

THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

FINANCIAL STATEMENTS

DECEMBER 31, 2014

THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
The Canadian Society for International Health

We have audited the accompanying financial statements of The Canadian Society for International Health, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and 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 for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Canadian Society for International Health as at December 31, 2014, 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
May 19, 2015

THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

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	2014	2013
REVENUE		
Projects - Technical assistance (Schedule A)	\$ 1,057,971	\$ 977,580
Canadian Conference on Global Health	223,254	207,108
Public Health Agency of Canada	177,136	327,601
Other	17,639	11,941
Gain (loss) on exchange rate	8,548	(8,709)
Memberships	7,310	17,738
	1,491,858	1,533,259
EXPENSES		
Technical assistance	863,108	891,897
Canadian Conference on Global Health	220,745	186,713
Facilitation and enablement	177,136	290,730
Program development	41,548	49,075
Administrative expenses		
- Salaries and benefits	68,378	107,204
- Fixed costs	37,017	61,863
- Variable costs	30,501	36,828
- Governance	20,974	7,751
- Other	284	2,319
	1,459,691	1,634,380
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	32,167	(101,121)
NET ASSETS, BEGINNING OF YEAR	5,344	106,465
NET ASSETS, END OF YEAR	\$ 37,511	\$ 5,344

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STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

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	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 202,774	\$ 113,088
Accounts receivable (Note 3)	120,051	237,567
Work in progress	217,866	-
Prepaid expenses	11,689	13,430
	\$ 552,380	\$ 364,085
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 346,321	\$ 236,323
Deferred revenue (Note 5)	168,548	122,418
	514,869	358,741
NET ASSETS		
Unrestricted	37,511	5,344
	\$ 552,380	\$ 364,085

Contractual obligations (Note 8) and Contingencies (Note 9)

ON BEHALF OF THE BOARD

_____, Director

_____, Director

THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

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	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 32,167	\$ (101,121)
Net change in non-cash working capital items:		
Accounts receivable	117,516	(73,595)
Work in progress	(217,866)	264,292
Prepaid expenses	1,741	(3,500)
Accounts payable and accrued liabilities	109,998	(53,059)
Deferred revenue	46,130	65,208
INCREASE IN CASH	89,686	98,225
CASH, BEGINNING OF YEAR	113,088	14,863
CASH, END OF YEAR	\$ 202,774	\$ 113,088

THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

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1. STATUTE AND NATURE OF OPERATIONS

The Canadian Society for International Health is incorporated without share capital under Part II of the Canada Not-for-profit Corporations Act. The Society, a national voluntary organization, facilitates and supports health and development activities around the world through the mobilization of Canadian and other resources. The Society advocates for health policy and programming which contributes to global objectives of health for all, equity and social justice and builds partnerships with Canadian and other institutions and organizations. As a registered charity, the Society is exempt from income tax according to the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The Society applies Canadian accounting standards for not-for-profit organizations (ASNFP) in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the net realizable value of work in progress and the valuation of deferred revenue.

Revenue recognition

The Society follows the deferral method of accounting for grants and contributions. Under this method, grants and contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. These grants and contributions may be repayable if not utilized within their respective programs.

Unrestricted grants and contributions are recognized as revenue, when received or receivable, provided that the amount to be received can be reasonably estimated and collection reasonably assured.

The Society recognizes revenue from contracts on the basis of the inherent conditions related to each contract. Contracts specify the deliverables and services to be rendered at each stage. Expenses incurred in excess of amount received are presented as work in progress if an agreement for the project is signed. Amounts received in advance, in excess of expenses incurred, are presented as deferred revenue.

Membership fees are recorded when received while interest, conference revenue and other revenue are recorded when earned.

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NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocated expenses

The Society allocates certain of its salaries and benefits as well as its administrative expenses to technical assistance and facilitation and enablement by identifying the appropriate basis of allocating each component and applies that basis consistently each year.

Salaries and benefits as well as administrative expenses are allocated on the basis of the approved budget of the contribution agreements which are based on the actual needs of the Society.

Foreign currency transactions

The Society uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations, except for the cost of depreciation translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the statement of operations.

Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Society determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Transaction costs

The Society recognizes its transaction costs in operations in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

3. ACCOUNTS RECEIVABLE

	2014	2013
Trade accounts	\$ 105,372	\$ 216,856
HST receivable	14,679	20,711
	\$ 120,051	\$ 237,567

4. BANK LOAN

The Society has an authorized line of credit of \$50,000 renewable annually, at prime lending rate plus 1.0%. The line of credit is secured by a general security agreement and is unused at year-end.

5. DEFERRED REVENUE

Details in deferred revenue are as follows:

	2014	2013
Asian Development Bank	\$ 94,592	\$ -
World Vision Canada	29,326	31,117
International Development Research Centre	25,000	50,000
Hepatitis C Prevention, Support & Research Program	16,286	33,301
World Bank	3,344	8,000
	\$ 168,548	\$ 122,418

Changes in deferred revenue balances are as follows:

	2014	2013
Balance, beginning of year	\$ 122,418	\$ 57,210
Plus: Amount received during the year	1,504,490	1,577,497
Less: Amount recognized as revenue in the year	(1,458,360)	(1,512,289)
Balance, end of year	\$ 168,548	\$ 122,418

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6. FINANCIAL INSTRUMENTS

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 Society's main credit risks relate to its accounts receivable. The Society provides credit to its clients in the normal course of its operations.

Also, the Society continuously reviews the financial situation of its clients and examines the credit history of all new clients. The Society establishes allowances for doubtful accounts while keeping in mind the specific credit risk of clients, their historic tendencies and economic situation. The total trade accounts are to be received from one entity. The Society considers that no credit risk arises from that situation.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Society to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The Society does not use derivative financial instruments to alter the effects of this risk.

The Society's line of credit bears a variable interest rate. Consequently, the Society's interest risk exposure is function of the changes of the prime rate. However, a variation of 1% of the prime rate would not have a significant effect on the net earnings and financial position of the Society.

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. As at December 31, 2014, assets and liabilities in U.S. dollars and Kazakhstan Tenge are as follows:

	U.S. dollars presented in Canadian dollars		Kazakhstan Tenge presented in Canadian dollars	
	2014	2013	2014	2013
Cash	\$ 121,812	\$ 71,981	\$ 94,515	\$ 44,978
Accounts receivable	\$ 104,872	\$ 205,175	\$ -	\$ -
Accounts payable	\$ 121,869	\$ -	\$ 83,034	\$ -

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7. ALLOCATED EXPENSES

Salaries and benefits as well as administrative expenses are allocated to technical assistance and facilitation and enablement categories as follows:

	Technical assistance		Facilitation and enablement	
	2014	2013	2014	2013
Salaries and benefits	\$ 167,563	\$ 221,818	\$ 111,165	\$ 139,605
Administrative expenses	4,500	4,500	10,756	27,140
	\$ 172,063	\$ 226,318	\$ 121,921	\$ 166,745

8. CONTRACTUAL OBLIGATIONS

The commitments of the Society under a long-term lease agreement aggregate to \$183,900. The instalments over the next five years are the following:

2015	\$ 39,900
2016	\$ 36,000
2017	\$ 36,000
2018	\$ 36,000
2019	\$ 36,000

9. CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Society signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Society to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

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ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2014

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	2014	2013
SCHEDULE A - PROJECTS - TECHNICAL ASSISTANCE		
World Bank	\$ 632,627	\$ 866,253
Asian Development Bank	354,575	-
World Vision Canada	70,769	111,327
	\$ 1,057,971	\$ 977,580
