Amounts received during the year	**37,020,827**	34,784,168
Contributions receivable, beginning of year	**(1,892,663)**	(2,975,485)
	35,128,164	31,808,683
Amounts recognized as income for the year	**34,413,341**	31,942,570
Contributions receivable, end of year	**(2,930,580)**	(1,892,663)
	31,482,761	30,049,907
Balance, end of year	**14,356,609**	10,711,206

10 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets include contributions received to acquire tangible capital assets. They are amortized using the same methods and periods as the corresponding tangible capital assets. Changes during the year are as follows:

	2023	2022
	$	$
Balance, beginning of year	**67,742**	70,918
Amortization	**3,176**	3,176
Balance, end of year	**64,566**	67,742

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
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11 - LONG-TERM DEBT

	2023	2022
	$	$
Loan, secured by an immovable hypothec on a building with a net carrying amount of $3,974,541, payable in monthly instalments of $6,297, including interest of 3.15%, maturing in January 2024	**842,212**	890,435
Loan, of a maximum authorized amount of $1,121,250, secured by an immovable hypothec on a building with a net carrying amount of $3,974,541, payable in monthly instalments of $3,893 plus interest of 3.15%, maturing in January 2024	**179,089**	225,807
Loan, of a maximum authorized amount of $1,000,000, secured by an immovable hypothec on a building with a net carrying amount of $3,974,541, payable in monthly instalments of $8,269, including interest of 5.99%, maturing in May 2025	**850,573**	899,177
	1,871,874	2,015,419
Current portion	**1,070,703**	143,526
	801,171	1,871,893

The estimated instalments on long-term debt for the next years are detailed as follows:

	$
2024	1,070,703
2025	801,171
	1,871,874

12 - PENSION PLAN

The Organization participates in a defined contribution pension plan for its employees. It contributes equally with employees. However, the Organization's contribution is limited to 5% of employees' gross salaries. The contributions paid as well as the expenses for the year totalled $228,935 ($264,795 in 2022).

13 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the consolidated statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are trade and other receivables and advances to partners since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
March 31, 2023

13 - FINANCIAL RISKS (Continued)

Market risk

The Organization's financial instruments expose it to market risk, in particular, to currency risk and interest rate risk, resulting from its operating, investing and financing activities.

Currency risk

The Organization undertakes several of its transactions in foreign currency and is, therefore, exposed to foreign currency fluctuations.

As at March 31, 2023 and 2022, the Organization is exposed to currency risk due to cash, trade and other receivables, advances to partners and restricted cash as well as accounts payable and accrued liabilities denominated in foreign currencies as follows:

	2023	2022
	$	$
Cash		
U.S. dollars	**3,416,822**	2,619,712
CFA francs	**1,216,061**	2,614,598
Haitian gourdes	**1,149,909**	817,664
Guinean francs	**571,559**	1,596,677
Other currencies	**485,252**	575,204
Trade and other receivables		
U.S. dollars	**533,527**	660,741
CFA francs	**33,201**	16,605
Haitian gourdes	**1,067,904**	357,037
Other currencies	**68,266**	207,164
Advances to partners		
U.S. dollars	**238,249**	64,295
CFA francs	**640,297**	204,985
Haitian gourdes	**642,851**	392,308
Guinean francs	**18,053**	12,888
Other currencies	**26,848**	17,511
Restricted cash		
Guatemalan quetzal	**846,579**	788,633
Accounts payable and accrued liabilities		
U.S. dollars	**299,797**	145,317
CFA francs	**462,844**	281,515
Haitian gourdes	**675,565**	745,194
Other currencies	**75,301**	94,670

Centre for International Studies and Cooperation
Notes to Consolidated Financial Statements
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13 - FINANCIAL RISKS (Continued)

Interest rate risk

The Organization is exposed to interest rate risk with respect to financial liabilities bearing fixed interest rates.

The long-term debt bears interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the consolidated statement of financial position.

14 - COMMITMENTS

The Organization has entered into long-term lease agreements expiring in May 2028 which call for lease payments of $64,895 for the rental of office equipment and maintenance services. Minimum lease payments for the next five years are $28,609 in 2024, $11,475 in 2025, $9,850 in 2026 and 2027, and $4,381 in 2028.

15 - CONTINGENCIES

The Organization entered into partnership agreements with other organizations to realize projects. With respect to donors, under these agreements, the Organization is jointly and severally liable for the realization of these projects with these other organizations. As at March 31, 2023, the signed agreements total $132,284,316 ($156,588,588 as at March 31, 2022) and mature until September 2027. In the opinion of management, there is no significant risk because to complete the projects all partnerships are subject to contracts between the organizations, in which the partners' respective financial liabilities are clearly specified.