

Médecins du Monde (Canada)

Financial Statements
March 31, 2018



June 14, 2018

Independent Auditor's Report

To the Members of Médecins du Monde

We have audited the accompanying financial statements of Médecins du Monde, which comprise the statement of financial position as at March 31, 2018 and the statements of changes in net assets, operations, and cash flows for the year then ended, and the related notes, which comprise 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.

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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, these financial statements present fairly, in all material respects, the financial position of Médecins du Monde as at March 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP¹

¹ CPA auditor, CA, public accountancy permit No. A128779

Médecins du Monde
Statement of Financial Position
As at March 31, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	3,723,264	6,093,415
Advances to international partners	5,108,834	737,018
Contributions receivable	268,747	349,167
Sales taxes receivable	25,906	62,855
Other receivables (note 3)	-	47,308
Prepaid expenses	16,642	23,278
	9,143,393	7,313,041
Capital assets (note 4)	390,862	411,791
	9,534,255	7,724,832
Liabilities		
Current liabilities		
Bank loan (note 5)	61,061	110,556
Accounts payable and accrued liabilities (note 6)	600,070	148,718
Deferred contributions (note 7)	8,126,667	6,837,290
	8,787,798	7,096,564
Deferred contributions related to capital assets (note 8)	187,288	215,379
	8,975,086	7,311,943
Net assets		
Invested in capital assets	142,513	85,856
Restricted (note 9)	304,680	104,680
Unrestricted	111,976	222,353
	559,169	412,889
	9,534,255	7,724,832

Approved by the Board of Directors

_____ Director _____ Director

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

Médecins du Monde

Statement of Changes in Net Assets

For the year ended March 31, 2018

				2018	2017
	Invested in Capital Assets \$	Restricted \$	Unrestricted \$	Net \$	Net \$
Balance – Beginning of year	85,856	104,680	222,353	412,889	204,554
Results for the year					
Excess of revenues over expenses for the year	-	-	146,280	146,280	208,335
Amortization of capital assets	(59,641)	-	59,641	-	-
Amortization of deferred contributions related to capital assets	28,091	-	(28,091)	-	-
Investments for the year					
Purchases of capital assets	38,712	-	(38,712)	-	-
Repayment of bank loan related to the purchase of capital assets, net	49,495	-	(49,495)	-	-
Internally imposed restriction	-	200,000	(200,000)	-	-
Balance – End of year	142,513	304,680	111,976	559,169	412,889

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

Médecins du Monde
Statement of Operations
For the year ended March 31, 2018

	2018 \$	2017 \$
Revenues		
International project financing, GAC	17,795,919	6,010,731
International project financing, other donors	766,077	616,183
National project financing (Schedule A)	373,159	373,410
International project management income	824,777	315,835
National project management income	21,001	-
	<hr/> 19,780,933	<hr/> 7,316,159
Financing and fundraising activities	1,171,627	1,407,353
Amortization of deferred contributions related to capital assets	28,091	24,467
Contributions received in the form of services rendered (note 2)	234,212	284,920
Other revenue	7,010	98,408
	<hr/> 1,440,940	<hr/> 1,815,148
	<hr/> 21,221,873	<hr/> 9,131,307
Expenses		
International project expenses, GAC	17,795,919	6,150,582
International project expenses, other donors	766,077	609,058
National project expenses (Schedule A)	825,084	921,425
Amortization of capital assets	28,091	24,467
Contribution of Médecins du Monde to achievement of international projects	300,384	-
	<hr/> 19,715,555	<hr/> 7,705,532
Project development	45,481	87,470
Financing and fundraising activities	233,593	102,112
Médecins du Monde international network	7,254	8,147
Administration expenses (Schedule B)	800,320	589,201
Public relations, communications and marketing	39,178	145,590
Contributions received in the form of services rendered (note 2)	234,212	284,920
	<hr/> 1,360,038	<hr/> 1,217,440
	<hr/> 21,075,593	<hr/> 8,922,972
Excess of revenues over expenses for the year	<hr/> <hr/> 146,280	<hr/> <hr/> 208,335

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

Médecins du Monde

Statement of Cash Flows

For the year ended March 31, 2018

	2018 \$	2017 \$
Cash flows provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	146,280	208,335
Adjustments for		
Amortization of capital assets	59,641	44,911
Amortization of deferred contributions related to capital assets	(28,091)	(24,467)
Loss on disposal of capital assets	-	1,898
Change in non-cash working capital items (note 10)	(3,829,571)	(563,578)
	<u>(3,651,741)</u>	<u>(332,901)</u>
Investing activities		
Purchase of capital assets	<u>(38,712)</u>	<u>(366,366)</u>
Financing activities		
Increase in bank loan	-	150,000
Repayment of bank loan	(49,495)	(39,444)
Change in deferred contributions related to projects and capital assets	1,369,797	3,512,372
	<u>1,320,302</u>	<u>3,622,928</u>
Net change in cash during the year	<u>(2,370,151)</u>	<u>2,923,661</u>
Cash – Beginning of year	<u>6,093,415</u>	<u>3,169,754</u>
Cash – End of year	<u>3,723,264</u>	<u>6,093,415</u>

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

Médecins du Monde

Notes to Financial Statements

March 31, 2018

1 Statutes and purpose of the organization

Médecins du Monde (the “Organization”) is constituted as a not-for-profit organization under Part III of the Companies Act (Quebec) and is a charitable organization within the meaning of the Income Tax Act (Canada). The purpose of the Organization is to provide care for the world’s most vulnerable people, in crisis and exclusion situations, and in so doing, to bear witness to human rights violations and any obstruction of access to care.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations (ASNPO) and include the significant accounting policies below.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the revenues and expenses recognized during the year. Actual results could differ from those estimates.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred and based on the forecasts approved by the donors. 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.

Member contributions are recognized as revenue when collected.

Project administration expenses

Project administration expenses, namely rent, amortization, telecommunication costs and other (Schedule B), are established in accordance with donor rates for project administration.

Médecins du Monde

Notes to Financial Statements

March 31, 2018

Contributions received in the form of services rendered

In the course of its operations, the Organization uses volunteer services, which are presented in its revenues. Recognized volunteer contributions are equal to the difference between the monthly allocation paid and remuneration according to current rules for this type of service rendered. Volunteer hours are compiled and recorded in accordance with a minimum hourly market rate for similar services.

	2018 \$	2017 \$
Volunteers	234,212	284,920

Foreign currency translation

The transactions in the statement of operations are translated at the prevailing exchange rate on the date of the transaction. Monetary assets and liabilities are translated at the prevailing exchange rate on the reporting date. Exchange gains or losses are recorded in the statement of operations for the year.

Capital assets and amortization

Capital assets are presented on the balance sheet at cost less accumulated amortization computed over their probable useful lives, using the following methods, rates and period:

	Method	Rate / Period
Office furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Rolling stock	Declining balance	15%
Leasehold improvements	Straight-line basis	10 years

Cash and cash equivalents

The Organization's policy is to present in cash and cash equivalents the bank balance and term deposits having a maturity date not later than three months after the purchase date.

Financial instruments

Financial assets and financial liabilities are recorded at fair value by the Organization on initial recognition. All its financial assets and financial liabilities are subsequently recorded at amortized cost, except for cash, which is measured at fair value.

Assets measured at amortized cost consist of advances to international partners, contributions receivable and other receivables. Financial liabilities measured at amortized cost include the bank loan, and accounts payable and accrued liabilities

Médecins du Monde

Notes to Financial Statements

March 31, 2018

3 Other receivables

	2018 \$	2017 \$
Financing and fundraising activities	-	42,721
Other	-	4,587
	<hr/>	<hr/>
	-	47,308
	<hr/>	<hr/>

4 Capital assets

	<hr/>		2018	<hr/>	2017
	Cost \$	Accumulated amortization \$	Net amount \$	Net amount \$	
Office furniture and equipment	73,318	31,481	41,837	19,032	
Computer equipment	41,966	27,417	14,549	14,902	
Rolling stock	99,172	45,120	54,052	63,591	
Leasehold improvements	338,423	57,999	280,424	314,266	
	<hr/>	<hr/>	<hr/>	<hr/>	
	552,879	162,017	390,862	411,791	
	<hr/>	<hr/>	<hr/>	<hr/>	

5 Bank loan and credit facilities

The Organization has a \$61,061 loan, which was used to purchase capital assets (2017 – \$110,556), repayable in monthly instalments of \$4,495, in principal and interest, at 4.99%. The bank loan is renewable annually but is amortized over three years.

The Organization also has an unused line of credit of up to \$100,000, renewable annually, at prime plus 4.00%.

Lastly, the Organization has a current credit limit of \$55,000 on a credit card with an annual rate of 11.20%.

Médecins du Monde

Notes to Financial Statements

March 31, 2018

6 Accounts payable and accrued liabilities

	2018 \$	2017 \$
Amounts due to an international partner	469,605	-
Accounts payable and accrued liabilities	17,055	38,145
Accrued salaries and vacation	113,410	110,573
	<hr/>	<hr/>
	600,070	148,718
	<hr/>	<hr/>

Government remittances of \$15,379 as at March 31, 2018 (2017 – \$4,648) were included in accounts payable and accrued liabilities.

Government remittances are largely composed of payroll deductions at source to be paid to government authorities. These amounts are recognized as soon as they become due.

7 Deferred contributions

Deferred contributions are unspent grants and contributions, which, because of external restrictions, are intended to cover project expenses.

	2018 \$	2017 \$
Balance – Beginning of year	6,837,290	3,492,367
Contributions for the year	21,022,889	9,683,210
Amount recognized as revenue	(19,733,512)	(6,338,287)
	<hr/>	<hr/>
Balance – End of year	8,126,667	6,837,290
	<hr/>	<hr/>

Médecins du Monde

Notes to Financial Statements

March 31, 2018

8 Deferred contributions related to capital assets

Deferred contributions related to capital assets comprise contributions, received in the form of donations and grants, under a fundraising campaign for the purchase and refitting of a truck to dispense care, and for leasehold improvements in new administrative premises and the clinic. These contributions are amortized according to the same amortization rate and method as the corresponding assets.

	2018 \$	2017 \$
Balance – Beginning of year	215,379	54,289
Contributions for the year	-	185,557
Amount recognized as revenue	(28,091)	(24,467)
Balance – End of year	<u>187,288</u>	<u>215,379</u>

9 Internally imposed restriction

The Board of Directors has allocated an aggregate amount of \$304,680 to the reserve fund (2017 – \$104,680), the purpose of which is to provide for any financial obligations that could arise in the next few years. The Organization cannot use these internally restricted amounts for any other purposes without the prior consent of the Board of Directors.

10 Change in non-cash working capital items

	2018 \$	2017 \$
Contributions receivable	(4,371,816)	(574,434)
Sales taxes receivable	36,949	(41,625)
Other receivables	47,308	(6,952)
Prepaid expenses	6,636	(4,676)
Accounts payable and accrued liabilities	451,352	64,109
	<u>(3,829,571)</u>	<u>(563,578)</u>

Médecins du Monde

Notes to Financial Statements

March 31, 2018

11 Contractual commitments

The Organization is committed under property leases expiring no later than in July 2026, to pay a total of \$919,000. The minimum payments due under these leases are as follows:

	\$
2019	139,000
2020	116,000
2021	124,000
2022	126,000
2023 and thereafter	414,000

12 Financial instruments

The Organization is exposed to various risks through its financial instruments. The analysis below provides a measurement of the risks to which the Organization is exposed as at March 31, 2018.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is exposed to liquidity risk mainly through its bank loan, and accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's credit risk is associated with its cash, advances to international partners and contributions receivable. Most of the risk is related to the cash held mainly in reputable institutions, thus limiting the Organization's credit risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. The Organization is exposed to interest rate risk and currency risk.

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 Organization is exposed to interest rate risk on its fixed and floating rate financial instruments. Fixed rate instruments expose the Organization to fair value risk, while floating rate instruments expose it to cash flow risk.

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March 31, 2018

As at March 31, 2018, the Organization is exposed to interest rate risk as follows:

Cash	Floating interest rate
Advances to international partners	Non-interest bearing
Contributions receivable	Non-interest bearing
Bank loan	Fixed interest rate
Accounts payable and accrued liabilities	Non-interest bearing

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.

The Organization is exposed to currency risk because transactions for projects outside of Canada are carried out mainly in US dollars and Haitian gourdes.

As at March 31, 2018, the Organization is exposed to currency risk as follows:

	Original currency	CAD equivalent
Cash		
US dollar	299,902	386,451
Haitian gourdes	3,001,269	59,125

Médecins du Monde
 Supplemental Information
 For the year ended March 31, 2018

Schedule A

	2018 \$	2017 \$
National project financing and expenses – Montréal, Quebec		
Revenues		
Centre intégré universitaire de santé et de services sociaux (CIUSSS) of Montréal South Centre	110,642	109,873
Service Canada, Homelessness Partnering Strategy (HPS)	68,566	65,149
Direction régionale de la santé publique de Montréal	60,336	64,996
Service agreements and conferences	133,615	133,392
	<hr/> 373,159	<hr/> 373,410
Related donations – Financing and fundraising activities	451,969	345,239
Amortization of deferred contributions related to capital assets	9,539	19,169
Contributions received in the form of services rendered	192,344	208,476
	<hr/> 1,027,011	<hr/> 946,294
Expenses		
Salaries and benefits	599,065	721,205
Psychologist fees	45,429	42,753
Activity fees	52,141	37,437
Operating expenses	113,371	112,474
Operating cost of Mobile Health Clinic	15,078	7,556
	<hr/> 825,084	<hr/> 921,425
Contributions received in the form of services rendered	192,344	208,476
Amortization of capital assets	9,539	19,169
	<hr/> 1,026,967	<hr/> 1,149,070
Excess of revenues over expenses (expenses over revenues)	<hr/> 44	<hr/> (202,776)

Médecins du Monde

Supplemental Information

For the year ended March 31, 2018

Schedule B

	2018 \$	2017 \$
Administration expenses		
Salaries and benefits	552,137	400,534
Rent and rental expenses	115,425	64,287
Communication fees	8,190	11,789
Computer maintenance	10,843	25,303
Office supplies	7,178	17,956
Mailing and courier fees	460	1,331
Photocopies and printing	3,921	3,226
Travel expenses	2,500	9,206
Volunteer expenses	1,691	3,768
Board of Directors expenses	7,300	3,781
Taxes and utilities	7,484	12,476
Recruitment and training	895	3,686
Professional fees	29,357	24,661
Interest and bank charges	10,923	9,610
Amortization of capital assets	22,011	8,177
Relocation	2,196	1,493
Cancelled (recovered) contributions	9,272	(62,241)
Foreign exchange loss	8,537	50,158
	<hr/>	<hr/>
	800,320	589,201
	<hr/>	<hr/>