

**THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

# 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, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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, 2016, 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.

*Marcil Lavallée*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
May 29, 2017

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

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|   | 2016                | 2015              |
|---|---------------------|-------------------|
| <b>REVENUE</b>                                      |                     |                   |
| Projects - Technical assistance (Schedule A)        | \$ 595,126          | \$ 2,311,754      |
| Global Health Conferences                           | 696,145             | 394,352           |
| Public Health Agency of Canada                      | 231,348             | 197,914           |
| Gain (loss) on exchange rate                        | (22,020)            | 43,256            |
| Memberships   | 10,030              | 7,170             |
| Other   | 32,146              | 17,956            |
|   | <b>1,542,775</b>    | <b>2,972,402</b>  |
| <b>EXPENSES</b>                                     |                     |                   |
| Technical assistance                                | 489,534             | 1,690,914         |
| Global Health Conferences                           | 651,577             | 350,855           |
| Facilitation and enablement                         | 254,406             | 212,249           |
| Program development                                 | 45,245              | 38,781            |
| Administrative expenses                             |                     |                   |
| - Salaries and benefits                             | 144,589             | 67,502            |
| - Variable costs                                    | 45,177              | 50,439            |
| - Fixed costs                                       | 32,959              | 40,886            |
| - Governance  | 10,759              | 12,691            |
| - Other   | 2,508               | 1,672             |
|   | <b>1,676,754</b>    | <b>2,465,989</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b> | <b>\$ (133,979)</b> | <b>\$ 506,413</b> |

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016

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|   | Unrestricted | Contingency<br>Reserve<br>Fund | 2016<br>Total | 2015<br>Total |
|---|--------------|--------------------------------|---------------|---------------|
| <b>BALANCE, BEGINNING OF<br/>YEAR</b>           | \$ 293,924   | \$ 250,000                     | \$ 543,924    | \$ 37,511     |
| Excess (deficiency) of revenue over<br>expenses | (133,979)    | -                              | (133,979)     | 506,413       |
| <b>BALANCE, END OF YEAR</b>                     | \$ 159,945   | \$ 250,000                     | \$ 409,945    | \$ 543,924    |

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

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|   | 2016              | 2015                |
|---|-------------------|---------------------|
| <b>ASSETS</b>                                     |                   |                     |
| <b>CURRENT ASSETS</b>                             |                   |                     |
| Cash  | \$ 549,948        | \$ 781,872          |
| Accounts receivable (Note 3)                      | 127,898           | 149,788             |
| Work in progress                                  | 134,671           | 226,790             |
| Prepaid expenses                                  | 5,024             | 13,844              |
|   | <b>\$ 817,541</b> | <b>\$ 1,172,294</b> |
| <b>LIABILITIES</b>                                |                   |                     |
| <b>CURRENT LIABILITIES</b>                        |                   |                     |
| Accounts payable and accrued liabilities (Note 5) | \$ 175,781        | \$ 261,636          |
| Deferred revenue (Note 6)                         | 231,815           | 366,734             |
|   | <b>407,596</b>    | <b>628,370</b>      |
| <b>NET ASSETS</b>                                 |                   |                     |
| Unrestricted                                      | 159,945           | 293,924             |
| Internal restriction                              |                   |                     |
| Contingency Reserve Fund                          | 250,000           | 250,000             |
|   | <b>409,945</b>    | <b>543,924</b>      |
|   | <b>\$ 817,541</b> | <b>\$ 1,172,294</b> |

ON BEHALF OF THE BOARD

 Director

05/06/2016

 Director

06 June 2017

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

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|   | 2016              | 2015              |
|---|-------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>                             |                   |                   |
| Excess (deficiency) of revenue over expenses            | \$ (133,979)      | \$ 506,413        |
| <b>Net change in non-cash working capital items:</b>    |                   |                   |
| Accounts receivable                                     | 21,890            | (29,737)          |
| Work in progress  | 92,119            | (8,924)           |
| Prepaid expenses  | 8,820             | (2,155)           |
| Accounts payable and accrued liabilities                | (85,855)          | (84,685)          |
| Deferred revenue  | (134,919)         | 198,186           |
|   | (97,945)          | 72,685            |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>(231,924)</b>  | <b>579,098</b>    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>     | <b>781,872</b>    | <b>202,774</b>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>           | <b>\$ 549,948</b> | <b>\$ 781,872</b> |

Cash and cash equivalents consist of cash.



# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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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 (ASNFO) in accordance with Part III of the CPA Canada Handbook – Accounting.

#### Use of estimates

The preparation of financial statements in compliance with the ASNFO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the evaluation of work in progress and 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.

Work in progress is accounted for based on billing value using the percentage of completion of contracts.

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

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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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, facilitation and enablement, Global Health Conferences and Program development 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, or on the basis of the estimated time spent on each of the programs.

#### **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 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.

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

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

##### *Impairment*

Financial assets measured at amortized 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.

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Transaction costs*

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.

#### Cash and cash equivalents

The Society's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

### 3. ACCOUNTS RECEIVABLE

|                          | 2016       | 2015       |
|--------------------------|------------|------------|
| Contributions receivable | \$ 119,420 | \$ 134,223 |
| HST receivable           | 8,478      | 15,565     |
|                          | \$ 127,898 | \$ 149,788 |

### 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. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                                   | 2016       | 2015       |
|-----------------------------------|------------|------------|
| Suppliers and accrued liabilities | \$ 171,022 | \$ 256,747 |
| Government remittances            | 4,759      | 4,889      |
|                                   | \$ 175,781 | \$ 261,636 |

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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### 6. DEFERRED REVENUE

The deferred revenues represents restricted funding that is related to the subsequent year.

Details in deferred revenue are as follows:

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| World Vision Canada                                | \$ 166,915        | \$ -              |
| Hepatitis C Prevention, Support & Research Program | 32,920            | 80,723            |
| Asian Development Bank                             | 23,725            | 115,461           |
| Memberships received in advance                    | 8,255             | -                 |
| Global Health Conferences                          | -                 | 170,550           |
|  | <b>\$ 231,815</b> | <b>\$ 366,734</b> |

Variations in deferred revenue balances are as follows:

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| Balance, beginning of year                     | \$ 366,734        | \$ 168,548        |
| Plus: Amount received during the year          | 724,643           | 3,117,162         |
| Less: Amount recognized as revenue in the year | (859,562)         | (2,918,976)       |
| Balance, end of year                           | <b>\$ 231,815</b> | <b>\$ 366,734</b> |

### 7. CONTINGENCY RESERVE FUND

In 2015, the Board of Directors of the Society approved the transfer of \$250,000 to the Contingency Reserve Fund. This internally restricted fund was created in order to set aside a sum of money to cover unforeseen expenditures.

### 8. 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 establishes allowances for doubtful accounts while keeping in mind the specific credit risk of clients, their historic tendencies and economic situation. Approximately 87% of the total trade accounts is to be received from two entities. The Society considers that no significant risk arises from that situation.

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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### 8. FINANCIAL INSTRUMENTS (continued)

#### 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 uses a line of credit bearing 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 will 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, 2016, assets and liabilities in U.S. dollars are as follows:

|                     | U.S. dollars presented in<br>Canadian dollars |            |
|---------------------|---|------------|
|                     | 2016  | 2015       |
| Cash                | \$ 71,199                                     | \$ 609,326 |
| Accounts receivable | \$ 97,713                                     | \$ 109,589 |
| Accounts payable    | \$ 84,065                                     | \$ 166,468 |

### 9. ALLOCATED EXPENSES

Salaries and benefits as well as administrative expenses are allocated to the technical assistance, facilitation and enablement, Global Health Conferences and Program development categories as follows:

|                            | Technical assistance |            | Facilitation<br>and Enablement |            | Global Health<br>Conferences |           | Program<br>Development |           |
|----------------------------|----------------------|------------|--------------------------------|------------|------------------------------|-----------|------------------------|-----------|
|                            | 2016                 | 2015       | 2016                           | 2015       | 2016                         | 2015      | 2016                   | 2015      |
| Salaries and<br>benefits   | \$ 73,058            | \$ 278,595 | \$ 131,551                     | \$ 101,437 | \$ 122,697                   | \$ 94,423 | \$ 29,412              | \$ 24,785 |
| Administrative<br>expenses | -                    | 15,919     | 13,561                         | 13,556     | -                            | -         | -                      | -         |
|                            | \$ 73,058            | \$ 294,514 | \$ 145,112                     | \$ 114,993 | \$ 122,697                   | \$ 94,423 | \$ 29,412              | \$ 24,785 |

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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### 10. CONTRACTUAL OBLIGATIONS

The commitment of the Society under a long-term lease agreement aggregates to \$34,930. This amount will be paid during the next year.

### 11. 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.

# THE CANADIAN SOCIETY FOR INTERNATIONAL HEALTH

## ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2016

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|  | 2016              | 2015                |
|--|-------------------|---------------------|
| <b>SCHEDULE A - PROJECTS - TECHNICAL ASSISTANCE</b>  |                   |                     |
| Mongolia Ministry of Health (Asian Development Bank) | \$ 445,764        | \$ 499,645          |
| World Vision Canada                                  | 149,362           | 29,326              |
| Kazakhstan Ministry of Health (World Bank)           | -                 | 1,782,783           |
|  | <b>\$ 595,126</b> | <b>\$ 2,311,754</b> |