

**Société de coopération pour le
développement international
(SOCODEVI)**

Consolidated Financial Statements
March 31, 2010

Société de coopération pour le développement international (SOCODEVI)

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June 4, 2010

Auditors' Report

To the Members of Société de coopération pour le développement international (SOCODEVI)

We have audited the consolidated balance sheet of **Société de coopération pour le développement international (SOCODEVI)** as at March 31, 2010 and the consolidated statements of earnings, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The schedule accompanying the financial statements is presented as supplementary information only and not as a necessary part of the financial statements of the company. The information in this schedule has been subjected to audit procedures only to the extent necessary to enable us to express an opinion on the consolidated financial statements of the company and, in our opinion, is fairly presented in all respects material to those consolidated financial statements.

PricewaterhouseCoopers LLP¹

¹ Chartered accountant auditor permit No. 19226

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Société de coopération pour le développement international (SOCODEVI)

Consolidated Balance Sheet

As at March 31, 2010

	2010	2009
	\$	\$
Assets		
Current assets		
Cash	1,532,973	1,103,783
Net assets of projects in progress	607,806	519,893
Accounts receivable (note 5)	1,537,846	1,615,884
Prepaid expenses	26,985	34,431
	<hr/>	<hr/>
	3,705,610	3,273,991
Loans to partners	-	4,147
Investments , at cost (note 6)	995,272	877,932
Lease inducement	20,480	35,840
Capital assets (note 7)	58,941	61,206
	<hr/>	<hr/>
	4,780,303	4,253,116
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	801,442	784,909
Deferred revenues (note 9)	1,547,535	1,173,688
	<hr/>	<hr/>
	2,348,977	1,958,597
Net assets		
Invested in capital assets (note 7)	58,941	61,206
Reserved for Contingency Fund (note 6)	982,756	865,416
Unappropriated	1,389,629	1,367,897
	<hr/>	<hr/>
	2,431,326	2,294,519
	<hr/>	<hr/>
	4,780,303	4,253,116
Commitments (note 10)		

Approved by the Board of Directors

Director

Director

(2)

Société de coopération pour le développement international (SOCODEVI)

Consolidated Statement of Earnings

For the year ended March 31, 2010

	2010	2009
	\$	\$
Revenues		
CIDA – Program Fund	3,524,827	4,370,583
CIDA – Others	4,047,379	3,210,175
Contributions from other lenders (note 11)	1,882,073	1,629,611
Contributions from member institutions in the form of services rendered	680,726	680,253
Contributions from member institutions (note 12)	157,126	358,794
Interest income and other revenues (note 13)	155,516	49,547
	<hr/>	<hr/>
	10,447,647	10,298,963
Expenses		
International program	8,097,293	7,903,874
Contributions from member institutions in the form of services rendered	680,726	680,253
Awareness and communication program	168,145	246,450
Institutional expenses	1,275,446	926,543
	<hr/>	<hr/>
	10,221,610	9,757,120
Excess of revenues over expenses for the year	<hr/>	<hr/>
	226,037	541,843

Société de coopération pour le développement international (SOCODEVI)

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2010

	Invested in capital assets \$	Reserved for Contingency Fund \$	Unappro- priated \$	Total 2010 \$	Total 2009 \$
Balance – Beginning of year	61,206	865,416	1,367,897	2,294,519	2,047,045
Contributions for project self-financing	-	-	(89,230)	(89,230)	(294,369)
Excess of revenues over expenses for the year	(25,753)	42,340	209,450	226,037	541,843
Appropriations	23,488	75,000	(98,488)	-	-
Balance – End of year	58,941	982,756	1,389,629	2,431,326	2,294,519

Société de coopération pour le développement international (SOCODEVI)

Consolidated Statement of Cash Flows

For the year ended March 31, 2010

	2010 \$	2009 \$
Cash flows from operating activities		
Excess of revenues over expenses for the year	226,037	541,843
Contributions for project self-financing	(89,230)	(294,369)
Items not affecting cash		
Depreciation and amortization of capital assets	20,375	21,267
Loss on writeoff of capital assets	5,378	5,792
Interest income from the Contingency Fund	(42,340)	(38,908)
Interest capitalized into a loan to a partner	(378)	(2,146)
Exchange loss on repayment of a loan to a partner	1,024	-
Discount on a loan to a partner	-	378
Amortization of lease inducement	15,360	15,360
	136,226	249,217
Change in non-cash working capital items		
Net assets of projects in progress	(87,913)	206,152
Accounts receivable	60,851	(777,602)
Prepaid expenses	7,446	(3,771)
Accounts payable and accrued liabilities	16,533	188,661
Deferred revenues	373,847	289,228
	370,764	(97,332)
	506,990	151,885
Cash flows from investing activities		
Decrease in loans to partners	20,688	7,556
Purchase of investments	(75,000)	-
Additions to capital assets	(23,488)	(26,728)
	(77,800)	(19,172)
Increase in cash	429,190	132,713
Cash – Beginning of year	1,103,783	971,070
Cash – End of year	1,532,973	1,103,783

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

1 General

The company is a non-profit organization incorporated under Part II of the Canada Business Corporations Act. Along with its various lenders, through the involvement of its member institutions and through promotion of the cooperative and mutualism movements and other forms of association, the company contributes to sustainable development in partner countries with a view to empowering their inhabitants.

2 Summary of significant accounting policies

Scope of consolidation and basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. They include the accounts of the company and those of its subsidiary, SOCODEVI Panama, S.A.

SOCODEVI Panama, S.A. was incorporated on January 14, 2008 under Law 32 of the Corporation Law of Panama in order to allow the execution of a project in this country. Upon a resolution adopted by the Board of Directors of SOCODEVI, it has been agreed to issue, in favour of two managers of SOCODEVI, one voting share each, without par value, thus accelerating and facilitating the creation process of the subsidiary. SOCODEVI does not hold any interests in SOCODEVI Panama, S.A. but has a 100% controlling interest in that company.

Net assets

The company's operations are recorded using the deferral method. Under this method, restricted revenues for expenses of future periods are deferred and recognized as revenues in the same period as the related expenses are incurred.

Unappropriated net assets consist of surplus from the current and prior years, net of cooperation project self-financing, appropriations to other funds and transitional adjustment required under Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855.

Net assets reserved for the Contingency Fund are to provide the company with a sufficient reserve so that the latter will be able to meet its financial obligations towards its partners, lenders, suppliers and employees. Any increase in this fund must be ratified by the Board of Directors. Members will decide of the disposal and the use of the Fund at the special meeting of members. Investment income from the Fund's resources is also presented in the Contingency Fund.

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the consolidated financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of consolidated revenues and expenses during the year. Actual consolidated results could differ from those estimates.

Foreign currency translation

Items in foreign currencies are translated into Canadian dollars using the temporal method. Under this method, balance sheet monetary items are translated at the exchange rates in effect at the balance sheet date, whereas non-monetary items are translated at historical rates. Exchange gains and losses resulting from such translation are reflected in the statement of earnings.

Financial instruments

The company classifies its financial assets in the following categories, with each category requiring a particular accounting treatment: financial assets held for trading, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. As to financial liabilities, they are classified as held for trading or as other financial liabilities.

The company measures all its financial assets at fair value, except for loans and receivables and held-to-maturity investments, which are measured at amortized cost using the effective interest rate method.

The company measures all its financial liabilities at fair value when they are classified as held for trading. The other financial liabilities are measured at amortized cost.

The company has classified cash, net assets of projects in progress, accounts receivable as well as accounts payable and accrued liabilities as "held for trading". The company has classified its Contingency Fund as a "held-to maturity investment" and its equity investment as an "available-for-sale financial asset". Considering that these shares have no quoted price in an active market, they are measured at cost.

As permitted under CICA Handbook standards, the company has elected to apply Section 3861, "Financial Instruments – Disclosure and Presentation" instead of Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation".

Net assets of projects in progress

Net assets of projects in progress mainly consist of cash on hand, but also include advances, guarantees as well as the accounts payable and accrued liabilities for projects in progress.

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

Lease inducement

The lease inducement is amortized using the straight-line method over the remaining term of the lease.

Capital assets

Capital assets are recorded at cost and depreciated using the declining balance method at annual rates of 20% for furniture and office equipment and 30% for computer equipment and software.

Capital assets acquired as part of the international program are charged to consolidated earnings since the company does not remain the owner of these assets.

Deferred revenues

Lenders' contributions whose expenses related to the corresponding projects are not incurred are accounted for as deferred revenues and transferred to consolidated earnings during the year in which the expenses are incurred.

Revenues

In accordance with contribution agreements entered into with different lenders, any non-spent or unjustified amount provided by these lenders to the company must be returned to them, under the terms of the programs accepted by the lenders.

Under some agreements entered into with lenders, the interest generated by their contributions must be used for the projects and the interest which will not have been spent or justified must be returned to the lenders. In certain cases, the generated interest must be considered as a contribution from the lender, to be deducted from the total amount of the agreement. This interest is accounted for as deferred revenues and transferred to project revenues when it is reinvested in the project. Any other interest income is included in "Interest and other revenues".

Contributions in the form of services rendered

Contributions in the form of services rendered represent the value of the contribution provided by the company's member institutions under its international program. This value was estimated from the daily rate recognized by CIDA under the company's Program Fund.

Services received without consideration

Earnings do not include the cost of services rendered by the directors, the personnel and other reference people that are part of the company's member institutions.

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

Operations with joint ventures

During the year, the company realized projects with joint ventures over which it exercised joint control with different partners. These joint ventures are not incorporated companies. The company's interest in these joint ventures is accounted for using the equity method.

Future accounting changes

The CICA issued the following sections of the CICA Handbook that apply to annual financial statements relating to fiscal years beginning on or after January 1, 2011:

- (a) Section 1582, "Business Combinations", which replaces the former Section 1581 with the same title, establishes accounting standards for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 "Business Combinations".
- (b) Section 1601, "Consolidated Financial Statements", which replaces the former Section 1600 with the same title, establishes standards for the preparation of consolidated financial statements.
- (c) Section 1602, "Non-Controlling Interests". This new section establishes standards on accounting for non-controlling interests in a subsidiary in consolidated financial statements prepared subsequent to a business combination. It is equivalent to the corresponding provisions of International Accounting Standard IAS 27, "Consolidated and Separate Financial Statements".

The company is currently evaluating the impact of these new standards on its financial statements.

3 Comparative figures

Certain comparative figures have been restated to conform to the current year presentation.

4 Related party transactions

In addition to the operations with the joint ventures, the company concluded the following transactions with the SOCODEVI Foundation for international development during the year. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The SOCODEVI Foundation's mission is to collect donations in order to financially support local communities and organizations of the associative type (cooperatives and mutual organizations) which are in developing countries. SOCODEVI has committed to providing the SOCODEVI Foundation with the administrative services required in the realization of its activities without receiving any consideration in return. The cost of services rendered by the company's staff to the SOCODEVI Foundation is estimated at \$42,094 (\$34,596 in 2009) for the current year.

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

As at March 31, 2010, the balances due to the SOCODEVI Foundation are the following:

	2010	2009
	\$	\$
Accounts payable and accrued liabilities	8,967	26

5 Accounts receivable

	2010	2009
	\$	\$
Contributions receivable, net of an allowance for bad debts of \$0 (\$10,071 in 2009) (note 9)	1,135,617	1,317,648
Contributions receivable – other partners	193,884	102,246
Current portion of loans to partners, non-interest bearing, net of an allowance for an impaired loan of \$0 (\$25,225 in 2009)	4,879	22,066
Others	203,466	173,924
	<u>1,537,846</u>	<u>1,615,884</u>

6 Investments, at cost

	2010	2009
	\$	\$
Reserves for Contingency Fund		
La Capitale		
Guaranteed investment certificate, maturing on July 12, 2011 at an annual rate of 4.725%, redeemable with a commercial value penalty	453,558	433,094
Guaranteed investment certificate, maturing on September 10, 2014 at an annual rate of 3.75%, redeemable with an interest penalty of 0.50%	76,557	-
Promutuel		
Guaranteed investment certificate, maturing on July 13, 2011 at an annual rate of 4.70%, redeemable with an interest penalty of 0.25%	452,641	432,322
	<u>982,756</u>	<u>865,416</u>
Foreign shares		
The UNEC S.A., 162 common shares, representing a 33.33% interest	12,516	12,516
	<u>995,272</u>	<u>877,932</u>

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

The equity investment is recorded at cost since the appreciation of the shares is not held by the company. The UNEC S.A. is a Bolivian company whose mission is the production, marketing and export of agricultural products.

7 Capital assets

			2010	2009
	Cost \$	Accumulated depreciation/ amortization \$	Net \$	Net \$
Furniture and office equipment	40,968	30,178	10,790	11,307
Computer equipment	96,200	59,050	37,150	41,759
Intangible assets	28,926	17,925	11,001	8,140
	166,094	107,153	58,941	61,206

8 Line of credit

The company has an available line of credit of an authorized amount of \$500,000, bearing interest at prime rate and renewable on July 31, 2010. A first universal mortgage of \$1,300,000 on the universality of cash, net assets of projects in progress, accounts receivable and other good quality securities realizable in the short term, present and future, whatever their location may be, has been given as a security for the line of credit. As at March 31, 2010, the line of credit is unused.

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

9 Deferred revenues (contributions receivable)

	ACDI			Total 2010 \$	Total 2009 \$
	Program Fund \$	Others \$	Other contributions \$		
Balance – Beginning of year	369,111	(240,486)	(272,585)	(143,960)	163,102
Receipts	3,208,556	4,817,689	1,909,703	9,935,948	9,004,331
Interest allocated	1,036	3,175	-	4,211	2,870
	3,578,703	4,580,378	1,637,118	9,796,199	9,170,303
Amounts					
Transferred to International Program's earnings	3,524,826	4,047,377	1,827,651	9,399,854	9,210,369
Transferred to other income	-	-	-	-	15,360
Reimbursements to lenders	-	3,885	4,609	8,494	594
Reimbursements to partners	-	-	4,772	4,772	87,916
Other items	-	-	(28,839)	(28,839)	24
	3,524,826	4,051,262	1,808,193	9,384,281	9,314,263
Balance – End of year	53,877	529,116	(171,075)	411,918	(143,960)
Deferred revenues	53,877	1,100,570	393,088	1,547,535	1,173,688
Contributions receivable (note 5)	-	(571,454)	(564,163)	(1,135,617)	(1,317,648)
	53,877	529,116	(171,075)	411,918	(143,960)

10 Commitments

The company has committed to paying a net minimum amount of \$98,239 until July 31, 2011 under a long-term operating lease. The instalments required over the next two years are as follows:

	\$
2010-2011	73,679
2011-2012	24,560

A guarantee in favour of the Receiver General for Canada has been issued as security for advances granted by CIDA for a specific project in Guatemala. This guarantee amounting to CAN \$250,000 expires on December 2, 2010.

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

11 Contributions from other lenders

	2010 \$	2009 \$
Government of Mali with financing from the World Bank	336,814	548,317
Qijing Municipality (China)	52,541	-
<i>Institut de Recherche et d'Applications des Méthodes de développement (IRAM-Développement)</i> with financing from the <i>Agence française de développement (AFD)</i>	-	237,131
Government of Panama with financing from the Inter-American Development Bank (IDB) and United Nations Development Programme (UNDP)	190,227	285,310
Sustainable Tree Crop Program (STCP) with financing from The United States Agency for International Development (USAID)	182,370	140,501
<i>Les partenaires du Rendez-vous de la coopération québécoise et canadienne dans la Francophonie</i>	-	114,297
Government of Haiti with financing from the Inter-American Development Bank (IDB)	97,969	93,345
<i>Mutuelle assurance des commerçants et industriels de France (MACIF)</i>	124,736	79,348
Québec Ministry of International Relations (MRI)	134,197	56,374
World Wide Fund for Nature-Central Africa Regional Programme Office (WWF-CARPO)	32,960	19,868
World Food Programme	150,938	-
World Cocoa Foundation (WCF) with financing from Bill and Melinda Gates Foundation	508,397	17,171
Other lenders	70,924	37,949
	<u>1,882,073</u>	<u>1,629,611</u>

12 Contributions from member institutions

	2010 \$	2009 \$
Contributions to the activities carried out by SOCODEVI	67,896	64,425
Project self-financing – Program Fund	89,230	294,369
	<u>157,126</u>	<u>358,794</u>

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

13 Interest income and other revenues

	2010 \$	2009 \$
Interest income – Net assets reserved for Contingency Fund	42,340	38,908
Interest income – Unappropriated net assets	2,428	9,396
Other revenues	110,748	1,243
	155,516	49,547

14 Operations with joint ventures

During the year, the company realized the following joint venture projects:

	Partners	Interest in net income	Contributions	
			2010 \$	2009 \$
Rural economic development project in the department of Sololá in Guatemala – CIDA	CECI	52%	963,762	275,005
Local Development Program in Haiti – CIDA	CECI, CRC-SOGEMA and ENAP	32%	262,350	255,468
Contribution to improving food safety in Haiti – CIDA	CECI and UPA DI	20%	13,210	6,525
Women and food security in Niger – CIDA	CECI and UPA DI	20%	16,346	-
Implementing actions: "Innovation and diffusion of irrigation technology and processing, and inter-professional cooperation" for the region of MOPTI in Mali – Government of Mali with financing from the World Bank	CECI and Tecslut International Limited	36%	336,814	548,317
Agricultural Intensification Project in the Artibonite Valley– Government of Haiti with financing from the IDB	CECI and Tecslut International Limited			
• Agricultural intensification component		33 ⅓%	-	20,629
• Water Management User's Organization		33 ⅓%	97,969	72,716
			1,690,451	1,178,660

Société de coopération pour le développement international (SOCODEVI)

Notes to Consolidated Financial Statements

March 31, 2010

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the joint ventures.

Contributions include the share in net earnings from projects realized with joint ventures for an amount of \$236,184 (\$218,538 in 2009). As at March 31, 2010, an amount of \$753,077 (\$487,329 in 2009) has been included in contributions receivable with respect to joint venture projects while an amount of \$293,121 (\$224,564 in 2009) has been included in accounts payable and accrued liabilities for these projects. Deferred revenues include an advance of \$137,551 related to a joint venture project (nil in 2009).

15 Financial instruments

Fair value

The fair value of cash, net assets of current projects, investments, accounts receivable, as well as accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity or to current market rates.

Interest rate risk

Investments bear interest at the rates mentioned in note 6. Cash, accounts receivable and accounts payable and accrued liabilities are non-interest bearing.

Société de coopération pour le développement international (SOCODEVI)

Consolidated Unaudited Expenses

For the year ended March 31, 2010

	2010 \$	2009 \$
International program		
Financial assistance	1,231,876	1,665,341
Technical assistance – Canadian staff		
Salaries and fringe benefits	1,672,361	1,760,685
Living allowances	155,554	185,311
Other expenses	246,766	209,902
Local staff	1,304,943	911,808
Capital expenditures	611,793	415,743
Extra support and mission expenses	610,267	639,792
Operating expenses		
Rent, supplies, communications and others	335,975	374,357
Travelling and car expenses	583,262	421,776
Professional fees, studies and research	765,385	620,540
Training	579,111	698,619
	<u>8,097,293</u>	<u>7,903,874</u>
Awareness and communication program		
Salaries and fringe benefits	85,127	90,381
Training and awareness tools	24,963	64,315
Special events	28,645	44,566
Publications and promotion	20,497	16,081
Mission expenses	135	21,744
Material and equipment	525	542
Office expenses	5,979	3,590
Professional fees	1,070	3,316
Travelling and entertainment	1,204	1,915
	<u>168,145</u>	<u>246,450</u>
Institutional expenses		
Salaries and fringe benefits	636,142	532,520
Recruitment and training of staff	9,230	7,038
Rent	91,223	89,450
Stationery and office expenses	46,473	42,044
Professional fees	63,314	27,951
Travelling and entertainment	29,749	26,783
Consignment and telecommunications	16,941	15,863
Mission expenses	15,638	-
Business development		
Salaries and fringe benefits	149,611	103,853
Other expenses	80,755	85,717
Depreciation and amortization of capital assets	20,375	21,267
Interest	-	391
Loss on writeoff of capital assets	5,378	5,792
Exchange loss (gain)	110,617	(32,126)
	<u>1,275,446</u>	<u>926,543</u>