

# **Plan International Canada Inc.**

Financial Statements

**June 30, 2015**



November 30, 2015

## **Independent Auditor's Report**

### **To the Directors of Plan International Canada Inc.**

We have audited the accompanying financial statements of Plan International Canada Inc., which comprise the statement of financial position as at June 30, 2015 and the statements of operations, changes in net assets 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.

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

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Plan International Canada Inc. as at June 30, 2015 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.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

# Plan International Canada Inc.

## Statement of Financial Position

As at June 30, 2015

(in thousands of dollars)

	2015 \$	2014 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	30,370	23,655
Short-term investments	628	-
Receivables and prepayments	5,647	2,729
Advances to Plan International, Inc. (note 11)	3,057	6,841
Inventory	335	596
	<u>40,037</u>	<u>33,821</u>
<b>Investments</b> (note 3)	6,273	6,496
<b>Capital assets</b> (note 4)	5,635	3,777
<b>Intangible assets</b>	<u>1,137</u>	<u>191</u>
	<u>53,082</u>	<u>44,285</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Advance payments by donors	4,040	4,328
Undisbursed designated contributions (note 5)	10,541	10,611
Undisbursed grants (note 6)	19,581	16,184
Accounts payable and accrued liabilities	3,903	3,687
Deferred lease inducements (note 7)	242	125
	<u>38,307</u>	<u>34,935</u>
<b>Deferred lease inducements</b> (note 7)	<u>2,772</u>	<u>1,311</u>
	<u>41,079</u>	<u>36,246</u>
<b>Net Assets</b>		
<b>Restricted for endowment purposes</b>	2,516	2,487
<b>Invested in capital and intangible assets</b>	3,758	2,532
<b>Unrestricted</b>	<u>5,729</u>	<u>3,020</u>
	<u>12,003</u>	<u>8,039</u>
	<u>53,082</u>	<u>44,285</u>
<b>Commitments</b> (note 15)		

Approved by the Board of Directors



Director



Director

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

# Plan International Canada Inc.

## Statement of Operations

For the year ended June 30, 2015

(in thousands of dollars)

	<b>2015</b>		<b>2014</b>
	<b>\$</b>		<b>\$</b>
<b>Public support and revenue</b>			
Child sponsorship income	79,174		75,776
Contributions, gifts and bequests	25,151		25,512
Government and other grants (notes 6 and 9)	67,453		46,666
Gifts-in-kind (notes 6, 10 and 11)	30,384		22,301
Investment and other income	391		531
<b>Total public support and revenue</b>	<b>202,553</b>		<b>170,786</b>
	%		%
<b>Expenditures</b>			
Program			
International program services (note 11)	73.4	145,912	71.7
Canadian program services (note 14)	7.1	14,011	6.4
	80.5	159,923	78.1
<b>Operations</b>			
Fundraising (note 14)	13.5	26,851	15.4
Operating costs (note 14)	6.0	12,013	6.5
	19.5	38,864	21.9
<b>Total expenditures</b>	<b>100.0</b>	<b>198,787</b>	<b>100.0</b>
<b>Excess of public support and revenue over expenditures for the year before the undernoted</b>		3,766	2,200
<b>Change in fair value of investments</b>		169	293
<b>Excess of public support and revenue over expenditures for the year</b>		<b>3,935</b>	<b>2,493</b>

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

# Plan International Canada Inc.

## Statement of Changes in Net Assets

For the year ended June 30, 2015

(in thousands of dollars)

				2015	2014
	Restricted for endowment purposes \$	Invested in capital and intangible assets \$	Unrestricted \$	Total \$	Total \$
<b>Balance - Beginning of year</b>	2,487	2,532	3,020	8,039	5,422
Excess of public support and revenue over expenditures for the year	-	-	3,935	3,935	2,493
Endowment fund contributions	29	-	-	29	124
Amortization of capital assets	-	(950)	950	-	-
Amortization of intangible assets	-	(108)	108	-	-
Amortization of lease inducement invested in capital assets (note 7)	-	184	(184)	-	-
Investment in capital assets - net of deferred lease inducements (note 7)	-	1,046	(1,046)	-	-
Investment in intangible assets	-	1,054	(1,054)	-	-
<b>Balance - End of year</b>	<b>2,516</b>	<b>3,758</b>	<b>5,729</b>	<b>12,003</b>	<b>8,039</b>

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

# Plan International Canada Inc.

## Statement of Cash Flows

For the year ended June 30, 2015

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(in thousands of dollars)

	2015 \$	2014 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of public support and revenue over expenditures for the year	3,935	2,493
Items not involving cash		
Amortization of capital assets	950	895
Amortization of intangible assets	108	159
Amortization of deferred lease amounts	(184)	(125)
Net change in non-cash working capital (note 13)	4,382	(5,205)
	<hr/> 9,191	<hr/> (1,783)
<b>Investing activities</b>		
Investment in capital assets	(2,808)	(637)
Investment in intangible assets	(1,054)	(102)
Sale of investments	590	6,278
Purchase of investments	(995)	(829)
	<hr/> (4,267)	<hr/> 4,710
<b>Financing activities</b>		
Endowment fund contributions	29	124
Receipt of lease inducement	1,762	-
	<hr/> 1,791	<hr/> 124
<b>Increase in cash and cash equivalents during the year</b>	6,715	3,051
<b>Cash and cash equivalents - Beginning of year</b>	<hr/> 23,655	<hr/> 20,604
<b>Cash and cash equivalents - End of year</b>	<hr/> <b>30,370</b>	<hr/> <b>23,655</b>

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

# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

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(in thousands of dollars)

### 1 Organization and purpose

Plan International Canada Inc. (Plan Canada or the organization) has been a member of the Plan International global federation (Plan) since 1968. Plan Canada is a not-for-profit corporation, federally incorporated without share capital and granted status as a registered charity under the Income Tax Act (Canada), and continued under the Canada Not-for-profit Corporations Act on September 18, 2014.

Plan is a global movement for change, mobilizing millions of people around the world to support social justice for children in developing countries. Founded in 1937, Plan is one of the world's oldest and largest international development agencies, working in partnership with millions of people around the world to end global poverty. Not-for-profit, independent and inclusive of all faiths and cultures, Plan has only one agenda: to improve the lives of children.

Worldwide, Plan is a global federation made up of different legal entities operating in many countries around the world under the Plan name and brand, comprising Plan International, Inc. (whose principal office is located in the United States) and its 21 members (known as National Organizations). Plan International, Inc. operates its international headquarters in the United Kingdom through its U.K. subsidiary company, Plan Limited.

The National Organizations (located in Australia, Belgium, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Korea, The Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom and the United States) all share a child sponsorship fundraising model. Most National Organizations also raise funds through additional fundraising channels that include individual, corporate and institutional engagement. For example, Plan Canada also raises significant funds through grants, project and community sponsorship, as well as individual/corporate donations, and Gifts of Hope. The National Organizations in India and Colombia raise funds primarily through grants and individual/corporate donations. Additionally, India and Colombia also carry out development programs in their respective jurisdictions.

Each National Organization remits the funds it raises in excess of its operating requirements to Plan International, Inc., which is responsible for implementing programs in developing countries through its country offices. A National Organization's net financial contribution to Plan International, Inc. determines that National Organization's representation at the Members' Assembly according to a formula set out in the bylaws of Plan International, Inc. The Members' Assembly, which is the highest decision-making body, sets high-level strategy and direction for Plan, approves the financial budgets and receives the audited consolidated accounts, as well as electing the Board of Directors of Plan International, Inc., which reports and is accountable to the Members' Assembly. There can be up to 11 directors on the Board of Directors of Plan International, Inc., the majority of whom must be sitting board members of a National Organization.

Plan International, Inc. uses funds remitted by the National Organizations for programs benefiting children, their families and communities in 51 program countries. Central services, such as program support and global assurance for the program countries, are provided by Plan Limited. National Organizations, Plan International, Inc. and its subsidiaries are subject to both external and internal financial audits of an international standard in order to ensure funds raised are used only for work that contributes to Plan's stated aims and that these funds are properly accounted for and recorded.



# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

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(in thousands of dollars)

### 2 Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), which set out generally accepted accounting principles for not-for-profit organizations in Canada. The significant accounting policies are outlined below:

#### Revenue recognition

The organization uses the deferral method of accounting for contributions.

Child sponsorship contributions are recognized in revenue for the sponsorship month on an accrual basis. Sponsorship contributions received prior to the end of the fiscal year and applicable to subsequent periods are reported as advance payments by donors.

Designated contributions and gifts are recognized as revenue when they are spent. Undisbursed designated contributions represent amounts received by the organization and Plan but not yet disbursed in the field as stipulated by the donor.

Government and other grants are recognized as revenue when they are spent. Undisbursed grants represent amounts received by the organization and Plan but not yet disbursed in the field as stipulated by the grant terms.

Gifts-in-kind revenue relating to food, agriculture and anti-malaria bed nets is recognized when distributed by the organization's related party field offices to beneficiaries. These contributions are stated at fair value in US dollars and are translated into Canadian dollars using the average monthly exchange rate.

Gifts-in-kind revenue relating to pharmaceutical and other medical supplies is recognized at fair value when distributed by the organization's related party field offices to beneficiaries.

Gifts-in-kind delivered to the organization's related party field offices but remaining undistributed to beneficiaries at year-end are recorded as inventory until their imminent distribution.

The endowment funds represent amounts designated by donors to be held in perpetuity. Endowment contributions are recorded at fair value as direct increases in net assets restricted for endowment purposes when the organization becomes unconditionally entitled to receive economic future benefits and the amounts can be reliably measured.

Investment income, which is recorded on an accrual basis, includes interest and dividend income.

# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

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(in thousands of dollars)

### Contributed services

A number of volunteers contribute their services to the organization each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements.

### Program expenditures

International program services represent funds expended in Plan's program thematic areas, which include the following: early childhood care and development, education, economic security, humanitarian and food assistance, water and sanitation, child protection, child participation and sexual reproductive health.

Canadian program services include costs of personnel, travel and other expenses directly related to supporting international programs, as well as costs incurred in Canada towards the goal of enhancing youth and public engagement in international development.

### Cash and cash equivalents

Cash and cash equivalents are defined as cash plus highly liquid certificates of deposit with an original term to maturity of three months or less.

### Investments

The organization's investment activities are governed by investment policies set by the Board of Directors. These policies have strict guidelines as to asset categories and mix in accordance with the risk and return objectives established by the Board of Directors and management. The funds are professionally managed by advisers associated with a major Canadian chartered bank. Investments maturing within one year from the statement of financial position date are reflected as short-term investments.

### Capital assets

Capital assets are stated at cost less accumulated amortization and impairment losses. Amortization is provided by the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	over the lease term

### Intangible assets

Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. Plan Canada's intangible assets consist of computer software and software installation costs, which are amortized on a straight-line basis over three to five years. The amortization method and estimated useful lives of intangible assets are reviewed annually.

# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

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(in thousands of dollars)

### Impairment of long-lived assets

When an asset no longer contributes to Plan Canada's ability to provide services, its carrying amount is written down to its net realizable value.

### Deferred lease inducements

The benefits of lease inducements are accounted for as an adjustment to rental expense over the term of the lease on a straight-line basis.

### Financial instruments

Financial instruments are recorded at fair value on initial recognition. Investments are subsequently measured at fair value with the changes in fair value recorded in the statement of operations. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value.

Cash and cash equivalents	fair value
Investments	fair value
Receivables	amortized cost
Accounts payable and accrued liabilities	amortized cost

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the present value of the expected cash flows. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account with a corresponding charge in the statement of operations.

### Allocation of expenses

The organization engages in providing international program and Canadian program services. The costs of each program include personnel and other expenses that are directly related to providing the programs. For Canadian program services, fundraising and operating functions, the organization allocates the marketing, development, program, donor relations and administration costs using various bases, which are reviewed, updated and applied on a prospective basis.

# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

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(in thousands of dollars)

The marketing, development, program, donor relations and administration expenses are allocated to program, fundraising and operating functions as follows:

- Personnel costs are allocated based on the percentage of relevant employees' time involved in supporting the program, fundraising and operating functions.
- Public education expenses, publications and other donor specific material expenses are allocated based on the extent of content applicable to public education, awareness and fundraising.
- Other operating and general expenses are allocated on a proportionate basis relating to the function.

Amounts allocated are detailed in note 14.

### Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for amortization and allocating certain expenditures.

### 3 Investments

	2015 \$	2014 \$
Canadian fixed income	3,774	4,380
Foreign fixed income	1,227	961
Canadian equities	322	382
Foreign equities	950	773
	<hr/> 6,273	<hr/> 6,496

### 4 Capital assets

	<hr/> 2015		<hr/> 2014	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	2,292	1,423	869	1,018
Furniture	1,436	522	914	626
Leasehold improvements	4,236	384	3,852	2,133
	<hr/> 7,964	<hr/> 2,329	<hr/> 5,635	<hr/> 3,777

# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

(in thousands of dollars)

During the year, the organization retired assets with an original cost of \$nil (2014 - \$856).

### 5 Undisbursed designated contributions

Changes in the undisbursed designated contributions are as follows:

	2015 \$	2014 \$
Balance - Beginning of year	10,611	14,157
Less: Revenue recognized during the year	(22,018)	(23,068)
Add: Contributions received during the year	21,948	19,522
	<hr/>	<hr/>
Balance - End of year	10,541	10,611

### 6 Undisbursed grants

			2015	2014
	Government and other grants \$	Gifts-in-kind \$	Total \$	Total \$
Balance - Beginning of year	15,588	596	16,184	11,254
Less: Revenue recognized during the year	(67,453)	(30,384)	(97,837)	(68,967)
Add: Grants received during the year	71,111	30,123	101,234	73,897
	<hr/>	<hr/>	<hr/>	<hr/>
Balance - End of year	19,246	335	19,581	16,184

Undisbursed grants include \$13,427 (2014 - \$5,867) of amounts received from the Department of Foreign Affairs, Trade and Development Canada prior to the end of the fiscal year and not yet disbursed as at the end of the fiscal year.

### 7 Net assets invested in capital and intangible assets

The fund represents amounts invested in capital and intangible assets. The organization received lease inducements for the acquisition of capital assets in the amount of \$1,762 (2014 - \$nil), which have been deferred and are amortized over the lease term. Amortization in the current year is \$184 (2014 - \$125).

### 8 Financial instruments

Plan Canada's financial instruments are primarily exposed to interest rate risk, credit risk, market risk, foreign currency risk and liquidity risk. Plan Canada has formal policies and procedures that establish target asset mix. Plan Canada's policies also require diversification of investments within asset categories and set limits on exposure to individual investments.

# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

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(in thousands of dollars)

### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments held by Plan Canada. Plan Canada manages this risk by holding primarily term deposits with fixed rather than variable interest rates and through diversification of the portfolio.

### Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Plan Canada is exposed to credit risk primarily through its investments with various financial institutions and accounts receivable. Management considers the credit risk to be low, as the organization only places its investments with reputable and financially stable organizations. Receivables are primarily with various levels of government and the associated credit risk is considered low.

### Market risk

Market risk arises as a result of fluctuations in the marketplace, which affect the trading values of equity securities and bonds. Plan Canada mitigates this risk through its investment policies and by monitoring the asset mix of the portfolio.

### Foreign currency risk

Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the organization's foreign investments. Plan Canada mitigates this risk by setting limits on non-Canadian investments as a percentage of the total fair value of the portfolio through its investment policies.

### Liquidity risk

Liquidity risk is the risk the organization will not be able to meet its financial obligations when they come due. Plan Canada's liquidity risk is considered low given its strong cash flow position combined with the composition of its accounts payable and accrued liabilities.

## 9 Government and other grants

	2015 \$	2014 \$
Government of Canada and Provincial Governments of Saskatchewan and Manitoba	30,520	25,098
Multilaterals, UN agencies, overseas foundations, Canadian charities and other	36,933	21,568
	<hr/> 67,453	<hr/> 46,666

Included in government and other grants are contributions of \$32,978 (2014 - \$19,416), which were received in the field for programs supported by Plan Canada and attributed to the organization by Plan.

# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

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(in thousands of dollars)

### 10 Gifts-in-kind

	2015 \$	2014 \$
Food and agriculture	15,160	17,182
Anti-malaria bed nets	14,109	-
Essential medicine and supplies	668	4,977
Other	447	142
	<hr/> 30,384	<hr/> 22,301

### 11 Related party balances and transactions

As indicated in note 1, to support Plan program expenditures, each National Organization has committed to contribute to Plan the funds it raises in excess of its operating requirements. Funds are remitted to Plan throughout the year at a predetermined rate as agreed to by both related parties. Any funds transmitted that exceed Plan's immediate disbursement needs are invested and investment income is allocated back to Plan Canada.

During the year, the organization provided funding of \$110,017 (2014 - \$97,891) to Plan, an amount which is recorded as international program services in the statement of operations. In addition, gifts-in-kind of \$30,384 (2014 - \$22,301) were provided to field offices. As at year-end, the amount due from Plan International, Inc. was \$3,057 (2014 - \$6,841). The organization also provided funding of \$5,511 (2014 - \$697) to non-Plan partners, which is also recorded as international program services in the statement of operations.

### 12 Pension plan

The organization contributes to a group retirement savings plan that covers all full-time permanent employees. The pension plan expense for the year ended June 30, 2015 was \$926 (2014 - \$757).

### 13 Net change in non-cash working capital

	2015 \$	2014 \$
Receivables and prepayments	(2,918)	170
Advances to Plan International, Inc.	3,784	(5,923)
Inventory	261	1,087
Advance payments by donors	(288)	(57)
Undisbursed designated contributions	(70)	(3,546)
Undisbursed grants	3,397	4,930
Accounts payable and accrued liabilities	216	(1,866)
	<hr/> 4,382	<hr/> (5,205)

# Plan International Canada Inc.

## Notes to Financial Statements

June 30, 2015

(in thousands of dollars)

### 14 Allocation of expenses

As more fully described in note 2, marketing, development, program, administration and operation costs have been allocated as follows:

				<b>2015</b>
	<b>Canadian program services \$</b>	<b>Fundraising \$</b>	<b>Operating \$</b>	<b>Total \$</b>
Marketing, development and programs	13,066	26,714	2,654	42,434
Administration and operations	945	137	9,359	10,441
	<u>14,011</u>	<u>26,851</u>	<u>12,013</u>	<u>52,875</u>
				<b>2014</b>
	<b>Canadian program services \$</b>	<b>Fundraising \$</b>	<b>Operating \$</b>	<b>Total \$</b>
Marketing, development and programs	10,069	25,758	2,246	38,073
Administration and operations	771	120	8,733	9,624
	<u>10,840</u>	<u>25,878</u>	<u>10,979</u>	<u>47,697</u>

### 15 Commitments

The organization is obligated under the terms of operating leases for office premises and office equipment. Lease commitments for the next five years and thereafter are approximately as follows:

	<b>\$</b>
2016	767
2017	779
2018	875
2019	1,017
2020	1,205
Thereafter	<u>10,379</u>
	<u>15,022</u>