

**SOCODEVI : Société
de coopération pour le
développement international**

Financial Statements
As at March 31, 2024

Together with Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the members of
SOCODEVI : Société de coopération pour le développement international,

Opinion

We have audited the financial statements of **SOCODEVI : SOCIÉTÉ DE COOPÉRATION POUR LE DÉVELOPPEMENT INTERNATIONAL** (Company), which comprise the balance sheet as at March 31, 2024, and the statements of income, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, 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 Financial Statements" section of our report. We are independent of the Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

Mallette L.L.P. 1

Mallette L.L.P.
Partnership of chartered professional accountants

Lévis, Canada
September 20, 2024

¹ FCPA auditor, public accountancy permit No. A119066

SOCODEVI : Société de coopération pour le développement international

STATEMENT OF INCOME

For the year ended March 31,

2024

2023

REVENUES

International program	\$ 40,736,744	\$ 32,618,940
Contributed services rendered by member institutions	650,351	183,938
Contributions from member institutions	50,726	56,132
Interest and other revenues	471,880	427,196

41,909,701 33,286,206

EXPENSES

International program	36,647,699	29,968,666
Institutional expenses	3,830,984	3,155,396
Contributed services rendered by member institutions	650,351	183,938
Amortization of fixed assets	35,913	49,893
Amortization of intangible assets	1,205	518

41,166,152 33,358,411

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES \$ **743,549** \$ (72,205)

SOCODEVI : Société de coopération pour le développement international

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31,

2024

2023

	Unappropriated	Invested in fixed assets and intangible assets to Contingency (Notes 5 and 6)	Appropriated Fund to Special Projects Fund	Appropriated to Special Projects Fund	Total
BALANCE, beginning of year	\$ 4,957,560	\$ 173,376	\$ 1,859,109	\$ 1,227,872	\$ 8,217,917
Excess (deficiency) of revenues over expenses	706,306	(37,968)	97,489	(22,278)	(72,205)
Appropriations	(118,229)	118,229	-	-	-
BALANCE, end of year	\$ 5,545,637	\$ 253,637	\$ 1,956,598	\$ 1,205,594	\$ 8,961,466

SOCODEVI : Société de coopération pour le développement international

BALANCE SHEET

As at March 31,

2024

2023

ASSETS

CURRENT ASSETS

Cash	\$ 3,415,446	\$ 3,073,247
Term savings, 3% to 4.7%	18,074,006	14,580,416
Accounts receivable (Note 3)	1,517,515	2,312,193
Prepaid expenses	2,673,716	1,348,403
Current portion of investments (Note 4)	246,515	241,865

25,927,198 21,556,124

INVESTMENTS (Note 4) 3,769,375 3,612,651

FIXED ASSETS (Note 5) 253,637 173,376

\$ 29,950,210 \$ 25,342,151

LIABILITIES

CURRENT LIABILITIES

Accounts payable (Note 7)	\$ 2,151,229	\$ 1,471,413
Deferred revenue (Note 8)	17,987,806	14,803,071

20,139,035 16,274,484

PROVISIONS FOR FUTURE CONTRIBUTIONS 849,709 849,750

20,988,744 17,124,234

NET ASSETS

Unappropriated	5,545,637	4,957,560
Invested in fixed assets and intangible assets	253,637	173,376
Appropriated to Contingency Fund	1,956,598	1,859,109
Appropriated to Special Projects Fund	1,205,594	1,227,872

8,961,466 8,217,917

\$ 29,950,210 \$ 25,342,151

COMMITMENT (Note 9)

On behalf of the Board,

_____, Director

_____, Director

SOCODEVI : Société de coopération pour le développement international

STATEMENT OF CASH FLOWS

For the year ended March 31,

2024

2023

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ 743,549	\$ (72,205)
Non-cash items		
Amortization of fixed assets	37,118	50,411
Loss on disposal of fixed assets	97,052	-
	877,719	(21,794)
Net change in non-cash working capital items	3,333,916	2,681,715
	4,211,635	2,659,921

INVESTING ACTIVITIES

Acquisition of investments	(136,135)	(2,000,000)
Proceeds from the disposal of investments, net of interest income	(25,239)	1,344,313
Acquisition of fixed assets and intangible assets	(214,431)	(57,408)
	(375,805)	(713,095)

FINANCING ACTIVITY

Change in provisions for future contributions	(41)	270,494
---	------	---------

INCREASE IN CASH AND CASH EQUIVALENTS

	3,835,789	2,217,320
CASH AND CASH EQUIVALENTS, beginning of year	17,653,663	15,436,343
CASH AND CASH EQUIVALENTS, end of year	\$ 21,489,452	\$ 17,653,663

Cash and cash equivalents include:

Cash	\$ 3,415,446	\$ 3,073,247
Term savings, 3% to 4.7% (2023 - 2.5% to 4.2%)	18,074,006	14,580,416
	\$ 21,489,452	\$ 17,653,663

SOCODEVI : Société de coopération pour le développement international

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2024

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Company is a not-for-profit organization incorporated under Part II of the Canada Business Corporations Act. Along with its various lenders, through the involvement of its member institutions and through promotion of the cooperative and mutualism movements and other forms of associations, the Company contributes to sustainable development in partner countries with a view to empowering their inhabitants. The Company is exempt from taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation of financial statements

The Company's financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Principle of consolidation

The Company has a consortium agreement with the Centre de coopération internationale en santé et développement and Lawyers Without Borders Canada for the project "Santé et droits des femmes, des adolescentes et des enfants (PLURIELLES)". Under this contract, concluded on July 30, 2021 by the parties, the Company holds 25% of the rights, obligations, assets, proceeds and losses of the consortium.

The Company accounts for its participation in a consortium using the proportionate consolidation method.

Use of 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 disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results may differ from these estimates.

Revenue recognition

The Company follows the deferral method of accounting for contributions. Under this method, appropriated contributions are recognized as revenues in the same year as the related expenses are incurred. Unappropriated contributions are recognized as revenues in the year in which they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

In accordance with contribution agreements entered into with different lenders, any non-spent or unjustified amount provided by these lenders to the Company must be returned to them, under the terms of the programs accepted by the lenders. No provision has been recognized in respect of amounts that could be returned.

Under some agreements entered into with lenders, the interest generated by their contributions must be used for the project and the interest that will not have been spent or justified must be returned to the lenders. This interest is accounted for as deferred revenue and transferred to the project's revenues when it is reinvested in the project. Any other interest income is included in "Interest and other revenues".

SOCODEVI : Société de coopération pour le développement international

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting

Unappropriated net assets consist of the excesses of current and prior years, net of appropriations to other funds.

Net assets invested in fixed assets and intangible assets present the assets, liabilities, revenues and expenses related to fixed assets and intangible assets.

The Contingency Fund's purpose is to provide the Company with a sufficient reserve so that the Company will be able to meet its financial obligations towards its partners, lenders, suppliers and employees. Any increase in this fund must be ratified by the Board of Directors. Members will decide of the disposal and the use of the fund at the special meeting of members. Investment income from the Contingency Fund's resources is also presented in the Contingency Fund.

The Special Projects Fund's purpose is to provide the Company with financial resources so that the Company can foster and strengthen its development. Any increase, disposal and use of the fund must be ratified by the Board of Directors.

Currency translation

Transactions concluded in other currencies are translated according to the temporal method. Therefore, monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, non-monetary assets and liabilities are translated at the historical rate and income statement items are translated at the exchange rate in effect at that date. All exchange gains and losses are current in nature and are included in the statement of income.

Financial instruments

Measurement of financial instruments

The Company initially measures its financial assets and liabilities at fair value, except for operations between related parties other than members of management, that it measures at cost.

Subsequently, it assesses all its financial assets and liabilities at cost after depreciation.

Impairment of financial assets

Financial assets measured at cost are subject to an impairment test if there are any indications of impairment. The reduction in value amount is accounted for in the income statement. Already posted depreciation may be subject to value recovery to the extent of the improvement, either directly, or by adjusting the allowance account. The adjusted carrying amount shall not be greater than what it would have been at the time of the recovery if the depreciation had never been recognized. This recovery is accounted for in the income statement.

Prepaid expenses

Prepaid expenses have been paid to local partners, consultants and employees, as well as Canadian employees working abroad to allow the realization of the projects in countries of intervention. Prepaid expenses also include payments of an administrative nature.

SOCODEVI : Société de coopération pour le développement international

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

Fixed assets are accounted for at cost.

Amortization is based on their life using the straight-line method over the following periods:

Leasehold improvements	remaining term of the lease
Computer equipment	5 years
Furniture and office equipment	10 years
Rolling stock	4 years

Fixed assets acquired as part of the international program are charged to income since the Company does not remain the owner of these assets.

Deferred revenue

Lenders' contributions, whose expenses related to the corresponding projects are not incurred, are accounted for as deferred revenue and transferred to income during the year in which the expenses are incurred.

Contributions in the form of services rendered

Contributions in the form of services rendered represent the value of the contribution provided by the Company's member institutions under its international program. This value was estimated from the daily rates recognized by Global Affairs Canada under its international program.

Services received without consideration

Income does not include the cost of services rendered through awareness and institutional activities by the directors, the employees and other reference people that are part of the Company's member institutions.

Impairment of long-term assets

Long-term assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds the undiscounted cash flows expected to result from their use and eventual disposition. An impairment loss should be measured as the amount by which the carrying amount of a long-term asset exceeds its fair value.

Employee future benefits

The Company offers a defined contribution plan to its employees.

Current service cost for the pension plan is accounted for in the statement of income in the year in which the contributions are payable by the employer. Past service costs are recognized in the year in which the plan is initiated or in the year in which a plan amendment is agreed to.

Cash and cash equivalents

The Company's cash and cash equivalents include cash and term savings.

SOCODEVI : Société de coopération pour le développement international

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2024

3. ACCOUNTS RECEIVABLE

	2024.	2023
Contributions receivable	\$ 1,249,348	\$ 1,691,850
Contributions receivable from joint venture projects	118,562	413,190
Contributions receivable in partners' name	-	109,101
Other	149,605	98,052
	\$ 1,517,515	\$ 2,312,193

4. INVESTMENTS

	2024	2023
Contingency Fund and Special Projects Fund		
<u>Investments at cost</u>		
Desjardins		
Term deposit certificate, at an annual compound rate of 2%, maturing in September 2024, non-redeemable before maturity	\$ 109,224	\$ 107,076
La Capitale		
Guaranteed investment certificates, at annual compound rates ranging from 0.8% to 4.5%, maturing until July 2026, non-redeemable before maturity	1,513,622	1,490,532
Union Vie		
Investment certificate, at an annual compound rate of 4.35%, maturing in January 2026, redeemable at any time	137,744	134,789
Quebec International Solidarity Investment Fund		
Investment, at an annual compound rate of 3%, which can be increased to 5% if the profitability of the Fund allows it, maturing in April 2030, non-redeemable before maturity	40,000	40,000
	1,800,590	1,772,397
<u>Investment at fair value</u>		
SSQ		
Mutual funds	2,215,300	2,082,119
	4,015,890	3,854,516
Current portion	246,515	241,865
	\$ 3,769,375	\$ 3,612,651

SOCODEVI : Société de coopération pour le développement international

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2024

5. FIXED ASSETS

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 182,872	\$ 174,995	\$ 7,877	3,139
Computer equipment	467,784	354,864	112,920	108,016
Furniture and office equipment	297,446	164,606	132,840	62,221
Rolling stock	40,090	40,090	-	-
	\$ 988,192	\$ 734,555	\$ 253,637	173,376

6. CREDIT FACILITIES

The Company has an authorized credit facility of \$1,000,000, bearing interest at the prime rate. The credit facility is secured by all current and future accounts receivable, income from letters of guarantee in favour of the Company and investments held in any form for an amount of \$1,200,000. As at March 31, 2024, the credit facility was unused.

The Company also has a credit facility specific to forward currency exchange contracts and foreign currency options, for an authorized amount of \$60,000, bearing interest at the prime rate plus 3% and renewable annually. As at March 31, 2024, the credit facility is unused and secured by the term deposit certificate with a net book value of \$109,224.

7. ACCOUNTS PAYABLE

	2024	2023
Supplier accounts and accrued expenses	\$ 851,938	\$ 626,552
Contributions payable to partners	131,393	109,101
Accrued salaries and vacations	1,081,524	667,579
Amounts owed to the government		
Payroll deductions and contributions	86,374	68,181
	\$ 2,151,229	\$ 1,471,413

SOCODEVI : Société de coopération pour le développement international

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2024

8. DEFERRED REVENUE

	2024	2023
BALANCE , beginning of year	\$ 12,698,031	\$ 9,750,073
Receipts, interest granted and other variations	<u>44,431,961</u>	<u>35,193,113</u>
	57,129,992	44,943,186
Amounts transferred to income	<u>40,510,096</u>	<u>32,245,155</u>
BALANCE , end of year	\$ 16,619,896	\$ 12,698,031
Deferred revenue	\$ 17,987,806	\$ 14,803,071
Contributions receivable	(1,249,348)	(1,691,850)
Contributions receivable from joint venture projects	<u>(118,562)</u>	<u>(413,190)</u>
BALANCE , end of year	\$ 16,619,896	\$ 12,698,031

9. COMMITMENT

Lease

The Company has a lease commitment until 2028 for the rental of office space. The balance of the commitment under such lease is \$459,925. Minimum payments payable over the next five years are as follows:

2025 -	\$	101,204
2026 -	\$	104,144
2027 -	\$	107,172
2028 -	\$	110,291
2029 -	\$	37,114

10. RELATED PARTY TRANSACTIONS

The Company is related to the SOCODEVI Foundation for international development (Foundation), whose mission is to collect donations in order to financially support local communities and associative organizations (cooperatives and mutual organizations) in developing countries.

The Company is related to the Foundation by its right to designate three of the seven directors and by the fact that it holds an economic interest in its activities. The Foundation allows the Company's member institutions to make donations to the Company's Southern partners, among other things. These donations are considered as a financial counterpart of the Company in its partnership program with Global Affairs Canada.

The Company has committed to providing the Foundation with the administrative services required for the realization of its activities, without receiving consideration in return.

SOCODEVI : Société de coopération pour le développement international

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2024

11. FINANCIAL INSTRUMENTS

Currency risk

The Company realizes some of its transactions in foreign currencies, especially in euros, US dollars, Malagasy Ariary, Colombian pesos and CFA francs. Consequently, the Company has a foreign currency exposure on certain assets. As at March 31, 2024, net financial assets denominated in foreign currencies and converted into Canadian dollars total \$1,556,274 (2023 - \$2,830,437). Given that currency risk is often taken on by funders in different projects, the Company considers that, as at March 31, 2024, only net liabilities of \$1,139,369 (2023 - net financial assets of \$1,255,394) are exposed to currency risk.

The Company has an agreement on forward currency exchange contracts and foreign currency options with a trading volume of \$1,000,000 for derivative contracts of a term not exceeding 24 months.

As at March 31, 2024, the Company had no active forward currency exchange contracts.

Credit risk

In the normal course of its activities, the Company monitors its accounts receivable. The Company does not believe it is exposed to higher than normal risks regarding its clients.

As at March 31, 2024, approximately 39% (2023 - 72%) of accounts receivable were due from one client (2023 - three clients).

The risk of uncollectibility is mitigated by the fact that the amounts receivable are mainly from government organizations and government corporations.

Interest rate risk

The Company has credit facilities at variable rates. However, they are unused as at March 31, 2024.

Investments bear interest at fixed rates ranging from 0.8% to 5.5%. Consequently, the risks the Company is exposed to are minimal.