

World University Service of Canada

Consolidated Financial Statements
March 31, 2021



Independent auditor's report

To the Board of Directors of World University Service of Canada

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of World University Service of Canada and its subsidiary (together, the WUSC) as at March 31, 2021 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.

What we have audited

WUSC's consolidated financial statements comprise:

- the consolidated balance sheet as at March 31, 2021;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of changes in net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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

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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the WUSC'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 WUSC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the WUSC's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 WUSC'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 WUSC'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 consolidated 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 WUSC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the WUSC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 28, 2021

World University Service of Canada

Consolidated Balance Sheet

As at March 31, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash and cash equivalents	18,490,434	7,050,580
Short-term investments (note 5)	140,000	140,000
Program receivables	4,052,364	5,457,416
Advances receivable	535,506	474,159
Prepaid expenses	297,501	228,781
	<u>23,515,805</u>	<u>13,350,936</u>
Long-term investments	49,995	49,995
Tangible capital and intangible assets (note 6)	<u>628,715</u>	<u>966,286</u>
	<u>24,194,515</u>	<u>14,367,217</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	1,854,961	2,238,632
Deferred contributions and contract advances (note 8)	18,593,431	8,467,808
Deferred revenue – Lewis Perinbam award	42,556	50,819
	<u>20,490,948</u>	<u>10,757,259</u>
Net Assets		
Invested in tangible capital and intangible assets	628,715	966,286
Internally restricted (note 9)	3,005,913	2,574,865
Endowment Fund	68,939	68,807
	<u>3,703,567</u>	<u>3,609,958</u>
	<u>24,194,515</u>	<u>14,367,217</u>
Commitments (note 10)		
Contingencies (note 11)		

Approved by the Board of Directors

Chris Whitaker

Director

J. Colin Dodds

J. Colin Dodds (Jul 8, 2021 21:51 ADT)

Director

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

World University Service of Canada

Consolidated Statement of Operations

For the year ended March 31, 2021

	2021 \$	2020 \$
Revenue		
Grants and contributions		
Government of Canada	21,842,929	23,974,494
UK-Aid	5,901,802	7,747,239
Other Canadian funding (note 12)	1,146,114	2,482,348
Other foreign funding	1,242,973	1,637,654
Other income (note 13)	180,846	176,831
Donated services	955,087	4,616,496
	<hr/> 31,269,751	<hr/> 40,635,062
Expenses		
Programs	26,707,461	32,166,862
Operations	3,154,630	3,292,707
Fundraising and alumni engagement	221,183	210,373
Governance	19,684	62,131
Donated services	955,087	4,616,496
	<hr/> 31,058,045	<hr/> 40,348,569
Excess of revenue over expenses before undernoted item	211,706	286,493
Severance – restructuring	<hr/> 118,229	<hr/> 176,346
Excess of revenue over expenses	<hr/> <hr/> 93,477	<hr/> <hr/> 110,147

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

World University Service of Canada

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2021

	Invested in tangible capital and intangible assets \$	Internally restricted net assets \$	Endowment Fund \$	2021 \$	2020 \$
Balance – Beginning of year	966,286	2,574,865	68,807	3,609,958	3,499,326
Excess of revenue over expenses	-	93,477	-	93,477	110,147
Endowment contributions and investment gains	-	-	132	132	485
Change in net assets invested in tangible capital and intangible assets	(346,834)	346,834	-	-	-
Amortization of tangible capital and intangible assets	9,263	(9,263)	-	-	-
Purchase of tangible capital and intangible assets					
Balance – End of year	628,715	3,005,913	68,939	3,703,567	3,609,958

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

World University Service of Canada

Consolidated Statement of Cash Flows

For the year ended March 31, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	93,477	110,147
Item not involving cash		
Amortization of tangible capital and intangible assets	346,834	381,223
Net change in non-cash operating working capital (note 14)	11,008,674	1,299,630
	<u>11,448,985</u>	<u>1,791,000</u>
Investing activities		
Purchase of long-term investments	-	(49,995)
Purchase of tangible capital and intangible assets	(9,263)	(44,550)
Endowment contributions and investment gains	132	485
	<u>(9,131)</u>	<u>(94,060)</u>
Increase in cash and cash equivalents	11,439,854	1,696,940
Cash and cash equivalents – Beginning of year	7,050,580	5,353,640
Cash and cash equivalents – End of year	<u>18,490,434</u>	<u>7,050,580</u>
Cash and cash equivalents comprises		
In Canada		
Cash on deposit	12,484,093	5,860,025
Guaranteed investment certificates	5,000,000	-
	17,484,093	5,860,025
Other countries		
Cash on deposit (note 3)	1,006,341	1,190,555
	<u>18,490,434</u>	<u>7,050,580</u>

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

World University Service of Canada

Notes to Consolidated Financial Statements

March 31, 2021

1 Purpose of organization

World University Service of Canada (WUSC) was incorporated on October 1, 1957, without share capital, under Part II of the Canada Corporations Act. In 2014, WUSC continued its incorporation under the Canada Not-for-profit Corporations Act. As a registered charity with the Canada Revenue Agency, WUSC is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act (Canada).

WUSC is a leading Canadian non-profit organization in international development, committed to building a more equitable and sustainable world. WUSC works with a unique and powerful network of post-secondary institutions, private-sector partners and volunteers to provide education, employment and empowerment opportunities that improve the lives of millions of disadvantaged youth around the world.

2 Significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Basis of presentation and consolidation

These consolidated financial statements include the accounts of WUSC, its foreign country offices and WUSC Education and Development Corporation, a Canadian not-for-profit corporation (collectively referred to herein as WUSC). WUSC controls WUSC Education and Development Corporation by virtue of its ability to appoint that entity's Board of Directors. All significant intercompany transactions and accounts have been eliminated.

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recognized in the consolidated financial statements in the period in which they become known.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with terms to maturity at acquisition of three months or less.

Short-term investments

Short-term investments are recorded at fair value. Changes in fair value are included in net revenue for the year.

World University Service of Canada

Notes to Consolidated Financial Statements

March 31, 2021

Tangible capital and intangible assets

Tangible capital and intangible assets are initially recorded at cost, except for tangible capital and intangible acquisitions required and funded directly by projects, which are recorded as project expenditures in the year of acquisition. Amortization is recorded on a straight-line basis over the estimated useful lives as follows:

Tangible capital assets

Buildings	20 years
Office equipment	5 years
Computer hardware	3 years

Intangible assets

Computer software	3 years
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Tangible capital and intangible assets acquired in the year are amortized at one-half of the annual rate.

WUSC Field Support Services' tangible capital and intangible assets are recorded at cost. Amortization is recorded on a straight-line basis over the lives of the signed contracts durations.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

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, WUSC 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 highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount WUSC expects to realize by exercising its right to any collateral. 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.

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Notes to Consolidated Financial Statements

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Revenue recognition

WUSC follows the deferral method of accounting for contributions for not-for-profit organizations. Restricted contributions are recorded as deferred revenue and subsequently transferred to revenue when such funds are utilized in accordance with the donor restrictions. 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. Contract revenue is recognized using the percentage of completion method, based on the proportion of total contract expense incurred at year-end. Contributions and donations relating to specific projects extending beyond the end of the year are deferred to the extent that matching expenditures have not been incurred. A loss is recognized on projects when total expenses are expected to exceed total contributions. Endowment contributions are recorded as direct increases in net assets.

Expenses

In the consolidated statement of operations, WUSC presents its expenses by function. Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. WUSC does not allocate expenses between functions after initial recognition.

Foreign exchange

Transactions conducted in a foreign currency are translated into Canadian dollars at the rate of exchange in effect on the transaction date. Assets and liabilities denominated in foreign currencies are adjusted at the balance sheet date to reflect the exchange rates in effect at that date. Exchange gains and losses are included in the determination of revenue and expenses for the year.

Donated services

The value of Canadian volunteers working overseas is recorded as both revenue and expense, based on the fair market value of the volunteer's time, established through volunteer daily rates approved by Global Affairs Canada (GAC).

Joint operation

A joint operation is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called the joint operators. WUSC recognizes its share of the assets and liabilities and revenue and expenses generated from the joint operations in proportion to its rights.

World University Service of Canada

Notes to Consolidated Financial Statements

March 31, 2021

3 Financial risks and concentration of credit risk

Concentration of credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. WUSC is exposed to credit risk with respect to program receivables and advances receivable. The majority of program receivables as at March 31, 2021 relate to contribution agreements or service contracts with government agencies and partner organizations. WUSC assesses its receivables on a continuous basis and provides for any amounts that are not collectible in the allowance for doubtful accounts. As at year-end, there were no amounts allowed for in receivables.

Currency risk

Contract advances received in foreign currencies are generally disbursed for expenditures in the same currency, serving to hedge WUSC's exposure to foreign currency fluctuations.

Cash on deposit in other countries includes approximately \$217,615 (2020 – \$323,004) denominated in US dollars.

In addition, cash on deposit in other countries includes approximately \$10,914 (2020 – \$11,628) held in Sri Lankan rupees, which is subject to normal restrictions imposed under Sri Lankan banking regulations, and mainly consists of funds received from local funding sources that are designated for local project expenditures.

The remaining amount of cash on deposit in other countries of \$777,812 (2020 – \$855,923) consists of balances held mainly in African countries denominated in other foreign currencies.

Cash on deposit in Canada includes \$1,393,846 (2020 – \$1,554,713), denominated in British pounds and \$3,735,309 (2020 – \$776,483) denominated in US dollars.

Interest rate and liquidity risk

WUSC management believes that it is not subject to significant interest rate or liquidity risk arising from its financial instruments.

WUSC has an available operating line of credit of \$3,000,000 with variable interest at prime plus 0.75%. As at March 31, 2021, the line of credit was not used.

Letters of credit

GAC and other donors can require letters of credit to secure contractual advances for certain projects. As at March 31, 2021, WUSC had provided irrevocable standby letters of credit of \$2,537,160 (2020 – \$2,537,160) to collateralize its obligations.

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Notes to Consolidated Financial Statements

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4 Fundraising by WUSC Local Committees

In addition to providing direct cash contributions to WUSC to support its administration of the Student Refugee Program (SRP), WUSC Local Committees operating at more than 74 Canadian college and university campuses mobilize financial and non-financial support to fulfill their sponsorship undertaking with Citizenship and Immigration Canada. During the year ended March 31, 2021, this support was estimated to be \$5.14 million, to fully fund 135 students' living and education costs through various means that include fundraising by local committees, student union levies, waivers in respect of tuition fees, education material and meals and other forms of support.

This amount does not include the value of the time and effort of on-campus volunteers in support of the SRP.

5 Short-term investments

Short-term investments consist of a guaranteed investment certificate yielding fixed interest at 0.1% and which matures in 2022 (2020 – matures in 2021).

6 Tangible capital and intangible assets

			2021	2020
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Tangible capital assets				
Land	250,000	-	250,000	250,000
Buildings	721,710	721,710	-	4,113
Office equipment	508,117	499,703	8,414	51,206
Computer hardware	310,610	307,828	2,782	10,227
	1,790,437	1,529,241	261,196	315,546
Intangible assets				
Computer software	409,085	400,005	9,080	15,490
	2,199,522	1,929,246	270,276	331,036

As at March 31, 2020, cost and accumulated amortization of tangible capital and intangible assets amounted to \$2,199,522 and \$1,868,486, respectively.

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Notes to Consolidated Financial Statements

March 31, 2021

Field support services projects

			2021	2020
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Tangible capital assets				
Office space	460,340	349,627	110,713	196,786
Office equipment	305,222	222,964	82,258	132,769
Vehicles	650,105	484,637	165,468	305,695
	<u>1,415,667</u>	<u>1,057,228</u>	<u>358,439</u>	<u>635,250</u>

As at March 31, 2020, cost and accumulated amortization of tangible assets amounted to \$1,406,404 and \$771,154, respectively.

7 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$6,127 (2020 – \$1,276), which includes amounts payable for HST and payroll-related taxes.

8 Deferred contributions and contract advances

	2021 \$	2020 \$
Balance – Beginning of year	8,467,808	8,256,815
Amounts received during the year	40,211,204	35,699,607
Amounts recognized as revenue	<u>(30,085,581)</u>	<u>(35,488,614)</u>
Balance – End of year	<u>18,593,431</u>	<u>8,467,808</u>

WUSC recognized \$392,925 (2020 – \$130,341) in revenue from the Equality Fund Initiative funded by GAC.

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Notes to Consolidated Financial Statements

March 31, 2021

9 Internally restricted net assets

The Board of Directors has internally restricted, on the recommendation of the Executive Director and the Audit Committee, net assets for the following purposes:

	2021 \$	2020 \$
Severance pay	600,000	600,000
Building	900,000	900,000
Strategic initiatives	400,000	400,000
Contingency	1,105,913	674,865
	<u>3,005,913</u>	<u>2,574,865</u>

10 Commitments

WUSC is committed under operating leases for the rental of equipment and parking space over the next three years as follows:

	\$
2022	5,966
2023	5,966
2024	2,983
	<u>14,915</u>

11 Contingencies

The terms of contribution agreements with funding agencies allow them to conduct audits to ensure project expenditures are in accordance with the terms and conditions of the funding agreement. Ineligible expenditures, if any, may result in WUSC reimbursing a portion of the funding. Management believes that WUSC has incurred no material unrecorded liabilities related to ineligible expenditures. Adjustments to the consolidated financial statements as a result of these audits, if any, will be recorded in the year in which they become known.

World University Service of Canada

Notes to Consolidated Financial Statements

March 31, 2021

12 Other Canadian funding

	2021 \$	2020 \$
Volunteer Co-operation Program Partners and Participants	102,850	899,701
Student/university program contributions (SRP) (note 4)	555,348	603,844
Farm Radio International	202,947	321,866
Ontario Ministry of Training, Colleges and Universities	208,522	191,756
Student/university program contributions (SWB)	-	46,499
Other project revenue	76,447	418,682
	<hr/> 1,146,114	<hr/> 2,482,348

13 Other income

	2021 \$	2020 \$
Membership fees	65,300	80,850
Other fundraising	85,196	65,571
Miscellaneous	30,350	30,410
	<hr/> 180,846	<hr/> 176,831

14 Changes in non-cash working capital

	2021 \$	2020 \$
Decrease in program receivables	1,405,052	518,298
Decrease (increase) in advances receivable	(61,347)	208,707
Increase in prepaid expenses	(68,720)	(13,998)
Increase (decrease) in accounts payable and accrued liabilities	(383,671)	378,540
Increase in deferred contributions and contract advances	10,125,623	210,993
Decrease in deferred revenue – Lewis Perinbam award	(8,263)	(2,910)
	<hr/> 11,008,674	<hr/> 1,299,630

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Notes to Consolidated Financial Statements

March 31, 2021

15 Implications of COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Governments and local public health authorities have implemented shutdowns and emergency measures to combat the global pandemic.

Management is closely monitoring any potential impacts there may be on WUSC's operations. Management has also undertaken measures to effectively manage operations and adapt programming as a result of the pandemic. While the ultimate duration and magnitude of COVID-19's impact on WUSC's operations and financial position are not known at this time management believes it will be temporary and that the long-term prospects for WUSC have not changed.

16 Prior year comparatives

Certain prior year comparative amounts have been reclassified to conform to the current year presentation.