

**SEVA CANADA SOCIETY**

**FINANCIAL STATEMENTS**  
**June 30, 2016**

# SEVA CANADA SOCIETY

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SEVA CANADA SOCIETY

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We have audited the accompanying financial statements of **SEVA Canada Society**, which comprise the statement of financial position as at **June 30, 2016**, 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.

#### *Auditors' 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 auditors' 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 auditors 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.

#### *Basis for Qualified Opinion*

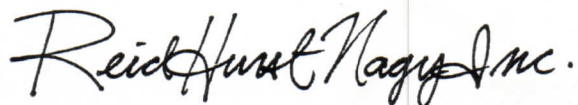
The Society is responsible for funding programs and projects in developing countries. Due to their nature, some of these activities are not susceptible to satisfactory audit verification. Accordingly, our examination was limited to verification of the fund transfers to the project countries and we were 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.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

### *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, 2016**, 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.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

VANCOUVER, B.C.  
September 15, 2016

# SEVA CANADA SOCIETY

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2016

	2016 Budget Unaudited	2016 Actual	2015 Actual
	\$	\$	\$
<b>REVENUE</b>			
Awards (Note 3)	-	480,299	-
CIDA program grants (Note 4)	199,042	191,358	197,910
Donations	1,258,589	883,288	1,066,486
Donations - in kind	20,000	1,243	1,171
Foreign exchange gain	-	9,345	491
Interest and other income	5,000	2,145	6,762
Project grants and contracts	312,500	325,401	160,735
Special events, presentations and net merchandise sales	79,500	52,389	46,245
	1,874,631	1,945,468	1,479,800
<b>COST OF GOODS SOLD</b>			
Opening inventory	-	9,563	7,836
Purchases	3,500	6,202	8,682
Closing inventory	-	(8,401)	(9,563)
	3,500	7,364	6,955
	1,871,131	1,938,104	1,472,845
<b>EXPENDITURES</b>			
Program payments (Schedule 1)	1,201,778	1,331,158	918,295
Program administration (Schedule 1)	294,550	272,364	235,313
Fundraising (Schedule 2)	225,439	217,062	200,367
General administration (Schedule 2)	155,181	146,096	131,139
	1,876,948	1,966,680	1,485,114
<b>DEFICIT OF REVENUE OVER EXPENDITURES</b>	(5,817)	(28,576)	(12,269)
<b>NET ASSETS, BEGINNING OF YEAR</b>		553,722	565,991
<b>NET ASSETS, END OF YEAR</b>	(5,817)	525,146	553,722


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

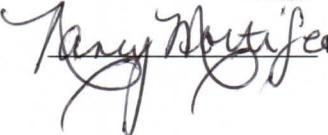
# SEVA CANADA SOCIETY

## STATEMENT OF FINANCIAL POSITION As at June 30, 2016

	2016	2015
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and term deposits	230,141	471,560
Internally restricted cash and term deposit (Note 5)	50,617	50,515
Accounts receivable	119,361	21,816
GST/HST receivable	5,730	3,904
Prepaid expenses	26,417	8,213
Inventory	8,401	9,563
	<b>440,667</b>	565,571
INVESTMENT (Note 6)	110,258	-
TANGIBLE CAPITAL ASSETS (Note 7)	15,446	4,827
	<b>566,371</b>	570,398
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	16,225	16,676
Deferred revenue	25,000	-
	<b>41,225</b>	16,676
<b>NET ASSETS</b>		
Internally restricted	50,617	50,515
Invested in tangible capital assets	15,446	4,827
Unrestricted	499,308	498,380
	<b>525,371</b>	553,722
	<b>566,371</b>	570,398

Approved on behalf of the Society:

 Director

 Director

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

# SEVA CANADA SOCIETY

## STATEMENT OF CASH FLOWS For the year ended June 30, 2016

	2016	2015
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit of revenue over expenses	(28,576)	(12,269)
Items not requiring the outlay of cash:		
Amortization	2,871	1,185
	(25,705)	(11,084)
Change in non-cash working capital items:		
Accounts receivable	(97,544)	(20,994)
Prepaid expenses	(18,204)	(4,323)
Inventory	1,162	(1,727)
GST/HST receivable	(1,826)	497
Deferred revenue	25,000	(31,948)
Accounts payable and accrued liabilities	(452)	(3,011)
	(117,569)	(72,590)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment	(110,258)	-
Purchase of tangible capital assets	(13,490)	(3,044)
	(123,748)	(3,044)
<b>DECREASE IN CASH</b>	<b>(241,317)</b>	<b>(75,634)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>522,075</b>	<b>597,709</b>
<b>CASH, END OF YEAR</b>	<b>280,758</b>	<b>522,075</b>
<b>CASH consist of:</b>		
Cash and term deposits	230,141	471,560
Internally restricted cash and term deposit	50,617	50,515
	280,758	522,075

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

# SEVA CANADA SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### 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.

#### (b) Restriction 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 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.

#### (c) Cash and Term Deposits

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



# SEVA CANADA SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2016

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### 2 SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### (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.

#### (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, internally restricted term deposit, accounts receivable, GST/HST receivable, investment, accounts payable and accrued liabilities and deferred revenue. Except for foreign exchange risk as noted below, it is management's opinion that the Society is not exposed to significant interest and credit risk, and that the fair values of these instruments approximate their carrying values.

##### (i) Foreign exchange risk

The Society is responsible for funding programs and projects in developing countries, and is therefore exposed to fluctuations in the relative value of the Canadian and U.S. dollar. The Society does not engage in hedging activities or use financial instruments to reduce its risk exposure.

#### (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.

# SEVA CANADA SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### 3 AWARDS

The balance represents award money received from the Champalimaud Foundation. The Society was one of the recipients of the 2015 Antonio Champalimaud Vision Award.

### 4 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.

### 5 INTERNALLY RESTRICTED TERM DEPOSIT

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

### 6 INVESTMENT

The balance represents an Endowment Fund established with the Vancouver Foundation for long term investment purposes that will benefit the Society financially. The initial contribution to the Fund of \$110,258 is locked-in for 5 years and the Vancouver Foundation requires 1 year's notice prior to any withdrawal of this contribution. Contributions made to the Fund subsequent to this initial contribution are not locked in but are subject to notice provisions for withdrawal. The Fund is not reserved or intended for any specific purpose. Per the Board approved policy, a percentage of all non-designated bequests to the Society are to be deposited to the fund.

### 7 TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net	2015 Net
	\$	\$	\$	\$
Furniture and fixtures	13,991	5,534	8,457	959
Office equipment	7,260	6,644	616	770
Computer equipment	49,187	42,814	6,373	3,098
	70,438	54,992	15,446	4,827

### 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
	\$	\$
Trade payable	10,553	7,440
Vacation payable	5,448	9,236
PST payable	224	-
	16,225	16,676

# SEVA CANADA SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### 9 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:

	2016	2015
	\$	\$
Revenue - Donations and other funds received	95,408	63,410

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

### 10 LEASE COMMITMENTS

The office premises lease was renewed for a three year term expiring January 31, 2019, with a monthly rent of \$1,700 plus GST.

### 11 CREDIT FACILITIES

The Society has a \$35,000 line of credit with a financial institution which is secured by a claim against the assets of the organization. The loan bears interest at 4.20%. The balance at the year end was nil (2015: nil).

### 12 BUDGET FIGURES

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

### 13 COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

# SEVA CANADA SOCIETY

## SCHEDULE 1 - PROGRAM EXPENDITURES For the year ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
<b>PROGRAM PAYMENTS - INTERNATIONAL</b>			
CIDA Madagascar	23,527	<b>24,994</b>	25,834
CIDA Malawi	6,570	<b>6,440</b>	958
CIDA Nepal	102,565	<b>76,815</b>	81,007
CIDA Tanzania	86,947	<b>82,191</b>	80,544
Community eye centres	-	<b>106,057</b>	-
Sight projects	951,474	<b>939,077</b>	717,455
USAID research project	-	<b>56,978</b>	-
	1,171,083	<b>1,292,552</b>	905,798
<b>PROGRAM PAYMENTS - DOMESTIC</b>			
Public engagement	30,695	<b>38,606</b>	12,497
	1,201,778	<b>1,331,158</b>	918,295
<b>PROGRAM ADMINISTRATION</b>			
Events	23,415	<b>14,105</b>	12,493
Office and miscellaneous	66,504	<b>50,431</b>	46,311
Professional fees	25,711	<b>25,953</b>	26,885
Rent	6,854	<b>6,865</b>	6,691
Telecommunications	1,200	<b>1,801</b>	1,838
Travel	34,000	<b>32,202</b>	16,626
Wages, benefits and subcontracts	136,866	<b>141,007</b>	124,469
	294,550	<b>272,364</b>	235,313

# SEVA CANADA SOCIETY

## SCHEDULE 2 - OTHER EXPENDITURES For the year ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
<b>FUNDRAISING</b>			
Events	11,708	7,599	8,418
Other fundraising expenses	55,120	50,011	47,951
Publication postage and production	14,873	11,480	11,197
Rent	6,653	6,664	6,494
Telecommunications	600	900	916
Travel	1,500	1,433	2,357
Wages, benefits and subcontracts	134,985	138,975	123,034
	225,439	217,062	200,367
<b>GENERAL ADMINISTRATION</b>			
Amortization	-	2,871	1,185
Equipment leases and maintenance	5,198	3,597	2,142
Insurance, licenses and fees	4,237	2,324	3,386
Office and miscellaneous	47,311	35,622	34,395
Professional fees	24,955	25,748	25,035
Rent	6,653	6,664	6,494
Telecommunications	600	900	919
Travel	1,500	1,433	2,357
Wages, benefits and subcontracts	64,727	66,937	55,226
	155,181	146,096	131,139