

**CANADIAN ASSOCIATION OF MIDWIVES  
ASSOCIATION CANADIENNE DES SAGES -FEMMES  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

# Patricia McGovern CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
CANADIAN ASSOCIATION OF MIDWIVES/ASSOCIATION CANADIENNE DES  
SAGES -FEMMES

I have audited the accompanying financial statements of CANADIAN ASSOCIATION OF MIDWIVES/ASSOCIATION CANADIENNE DES SAGES -FEMMES, which comprise the balance sheet as at December 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

*Basis for Qualified Opinion*

In common with many charitable organizations, the Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations, current assets and net assets.

*Qualified Opinion*

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of CANADIAN ASSOCIATION OF MIDWIVES/ASSOCIATION CANADIENNE DES SAGES -FEMMES as at December 31, 2016, 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.

*Patrick McQueen CPA*

Montreal, Quebec  
May 26, 2017

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A111895

**CANADIAN ASSOCIATION OF MIDWIVES/ASSOCIATION CANADIENNE DES SAGES -  
FEMMES**

**BALANCE SHEET**

**AS AT DECEMBER 31, 2016**

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	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 441,457	\$ 27,768
Accounts receivable	277,172	560,572
Prepaid expenses	19,386	13,642
	<b>738,015</b>	601,982
<b>CAPITAL (note 3)</b>	<b>52,326</b>	3,470
	<b>\$ 790,341</b>	<b>\$ 605,452</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 4)	\$ 341,452	\$ 37,551
Deferred contributions (note 5)	25,649	13,454
Deferred revenues	364,886	462,298
	<b>731,987</b>	513,303
<b>NET ASSETS</b>		
INTERNALLY RESTRICTED NET ASSETS - ICM (note 6)	5,000	5,000
INTERNALLY RESTRICTED NET ASSETS - NACM (note 6)	13,989	11,006
<b>UNRESTRICTED NET ASSETS</b>	<b>39,365</b>	76,143
	<b>58,354</b>	92,149
	<b>\$ 790,341</b>	<b>\$ 605,452</b>

**On behalf of the Board,**

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**CANADIAN ASSOCIATION OF MIDWIVES/ASSOCIATION CANADIENNE DES SAGES -FEMMES**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<b>Internally Restricted ICM</b>	<b>Internally Restricted NACM</b>	<b>Unrestricted</b>	<b>2016 Total</b>	<b>2015 Total</b>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 5,000	\$ 11,006	\$ 76,143	\$ 92,149	\$ 54,376
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	-	-	(33,795)	(33,795)	37,773
INTERNAL RESTRICTIONS (note 6)	-	2,983	(2,983)	-	-
<b>BALANCE, END OF YEAR</b>	\$ 5,000	\$ 13,989	\$ 39,365	\$ 58,354	\$ 92,149

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**CANADIAN ASSOCIATION OF MIDWIVES/ASSOCIATION CANADIENNE DES SAGES -  
FEMMES**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Conferences and courses	\$ 205,408	\$ 203,955
General	116,958	45,839
Grant-government	526,134	19,481
Journal	7,049	15,818
Membership dues	383,972	344,054
Grant-private	324,847	445,966
	<b>1,564,368</b>	<b>1,075,113</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Amortization	6,822	852
Administrative support	297,844	222,658
Conferences and courses	145,422	158,869
Executive	33,150	30,000
Grant-government	522,735	63,662
Insurance	2,586	2,576
Interest and bank charges	9,645	2,676
Journal	44,920	49,585
Office	120,894	51,945
Professional associations	9,871	8,584
Professional fees	23,300	15,290
Public relations	6,126	1,641
Travel	55,193	47,771
Grant-private	319,655	381,231
	<b>1,598,163</b>	<b>1,037,340</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ (33,795)</b>	<b>\$ 37,773</b>

**CANADIAN ASSOCIATION OF MIDWIVES/ASSOCIATION CANADIENNE DES SAGES -  
FEMMES**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<b>2016</b>	<b>2015</b>
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenues over expenses	\$ (33,795)	\$ 37,773
Non-cash item:		
Amortization of capital assets	6,822	852
	<b>(26,973)</b>	<b>38,625</b>
Net change in non-cash working capital items:		
Accounts receivable	283,400	(495,594)
Prepaid expenses	(5,744)	(148)
Accounts payable and accrued liabilities	303,901	5,725
Deferred contributions	12,195	(1,023)
Deferred revenues	(97,412)	96,539
	<b>496,340</b>	<b>(394,501)</b>
	<b>469,367</b>	<b>(355,876)</b>
<b>INVESTING ACTIVITY</b>		
Acquisition of capital assets	(55,678)	(1,646)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>413,689</b>	<b>(357,522)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>27,768</b>	<b>385,290</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 441,457</b>	<b>\$ 27,768</b>

Cash and cash equivalents consist of cash and term deposits net of cheques issued and outstanding.

**1. INCORPORATION AND NATURE OF ACTIVITIES**

The professional organization was incorporated under Part II of the Canada Corporations Act on January 10, 2001 and commenced operations on April 1, 2001. The association represents individual midwives, provincial/territorial midwifery associations and the profession of midwifery in Canada. As the organization is a non-profit organization, it is not subject to income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The association applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

**REVENUE RECOGNITION**

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount received can be reasonably estimated and collection is assured.

Conference, courses, grant and publication revenues are recognized as revenue when conferences and courses are presented or held or when the service is rendered. The liability for the portion of services invoiced but not yet provided is recorded as deferred revenue.

Membership dues are recognized as revenue proportionately over the fiscal year to which they relate.

**CAPITAL**

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful lives using the straight-line method at the following rates:

	<b>Period</b>
Equipment, furniture and fixtures	5 years
Computer	3 years
Leasehold improvements	5 years

**FINANCIAL INSTRUMENTS**

*Measurement of financial instruments*

The association initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

The association subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, accounts receivable and grants receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, deferred contributions and deferred revenues.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND ITEMS

The association uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses are included in the Income Statement.

3. CAPITAL

	2016		2015	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment, furniture and fixtures	\$ 31,776	\$ 4,909	\$ 26,867	\$ 2,405
Computer	17,523	6,346	11,177	1,065
Leasehold improvements	14,649	367	14,282	-
	\$ 63,948	\$ 11,622	\$ 52,326	\$ 3,470

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade and accrued liabilities	\$ 339,035	\$ 45,517
Government remittances	2,417	(7,966)
	\$ 341,452	\$ 37,551

**5. DEFERRED CONTRIBUTIONS**

Effective January 1, 2003, the board approved the creation of a Sponsor-A-Midwife Fund, whereby surpluses arising from certain fund raising activities conducted by the association are used to subsidize for eligible members, travel costs associated with attending the association's annual conferences. During the year the board approved the closure of the Fund and the use of the remaining balance to assist members with travel costs to attend this year's conference.

During 2009, the board approved the creation of The Ghislaine Francoeur Fund, to support midwifery projects and education in Haiti in partnership with the Canadian Foundation for Women's Health (CFWH) a registered charity which funds research for women's sexual and reproductive health in Canada and around the world. Donors who require a charitable tax receipt for donations of \$50 or more to the Ghislaine Francoeur Fund, donate directly to CFWH.

As of December 31, 2016 CFWH had received a total of \$15,821 (2015 - \$15,001) which is available for disbursements in accordance with the purpose of the Ghislaine Francoeur Fund.

The Canadian Association of Midwives (CAM), as the host of the 2017 congress of the ICM (International Confederation of Midwives), wants to go the extra mile to ensure that midwives from around the world are able to attend. In particular, CAM would like to provide financial support to midwives from under resourced countries who would otherwise be unable to attend with the creation of Deliver a Midwife 2017 Fund. This support will help midwives take back important knowledge about maternal and child health to their home countries.

The amounts of the Sponsor-A-Midwife Fund, The Ghislaine Francoeur Fund and the Deliver a Midwife 2017 Fund recognized in these financial statements represent the balance of unspent resources received from the association from these fund raising activities. Changes in the deferred contributions balances are as follows:

	<b>Balance December 31, 2015</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance December 31, 2016</b>
<b>Fund raising activities</b>				
Sponsor-a-Midwife Fund	\$ 1,951	\$ -	\$ 1,951	\$ -
The Ghislaine Francoeur Fund	6,106	1,112	6,676	542
Deliver a Midwife 2017 Fund	5,397	19,710	-	25,107
	<b>\$ 13,454</b>	<b>\$ 20,822</b>	<b>\$ 8,627</b>	<b>\$ 25,649</b>

**6. RESTRICTIONS ON MEMBERS EQUITY**

During the year the board internally restricted \$2,983 from unrestricted members equity representing money raised by NACM in the current year through their fund raising efforts. Total restrictions at the end of the year amounted to \$18,989 consisting of \$13,989 of funds raised by NACM and \$5,000 for the 2017 ICM Congress.

**7. FINANCIAL INSTRUMENTS**

Transacting in financial instruments exposes the association to certain financial risks and uncertainties. These risks include:

a) LIQUIDITY RISK

Liquidity risk is the risk that the association will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the association's cash requirements. The association controls liquidity risk by management of working capital and cash flows.

b) CREDIT RISK

The association is exposed to credit risk from the possibility that parties may default on their financial obligations. The association provides credit to credit worthy parties in the normal course of its operations. The association is not exposed to significant credit risk on its accounts receivable given the relative size of individual amounts owed to the association.

c) INTEREST RATE RISK

Interest rate risk refers to the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The association is exposed to interest rate risk from its interest bearing assets which have a carrying value of \$94,034 (2015 - \$93,657) bearing interest at 0.7% per annum (2015 - .7%). These investments are redeemable on demand.

d) CURRENCY RISK

The association receives project grants in foreign currencies giving rise to exposure to market risks from changes in foreign exchange rates from the date of receipt of funding until the date of recognition as revenue. As of December 31, 2016 the association had deferred revenue of \$323,975 originally received in Euros converted into Canadian dollars and U.S. cash holdings converted into Canadian dollars of \$297,820.

**8. COMMITMENTS**

The commitments of the association under lease agreements aggregate to \$387,845. The instalments over the next five years exclusive of sales taxes are the following:

2017	\$	77,569
2018	\$	77,569
2019	\$	77,569
2020	\$	77,569
2021	\$	77,569

**9. CONTINGENT LIABILITIES AND GUARANTEES**

The association received contributions from the United Nations Population Fund (UNFPA), Jhpiego, Cuso International, Save the Children Canada and Sanofi-Espero Foundation that are subject to restrictions as to the use of the funds. The association's accounting records are subject to audit by these organizations to identify instances, if any, in which the amounts charges to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Adjustments to the financial statements as a result of these audits will re recorded in the period in which they become known.

In the normal course of operations, the association provides indemnification agreements with funding agencies. Under these agreements, the association agrees to indemnify the funding agency against loss or liability arising from the acts or omissions of the association in relation to the agreement. The nature of the indemnification agreements prevents the association from making a reasonable estimate of the maximum potential amount that the association would be required to pay to such counterparties.