

Médecins du Monde (Canada)

Financial Statements
March 31, 2020



Independent auditor's report

To the Members of
Médecins du Monde (Canada)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Médecins du Monde (Canada) (the Organization) as at March 31, 2020 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 (ASNPO).

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of changes in net assets for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

PricewaterhouseCoopers LLP¹

Brossard, Quebec
September 8, 2020

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

Médecins du Monde (Canada)

Statement of Financial Position

As at March 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	4,364,531	5,129,713
Advances to international partners	623,849	1,086,945
Contributions receivable	660	268,791
Sales taxes receivable	29,201	29,421
Prepaid expenses	16,649	16,642
	<u>5,034,890</u>	<u>6,531,512</u>
Capital assets (note 3)	<u>453,816</u>	<u>514,786</u>
	<u>5,488,706</u>	<u>7,046,298</u>
Liabilities		
Current liabilities		
Bank loan (note 4)	-	8,983
Accounts payable and accrued liabilities (note 5)	156,034	575,291
Deferred contributions (note 6)	4,248,531	5,501,071
	<u>4,404,565</u>	<u>6,085,345</u>
Deferred contributions related to capital assets (note 7)	<u>261,151</u>	<u>330,629</u>
	<u>4,665,716</u>	<u>6,415,974</u>
Net Assets		
Invested in capital assets	192,665	175,174
Restricted (note 8)	454,680	354,680
Unrestricted	175,645	100,470
	<u>822,990</u>	<u>630,324</u>
	<u>5,488,706</u>	<u>7,046,298</u>

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, 2020

				2020	2019
	Invested in capital assets \$	Restricted \$	Unrestricted \$	Net \$	Net \$
Balance – Beginning of year	175,174	354,680	100,470	630,324	559,169
Results for the year					
Excess of revenues over expenses for the year	-	-	192,666	192,666	71,155
Amortization of capital assets	(81,721)	-	81,721	-	-
Amortization of deferred contributions related to capital assets	44,058	-	(44,058)	-	-
Investments for the year					
Purchase of capital assets	66,695	-	(66,695)	-	-
Repayment of deferred contributions related to capital assets	25,420	-	(25,420)	-	-
Loss on disposal of capital assets	(45,944)	-	45,944	-	-
Repayment of bank loan related to the purchase of capital assets, net	8,983	-	(8,983)	-	-
Internally imposed restriction	-	100,000	(100,000)	-	-
Balance – End of year	192,665	454,680	175,645	822,990	630,324

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

Médecins du Monde

Statement of Operations

For the year ended March 31, 2020

	2020 \$	2019 \$
Revenues		
International project financing, GAC	12,824,511	15,912,473
International project financing, other donors	1,392,058	949,834
National project financing (Schedule A)	691,522	473,811
International project management income	631,136	769,850
National project management income	55,587	33,330
	<hr/> 15,594,812	<hr/> 18,139,298
Financing and fundraising activities	1,750,958	1,457,981
Amortization of deferred contributions related to capital assets	44,058	50,762
Contributions received in the form of services rendered (note 2)	154,711	236,905
Other revenue	7,636	5,214
Médecins du Monde international network activities	46,102	-
	<hr/> 2,003,467	<hr/> 1,750,862
	<hr/> 17,598,279	<hr/> 19,890,160
Expenses		
International project expenses, GAC	12,824,511	15,912,473
International project expenses, other donors	1,392,058	949,834
National project expenses – Montréal (Schedule A)	1,021,847	818,466
National project expenses – Victoria	250,114	256,762
Amortization of capital assets	44,058	50,762
Contribution of Médecins du Monde (Canada) to achievement of international projects	337,023	274,736
	<hr/> 15,869,611	<hr/> 18,263,033
Project development	39,522	38,834
Financing and fundraising activities	326,298	444,175
Médecins du Monde international network	35,477	15,770
Administration expenses (Schedule B)	862,025	763,678
Public relations, communications and marketing	53,250	56,610
Contributions received in the form of services rendered (note 2)	154,711	236,905
Médecins du Monde international network activities (Schedule C)	64,719	-
	<hr/> 1,536,002	<hr/> 1,555,972
	<hr/> 17,405,613	<hr/> 19,819,005
Excess of revenues over expenses for the year	<hr/> <hr/> 192,666	<hr/> <hr/> 71,155

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

Médecins du Monde

Statement of Cash Flows

For the year ended March 31, 2020

	2020 \$	2019 \$
Cash flows provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	192,666	71,155
Adjustments for		
Amortization of capital assets	81,721	83,391
Amortization of deferred contributions related to capital assets	(44,058)	(50,762)
Loss on disposal of capital assets	45,944	-
Change in non-cash working capital items (note 9)	44,052	3,993,595
	<u>320,325</u>	<u>4,097,379</u>
Investing activities		
Purchase of capital assets	<u>(66,695)</u>	<u>(207,315)</u>
Financing activities		
Repayment of bank loan	(8,983)	(52,078)
Change in deferred contributions related to projects and capital assets, net	<u>(1,009,829)</u>	<u>(2,431,537)</u>
	<u>(1,018,812)</u>	<u>(2,483,615)</u>
Net change in cash during the year	(765,182)	1,406,449
Cash – Beginning of year	<u>5,129,713</u>	<u>3,723,264</u>
Cash – End of year	<u>4,364,531</u>	<u>5,129,713</u>

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

Médecins du Monde

Notes to Financial Statements

March 31, 2020

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, 2020

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.

	2020 \$	2019 \$
Volunteers	154,711	236,905

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.

Capital assets and amortization

Capital assets are presented on the statement of financial position 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

Impairment of long-lived assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying value of the assets to the estimated value of future cash flows directly related to the use of the assets. Impaired assets are recorded at their fair value, which is determined primarily by using estimates of discounted future cash flows directly related to the use and eventual disposal of the assets.

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.

Médecins du Monde

Notes to Financial Statements

March 31, 2020

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.

Financial assets measured at amortized cost consist of advances to international partners and contributions receivable. Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The carrying amount of the financial asset is reduced to the highest of discounted cash flows expected from its use, potential net proceeds from its sale and potential net proceeds from the exercise of rights to collateral, if any. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

3 Capital assets

			2020	2019
	Cost \$	Accumulated amortization \$	Net amount \$	Net amount \$
Office furniture and equipment	107,848	52,727	55,121	31,962
Computer equipment	87,348	45,895	41,453	20,293
Rolling stock	194,099	49,596	144,503	215,949
Leasehold improvements	338,422	125,683	212,739	246,582
	727,717	273,901	453,816	514,786

4 Bank loan and credit facilities

The Organization has an unused line of credit of up to \$100,000, renewable annually, at prime rate plus 4.00% (2019 – prime rate plus 4.00%). The loan was used to acquire property, plant and equipment in past years.

Lastly, the Organization has a current credit limit of \$55,000 (2019 – \$65,000) on a credit card with an annual rate of 10.95% (2019 – 12.45%).

Médecins du Monde

Notes to Financial Statements

March 31, 2020

5 Accounts payable and accrued liabilities

	2020 \$	2019 \$
Amounts due to an international partner	-	422,265
Accounts payable and accrued liabilities	2,020	5,303
Accrued salaries and vacation	154,014	147,723
	<hr/>	<hr/>
	156,034	575,291
	<hr/>	<hr/>

Government remittances of \$13,525 as at March 31, 2020 (2019 – \$9,916) 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.

6 Deferred contributions

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

	2020 \$	2019 \$
Balance – Beginning of year	5,501,071	8,126,667
Contributions for the year	14,963,824	15,617,299
Amount recognized as revenue	(16,216,364)	(18,242,895)
	<hr/>	<hr/>
Balance – End of year	4,248,531	5,501,071
	<hr/>	<hr/>

Médecins du Monde

Notes to Financial Statements

March 31, 2020

7 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 rate and method as the corresponding assets.

	2020 \$	2019 \$
Balance – Beginning of year	330,629	187,288
Contributions (repayments) for the year	(25,420)	194,103
Amount recognized as revenue	(44,058)	(50,762)
Balance – End of year	<u>261,151</u>	<u>330,629</u>

8 Internally imposed restriction

The Board of Directors has allocated an aggregate amount of \$454,680 to the reserve fund (2019 – \$354,680), 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.

9 Change in non-cash working capital items

	2020 \$	2019 \$
Advances to international partners	463,096	4,021,889
Sales taxes receivable	220	(3,515)
Prepaid expenses	(7)	-
Accounts payable and accrued liabilities	(419,257)	(24,779)
	<u>44,052</u>	<u>3,993,595</u>

Médecins du Monde

Notes to Financial Statements

March 31, 2020

10 Contractual commitments

The Organization is committed under property leases expiring no later than in July 2026, to pay a total of \$976,000. The minimum payments due under these leases in the next five years and thereafter are as follows:

	\$
2021	184,000
2022	191,000
2023	178,000
2024	140,000
2025	126,000
Thereafter	157,000

11 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, 2020.

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.

Médecins du Monde

Notes to Financial Statements

March 31, 2020

As at March 31, 2020, 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	Floating 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, 2020, the Organization is exposed to currency risk as follows:

	Original currency	CAD equivalent
Cash		
US dollar	12,830	18,106
Haitian gourde	1,431,714	21,161
Euro	98,323	153,424

12 COVID-19 pandemic

On March 11, 2020, the World Health Organization announced that COVID-19 (coronavirus disease) could be classified as a pandemic. The announcement triggered the implementation of a series of public health and emergency measures to combat the spread of the virus. The duration and extent of the impact of COVID-19 on local and global economies is uncertain at this time. Given the constantly changing situation and the resulting economic uncertainty, the financial impact of these events is too uncertain to be estimated at this time. Impacts will be recorded as they become known and can be assessed.

	2020 \$	2019 \$
National project financing and expenses – Montréal		
Revenues		
Centre intégré universitaire de santé et de services sociaux (CIUSSS) of Montréal South Centre	116,736	174,842
Service Canada, Homelessness Partnering Strategy (HPS)	107,081	67,886
Direction régionale de la santé publique de Montréal	137,745	54,620
Indigenous Services Canada	153,646	41,195
BINAM / Ville de Montréal	56,612	-
Service agreements and conferences	119,702	135,268
	<hr/>	<hr/>
	691,522	473,811
Related donations – Financing and fundraising activities	330,325	291,075
Amortization of deferred contributions related to capital assets	13,561	8,111
Contributions received in the form of services rendered	151,916	189,421
	<hr/>	<hr/>
	1,187,324	962,418
Expenses		
Salaries and benefits	805,277	588,018
Psychologist fees	29,143	37,247
Activity fees	34,927	22,023
Operating expenses	139,806	164,114
Operating cost of Mobile Health Clinic	12,694	7,064
	<hr/>	<hr/>
	1,021,847	818,466
Amortization of capital assets	13,561	8,111
Contributions received in the form of services rendered	151,916	189,421
	<hr/>	<hr/>
	1,187,324	1,015,998
Excess expenses over revenues	<hr/>	<hr/>
	-	(53,580)

Médecins du Monde
Supplemental Information
For the year ended March 31, 2020

Schedule B

	2020	2019
	\$	\$
Administration expenses		
Salaries and benefits	530,140	577,021
Rent and rental expenses	92,358	78,222
Communication fees	8,987	7,088
Computer maintenance	18,431	9,380
Office supplies	12,359	7,368
Mailing and courier fees	502	671
Photocopies and printing	699	1,673
Travel expenses	10,668	16,684
Volunteer expenses	704	516
Board of Directors expenses	5,249	4,340
Recruitment and training	1,740	2,455
Professional fees	74,518	32,487
Interest and bank charges	6,234	9,349
Amortization of capital assets	37,664	24,518
Relocation	1,072	413
Loss on disposal of capital assets	45,944	-
Foreign exchange loss (gain)	14,756	(8,507)
	<hr/>	<hr/>
	862,025	763,678

Médecins du Monde international network activities

	2020	2019
	\$	\$
Expenses		
Network assistant salaries	51,156	-
Office supplies	29	-
Software	997	-
Meal expenses	330	-
Air transportation	5,262	-
Accommodation expenses	920	-
Daily allowance	3,271	-
Domestic travel	258	-
Graphics, printings	2,456	-
Bank charges	40	-
	<hr/>	
	64,719	
	<hr/>	