

# **SEVA CANADA SOCIETY**

---

**FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

# SEVA CANADA SOCIETY

---

## TABLE OF CONTENTS JUNE 30, 2014

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10
Schedule 1 - Program Expenditures	11
Schedule 2 - Other Expenditures	12

## 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, 2014**, 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.

### *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.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

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, 2014**, 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.



Vancouver, B.C.  
August 12, 2014

CERTIFIED GENERAL ACCOUNTANTS

# SEVA CANADA SOCIETY

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2014

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and term deposits	\$ 547,799	\$ 267,745
Internally restricted term deposit (Note 3)	49,910	48,689
Accounts receivable	822	411
Goods and services tax receivable	4,401	11,873
Prepaid expenses	3,890	25,785
Inventory	7,836	8,684
	614,658	363,187
<b>TANGIBLE CAPITAL ASSETS (Note 4)</b>	2,968	4,029
	<b>\$ 617,626</b>	<b>\$ 367,216</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 19,687	\$ 17,095
Deferred revenue	31,948	-
	51,635	17,095
<b>NET ASSETS</b>		
Internally restricted	49,910	48,689
Invested in tangible capital assets	2,968	4,029
Unrestricted	513,113	297,403
	565,991	350,121
	<b>\$ 617,626</b>	<b>\$ 367,216</b>

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, 2014

	2014 Budget Unaudited	2014 Actual	2013 Actual
<b>REVENUE</b>			
CIDA program grants (Note 5)	\$ 196,507	\$ 216,129	\$ 203,270
Project grants and contracts	150,000	164,852	107,664
Donations	905,000	1,337,013	842,026
Donations - in kind	20,000	28,039	6,170
Special events, presentations and net merchandise sales	74,800	17,526	87,761
Interest and other income	4,000	3,500	2,466
Other Government revenue	-	12,000	-
	1,350,307	1,779,059	1,249,357
<b>COST OF GOODS SOLD</b>			
Opening inventory	-	8,684	7,054
Purchases	4,000	5,766	7,263
Closing inventory	-	(7,836)	(8,684)
	4,000	6,614	5,633
	1,346,307	1,772,445	1,243,724
<b>EXPENSES</b>			
Program payments (Schedule1)	817,431	997,863	780,982
Program administration (Schedule1)	225,277	252,956	255,235
Fundraising (Schedule2)	172,089	194,683	184,319
General administration (Schedule2)	109,612	111,073	126,152
	1,324,409	1,556,575	1,346,688
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSES</b>	21,898	215,870	(102,964)
<b>NET ASSETS, BEGINNING OF YEAR</b>	-	350,121	453,085
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 21,898</b>	<b>\$ 565,991</b>	<b>\$ 350,121</b>

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

# SEVA CANADA SOCIETY

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess (deficit) of revenue over expenses	\$ 215,870	\$ (102,964)
Items not requiring the outlay of cash:		
Amortization	1,061	1,463
	216,931	(101,501)
Change in non-cash working capital items:		
Accounts receivable	(411)	84
Goods and services tax receivable	7,472	(11,873)
Prepaid expenses	21,895	(6,566)
Inventory	848	(1,630)
Deferred revenue	31,948	-
Accounts payable and accrued liabilities	2,592	4,186
Due to government agencies	-	(5,084)
	281,275	(122,384)
<b>INCREASE (DECREASE) IN CASH</b>	281,275	(122,384)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	316,434	438,818
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 597,709</b>	<b>\$ 316,434</b>
<b>CASH AND CASH EQUIVALENTS consist of:</b>		
Cash and term deposits	\$ 547,799	\$ 267,745
Internally restricted term deposit	49,910	48,689
	<b>\$ 597,709</b>	<b>\$ 316,434</b>

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

# SEVA CANADA SOCIETY

---

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

### 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 under 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, 2014

### 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) Short-term Investments

Investments are recorded at fair value.

#### (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, 2014

### 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, GST receivable, prepaid expenses, inventory, accounts payable and accrued liabilities, and deferred revenue. 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.

# SEVA CANADA SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

### 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.

### 4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net	2013 Net
Furniture and fixtures	\$ 4,573	\$ 4,358	\$ 215	269
Office equipment	7,260	6,297	963	1,203
Computer equipment	42,070	40,280	1,790	2,557
	<b>\$ 53,903</b>	<b>\$ 50,935</b>	<b>2,968</b>	<b>4,029</b>

### 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:

	2014	2013
Revenue - Donations and other funds received	<b>\$ 94,215</b>	<b>\$ 32,620</b>

### 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:

	2014	2013
Donations	<b>\$ 62,118</b>	<b>\$ 61,475</b>

# SEVA CANADA SOCIETY

---

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

### 9. DONATION REVENUE

The Society received a bequest of \$424,437 which has been recognized as donation revenue in the current year.

### 10. 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%.

### 11. BUDGET FIGURES

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

# SEVA CANADA SOCIETY

## SCHEDULE 1 - PROGRAM EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>PROGRAM PAYMENTS - INTERNATIONAL</b>			
CIDA Madagascar	\$ 27,000	\$ 77,795	\$ 2,442
CIDA Malawi	18,000	40,355	6,206
CIDA Nepal	85,150	57,256	89,510
CIDA Tanzania	95,000	123,399	78,968
Sight projects	570,281	684,781	583,289
	795,431	983,586	760,415
<b>PROGRAM PAYMENTS - DOMESTIC</b>			
Public engagement	22,000	14,277	22,062
Other projects (recovery)	-	-	(1,495)
	22,000	14,277	20,567
	<b>\$ 817,431</b>	<b>\$ 997,863</b>	<b>\$ 780,982</b>
<b>PROGRAM ADMINISTRATION</b>			
Events	\$ 5,500	\$ 5,300	\$ 40,725
Office and miscellaneous	48,066	55,332	44,626
Professional fees	10,295	22,425	9,836
Rent	7,650	6,691	6,684
Telecommunications	1,313	1,800	1,709
Travel	29,000	48,750	31,506
Wages, benefits and subcontracts	123,453	112,658	120,149
	<b>\$ 225,277</b>	<b>\$ 252,956</b>	<b>\$ 255,235</b>

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

# SEVA CANADA SOCIETY

## SCHEDULE 2 - OTHER EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>FUNDRAISING</b>			
Events	\$ 2,750	\$ 2,698	\$ 20,360
Other fundraising expenses	26,926	43,101	27,155
Publication postage and production	13,916	25,362	10,223
Rent	7,425	6,494	6,635
Telecommunications	656	870	769
Travel	1,500	3,486	1,481
Wages, benefits and subcontracts	118,916	112,672	117,696
	<b>\$ 172,089</b>	<b>\$ 194,683</b>	<b>\$ 184,319</b>
<b>GENERAL ADMINISTRATION</b>			
Amortization	\$ -	\$ 1,061	\$ 1,463
Equipment leases and maintenance	363	1,502	625
Insurance, licenses and fees	5,115	5,801	4,580
Office and miscellaneous	28,121	25,719	43,822
Professional fees	9,992	17,979	9,787
Rent	7,425	6,494	6,635
Telecommunications	656	896	769
Travel	1,500	3,486	1,528
Wages, benefits and subcontracts	56,440	48,135	56,943
	<b>\$ 109,612</b>	<b>\$ 111,073</b>	<b>\$ 126,152</b>

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