

SEVA CANADA SOCIETY

FINANCIAL STATEMENTS
JUNE 30, 2015

SEVA CANADA SOCIETY

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INDEPENDENT AUDITOR'S REPORT

To the Members of SEVA Canada Society

We have audited the accompanying financial statements of **SEVA Canada Society**, which comprise the statement of financial position as at **June 30, 2015**, and the statement of operations and changes in net assets and statement of cash flows, 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 the 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

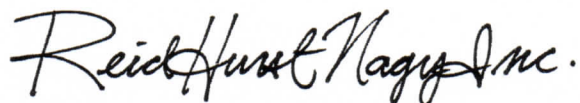
Basis for Qualified Opinion

The Society is responsible for funding programs and projects in developing countries. Due to their nature, some of these activities are not susceptible to satisfactory audit verification. Accordingly, our examination was limited to verification of the fund transfers to the project countries and we were not able to determine whether any adjustments might be necessary to the statement of operations and changes to net assets and the statement of financial position.

In common with many not-for-profit organizations, the Society derives revenue from fundraising and donations of goods and services, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of SEVA Canada Society and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditures, tangible capital assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **SEVA Canada Society** as at **June 30, 2015**, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. As required by paragraph 47(2)(b) of the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
July 31, 2015

SEVA CANADA SOCIETY


STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and term deposits	\$ 471,560	\$ 547,799
Internally restricted term deposit (Note 3)	50,515	49,910
Accounts receivable	21,816	822
Goods and services tax receivable	3,904	4,401
Prepaid expenses	8,213	3,890
Inventory	9,563	7,836
	565,571	614,658
TANGIBLE CAPITAL ASSETS (Note 4)	4,827	2,968
	\$ 570,398	\$ 617,626
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 16,676	\$ 19,687
Deferred revenue	-	31,948
	16,676	51,635
NET ASSETS		
Internally restricted	50,515	49,910
Invested in tangible capital assets	4,827	2,968
Unrestricted	498,380	513,113
	553,722	565,991
	\$ 570,398	\$ 617,626

Approved on behalf of the Society:



Director



Director

The accompanying notes are an integral part of these financial statements.

SEVA CANADA SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2015

	2015 Budget Unaudited	2015 Actual	2014 Actual
REVENUE			
CIDA program grants (Note 5)	\$ 196,507	\$ 197,910	\$ 216,129
Project grants and contracts	155,000	160,735	164,852
Donations	1,060,000	1,066,486	1,337,013
Donations - in kind	20,000	1,171	28,039
Special events, presentations and net merchandise sales	45,000	46,245	17,526
Interest and other income	4,000	6,762	3,500
Other Government revenue	-	-	12,000
	1,480,507	1,479,309	1,779,059
COST OF GOODS SOLD			
Opening inventory	-	7,836	8,684
Purchases	3,500	8,682	5,766
Closing inventory	-	(9,563)	(7,836)
	3,500	6,955	6,614
	1,477,007	1,472,354	1,772,445
EXPENSES			
Program payments (Schedule1)	875,072	918,295	997,863
Program administration (Schedule1)	216,011	235,313	252,956
Fundraising (Schedule2)	193,024	200,367	194,683
General administration (Schedule2)	123,277	130,648	111,073
	1,407,384	1,484,623	1,556,575
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	69,623	(12,269)	215,870
NET ASSETS, BEGINNING OF YEAR	-	565,991	350,121
NET ASSETS, END OF YEAR	\$ 69,623	\$ 553,722	\$ 565,991

The accompanying notes are an integral part of these financial statements.

SEVA CANADA SOCIETY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficit) of revenue over expenses	\$ (12,269)	\$ 215,870
Items not requiring the outlay of cash:		
Amortization	1,185	1,061
	(11,084)	216,931
Change in non-cash working capital items:		
Accounts receivable	(20,994)	(411)
Goods and services tax receivable	497	7,472
Prepaid expenses	(4,323)	21,895
Inventory	(1,727)	848
Deferred revenue	(31,948)	31,948
Accounts payable and accrued liabilities	(3,011)	2,592
	(72,590)	281,275
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,044)	-
(DECREASE) INCREASE IN CASH	(75,634)	281,275
CASH, BEGINNING OF YEAR	597,709	316,434
CASH, END OF YEAR	\$ 522,075	\$ 597,709
CASH consist of:		
Cash and term deposits	\$ 471,560	\$ 547,799
Internally restricted term deposit	50,515	49,910
	\$ 522,075	\$ 597,709

The accompanying notes are an integral part of these financial statements.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

1. NATURE OF OPERATIONS

Seva Canada Society's (the Society) mission is to restore sight and prevent blindness in the developing world. The Society is incorporated under the British Columbia Society's Act as a not-for-profit organization and is a registered charity and is exempt from tax under paragraph 149(1)(f) of the Income Tax Act .

The Society is guided by:

- (a) the belief in equal access to eye care for all.
- (b) the belief that with adequate resources, all people can meet their own needs.
- (c) the commitment to working with international partners to build local, sustainable eye care programs.
- (d) the respect for cultural, ethnic, spiritual and other forms of diversity.
- (e) the commitment to inform and inspire Canadians to join us in achieving our mission.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions 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.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Restrictions on Net Assets

Since 1998, donations received in memory of Trish Turner, a long time supporter of the Society and the spouse of a Board Member, have been segregated, invested and used only for certain activities designated by the Board. Until the year ended June 30, 2006, the activity consisted of support for overseas travel to program sites for volunteers who could not otherwise afford to go. In 2007, the application of the income from the investments has been expanded to include two additional alternatives.

- i) To support education, training, and development of individuals with partner organizations who have the potential to take on important medical or administrative roles or administrative roles within their organizations, and
- ii) To fund existing people within partner organizations to spend time in less developed partner organizations and help them move along the path to self sufficiency.

This group of donations has been characterized as internally restricted net assets. These internally restricted amounts are not available for any other purposes without the approval of the Board of Directors. Income from the investments not used for the above purposes is added to the internally restricted net assets.

In addition, the Society's financial policy requires that a minimum of six months operating costs be available at all times for the Society's use. The financial policy also ensures that 50% of all revenues are sent to programs and that a 5% surplus is maintained annually.

(c) Cash and Term Deposits

Cash and term deposits include term deposits with an original maturity of 12 months or less.

(d) Inventory

Inventory is recorded at lower of cost and net realizable value or current replacement cost in the case of donations in kind. Cost is determined using the first-in, first-out method.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Office equipment	Declining balance	20%
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	30%

(f) Allocation of General Expenses

The Society's policy is to allocate a percentage of administrative expenses to programs and project expenditures unless the expenses are directly attributable to an expense category and then the allocation reflects the direct attribution.

(g) Financial Instruments

The Society's financial instruments consist of cash and term deposits, internally restricted term deposit, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the Society is not exposed to significant interest, currency or credit risks.

(h) Volunteers and Donated Goods

In addition to the donations-in-kind recorded in the financial statements, the Society benefits from goods and services which are not recorded in the financial records of the Society.

(i) Use of Estimates

The preparation of financial statements in conformity 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 contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. INTERNALLY RESTRICTED TERM DEPOSIT

Distribution of the revenue earned from this investment is determined each year by the Board of Directors of the Society.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net	2014 Net
Furniture and fixtures	\$ 5,447	\$ 4,488	\$ 959	\$ 215
Office equipment	7,260	6,490	770	963
Computer equipment	44,241	41,143	3,098	1,790
	\$ 56,948	\$ 52,121	\$ 4,827	\$ 2,968

5. CIDA PROGRAM GRANTS

The Society has signed a five year funding agreement with the Canadian International Development Agency (CIDA) which has committed to providing up to \$982,535 for the Society's programs over the five-year term of the contract expiring July 31, 2016. The Society will match CIDA contributions to a total of \$358,320. These funds are to be used exclusively for the programs implemented under the agreement.

6. RELATED PARTY TRANSACTIONS

Transactions with Board Members and staffs, their family foundations, their businesses and shareholders, their immediate families or businesses related to them are summarized below:

	2015	2014
Revenue - Donations and other funds received	\$ 63,410	\$ 94,215

7. LEASE COMMITMENTS

The office premises lease was renewed for a three year term expiring January 31, 2016, with a monthly rent of \$1,600 plus GST.

8. ALBERTA REVENUE

Composition of revenue from Alberta is as follows:

	2015	2014
Donations	\$ 78,200	\$ 62,118

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

9. CREDIT FACILITIES

The Society has a \$35,000 line of credit with VanCity Savings which is secured by a claim against the assets of the organization. The loan bears interest at prime plus 1.5%. The balance at the year end was nil (2014: nil).

10. BUDGET FIGURES

The budgeted figures, as presented for comparative purposes, are unaudited and approved by the Board of Directors.

11. SUBSEQUENT EVENTS

Subsequent to the end of the year, Seva Canada Society was made aware of potential changes to its program in Tibetan areas of China. These changes are expected in the upcoming year and will be fully disclosed as information becomes available.

Subsequent to the year end, Seva Canada Society received an award for \$1,000,000 euros, one-third of which will be available for use for the Seva Canada Society. Receipt of this award is expected in 2015.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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SEVA CANADA SOCIETY

SCHEDULE 1 - PROGRAM EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2015

	2015 Budget	2015 Actual	2014 Actual
PROGRAM PAYMENTS - INTERNATIONAL			
CIDA Madagascar	\$ 27,000	\$ 25,834	\$ 77,795
CIDA Malawi	18,000	958	40,355
CIDA Nepal	85,150	81,007	57,256
CIDA Tanzania	95,000	80,544	123,399
Sight projects	627,922	717,455	684,781
	853,072	905,798	983,586
PROGRAM PAYMENTS - DOMESTIC			
Public engagement	22,000	12,497	14,277
	\$ 875,072	\$ 918,295	\$ 997,863
PROGRAM ADMINISTRATION			
Events	\$ 4,080	\$ 12,493	\$ 5,300
Office and miscellaneous	39,484	46,311	55,332
Professional fees	21,172	26,885	22,425
Rent	7,650	6,691	6,691
Telecommunications	952	1,838	1,800
Travel	22,100	16,626	48,750
Wages, benefits and subcontracts	120,573	124,469	112,658
	\$ 216,011	\$ 235,313	\$ 252,956

The accompanying notes are an integral part of these financial statements.

SEVA CANADA SOCIETY

SCHEDULE 2 - OTHER EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2015

	2015 Budget	2015 Actual	2014 Actual
FUNDRAISING			
Events	\$ 3,960	\$ 8,418	\$ 2,698
Other fundraising expenses	39,167	47,951	43,101
Publication postage and production	19,470	11,197	25,362
Rent	7,425	6,494	6,494
Telecommunications	924	916	870
Travel	3,000	2,357	3,486
Wages, benefits and subcontracts	119,078	123,034	112,672
	\$ 193,024	\$ 200,367	\$ 194,683
GENERAL ADMINISTRATION			
Amortization	\$ -	\$ 1,185	\$ 1,061
Equipment leases and maintenance	990	2,142	1,502
Insurance, licenses and fees	4,821	3,386	5,801
Office and miscellaneous	36,472	33,904	25,719
Professional fees	20,314	25,035	17,979
Rent	7,425	6,494	6,494
Telecommunications	924	919	896
Travel	3,000	2,357	3,486
Wages, benefits and subcontracts	49,331	55,226	48,135
	\$ 123,277	\$ 130,648	\$ 111,073

The accompanying notes are an integral part of these financial statements.