

Consolidated Financial Statements of

**WORLD UNIVERSITY
SERVICE OF CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of World University Services of Canada

Opinion

We have audited the consolidated financial statements of the World University Services of Canada (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2023
- 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 notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2023, and its consolidated results of operations, its consolidated changes in net assets and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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

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



Other Matter – Comparative Information

The financial statements as at and for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 28, 2022.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report document as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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.

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group of the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

August 16, 2023

WORLD UNIVERSITY SERVICE OF CANADA

Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,912,185	\$ 12,437,651
Short-term investments (note 4)	140,000	140,000
Program receivables	3,529,966	4,718,398
Advances receivable	283,564	222,719
Prepaid expenses	307,880	246,263
	<u>25,173,595</u>	<u>17,765,031</u>
Long-term investments	49,995	49,995
Tangible capital and intangible assets (note 5)	325,713	425,888
	<u>\$ 25,549,303</u>	<u>\$ 18,240,914</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 2,096,634	\$ 1,953,805
Deferred contributions and contract advances (note 7)	19,539,990	12,421,734
Deferred revenue - Lewis Perinbam award	34,816	38,458
	<u>21,671,440</u>	<u>14,413,997</u>
Net assets:		
Invested in tangible capital and intangible assets	325,713	425,888
Internally restricted (note 8)	3,482,272	3,331,952
Endowment fund	69,878	69,077
	<u>3,877,863</u>	<u>3,826,917</u>
Commitments (note 9)		
Contingencies (note 10)		
	<u>\$ 25,549,303</u>	<u>\$ 18,240,914</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Chris Whitaker Director

Colin Dodds Director

WORLD UNIVERSITY SERVICE OF CANADA

Consolidated Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Grants and contributions:		
Government of Canada	\$ 30,788,524	\$ 28,594,213
UK-Aid	1,551,654	6,838,424
Other Canadian funding (note 11)	1,039,366	889,919
Other foreign funding	2,246,169	1,467,960
Other income (note 12)	280,539	323,013
Donated services	6,679,287	1,909,931
	<u>42,585,539</u>	<u>40,023,460</u>
Expenses:		
Programs	31,671,731	34,064,746
Operations	3,815,700	3,648,015
Fundraising and alumni engagement	247,886	210,318
Governance	22,315	15,755
Donated services	6,679,287	1,909,931
	<u>42,436,919</u>	<u>39,848,765</u>
Excess of revenue over expenses before undernoted item	148,620	174,695
Severance - restructuring	98,475	51,483
Excess of revenue over expenses	<u>\$ 50,145</u>	<u>\$ 123,212</u>

See accompanying notes to consolidated financial statements.

WORLD UNIVERSITY SERVICE OF CANADA

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Invested in tangible capital and intangible assets	Internally restricted net assets	Endowment Fund	2023 Total	2022 Total
Balance, beginning of year	\$ 425,888	\$ 3,331,952	\$ 69,077	\$ 3,826,917	\$ 3,703,567
Excess of revenue over expenses	–	50,145	–	50,145	123,212
Endowment contributions and investment gains	–	–	801	801	138
Change in net assets invested in tangible capital and intangible assets:					
Amortization of tangible capital and intangible assets	(143,909)	143,909	–	–	–
Purchase of tangible capital and intangible assets	43,734	(43,734)	–	–	–
Balance, end of year	\$ 325,713	\$ 3,482,272	\$ 69,878	\$ 3,877,863	\$ 3,826,917

See accompanying notes to consolidated financial statements.

WORLD UNIVERSITY SERVICE OF CANADA

Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 50,145	\$ 123,212
Items not involving cash:		
Amortization of tangible capital and intangible assets	143,909	251,981
Net change in non-cash operating working capital (note 13)	8,323,413	(6,378,960)
	8,517,467	(6,003,767)
Investing activities:		
Purchase of tangible capital and intangible assets	(43,734)	(49,154)
Endowment contributions and investment gains	801	138
	(42,933)	(49,016)
Increase (decrease) in cash and cash equivalents	8,474,534	(6,052,783)
Cash and cash equivalents, beginning of year	12,437,651	18,490,434
Cash and cash equivalents, end of year	\$ 20,912,185	\$ 12,437,651
Cash and cash equivalents comprises:		
In Canada:		
Cash on deposit	\$ 19,624,741	\$ 8,497,738
Cash equivalents	–	3,000,000
	19,624,741	11,497,738
Other countries:		
Cash on deposit (note 2)	1,287,444	939,913
	\$ 20,912,185	\$ 12,437,651

See accompanying notes to consolidated financial statements.

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

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.

1. 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:

(a) 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.

(b) 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.

(c) Cash and cash equivalents:

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

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(d) Short-term investments:

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

(e) Tangible capital and intangible assets:

Tangible capital and intangible assets are 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:

Asset	Useful life
Tangible capital assets:	
Building	20 years
Office equipment	5 years
Computer hardware	3 years
Intangible assets:	
Computer software	3 years

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.

Net assets invested in tangible capital and intangible assets represent the net amount of capital assets funded using internal resources.

(f) 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. WUSC has elected to carry any such financial instruments at fair value.

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

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

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 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 the 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.

(g) 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.

(h) Foreign exchange:

Transactions conducted in a foreign currency are translated into Canadian dollars at the rate of exchange 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 net earnings for the period.

(i) 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).

(j) 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 revenues and expenses generated from the joint operations in proportion to its rights.

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(k) 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. Significant areas requiring the use of management estimates relate to assumptions used in the valuation of financial instruments, the carrying value of capital assets, the valuation of accounts receivable, and the completeness of accounts payable and accrued liabilities.

2. Financial risks and concentration of credit risk:

(a) Concentration of credit risk:

Credit risk refers to the risk that 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 project receivables as at March 31, 2023 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.

(b) 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 \$139,475 (2022 - \$240,934) denominated in US dollars and \$1,147,969 (2022 - \$698,979) denominated in other foreign currencies held mainly in African countries.

Cash on deposit in Canada includes \$852,110 (2022 - \$3,315,029), denominated in British pounds and \$3,230,804 (2022 - \$814,667) denominated in US dollars.

(c) 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, 2023, the line of credit was not used..

There have been no significant changes to the risk exposures from the prior year.

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

2. Financial risks and concentration of credit risk (continued):

(d) Letters of credit:

GAC and other donors can require letters of credit to secure contractual advances for certain projects. As at March 31, 2023, WUSC had provided irrevocable standby letters of credit of \$1,185,060 (2022 - \$1,337,160) to collateralize its obligations.

3. 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 90 Canadian college, university and cégep campuses mobilize financial and non-financial support to fulfill their sponsorship undertaking with Citizenship and Immigration Canada. During the year ended March 31, 2023, this support was estimated to be \$10.23 million, to fully fund 166 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.

4. Short-term investments:

Short-term investments consist of a guaranteed investment certificate yielding fixed interest at 0.3% and which matures in 2024 (2022 - matures in 2023).

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

5. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Tangible capital assets:				
Land	\$ 250,000	\$ –	\$ 250,000	\$ 250,000
Buildings	792,102	733,833	58,269	44,238
Office equipment	529,425	513,169	16,256	2,646
Computer hardware	310,610	310,610	–	245
Intangible assets:				
Computer software	409,085	409,085	–	2,671
	\$ 2,291,222	\$ 1,966,697	\$ 324,525	\$ 299,800

At March 31, 2022, cost and accumulated amortization of tangible capital and intangible assets amounted to \$2,248,676 and \$1,948,876, respectively.

Field support services projects

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Tangible capital assets:				
Office space	\$ 460,340	\$ 460,340	\$ –	\$ 42,019
Office equipment	306,410	305,222	1,188	28,897
Vehicles	650,105	650,105	–	55,172
	\$ 1,416,855	\$ 1,415,667	\$ 1,188	\$ 126,088

At March 31, 2022, cost and accumulated amortization of tangible assets amounted to \$1,415,667 and \$1,289,579, respectively.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2022 - \$8,590), which includes amounts payable for HST and payroll-related taxes.

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

7. Deferred contributions and contract advances:

Deferred contributions and contract advances arise from the following sources:

	2023	2022
Balance, beginning of year	\$ 12,421,734	\$ 18,593,431
Amounts received during the year	42,811,904	31,673,567
Amounts recognized as revenue	(35,693,648)	(37,845,264)
Balance, end of year	\$ 19,539,990	\$ 12,421,734

WUSC recognized \$564,684 (2022 - \$461,279) in revenue from the Equality Fund Initiative funded by GAC.

8. 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:

	2023	2022
Severance pay	\$ 600,000	\$ 600,000
Building	900,000	900,000
Strategic initiatives	400,000	400,000
Contingency	1,582,272	1,431,952
Balance, end of year	\$ 3,482,272	\$ 3,331,952

Severance Pay Reserve

This reserve provides funds for severance liabilities related to employee terminations at the end of a project, downsizing or other related activities.

Building Reserve

This reserve provides funds for major renovations, betterments, additions to or replacement of the building.

Strategic Reserve

This reserve provides funds for new unfunded strategic initiatives and cost share contributions were necessary.

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

8. Internally restricted net assets (continued):

Contingency Reserve

This reserve provides funds for unanticipated expenses based upon changes in WUSC's risk management assessment or temporary declines in revenue.

9. Commitments:

WUSC is committed under operating leases for the rental of equipment over the next year as follows:

2024	\$	2,983
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10. 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.

11. Other Canadian funding:

	2023	2022
Volunteer Co-operation Program Partners and Participants	\$ 182,997	\$ 142,360
Student/university program contributions (SRP) (note 3)	855,150	633,305
Ontario Ministry of Training, Colleges and Universities	–	12,747
Other project revenues	1,219	101,507
	<hr/> \$ 1,039,366	<hr/> \$ 889,919

WORLD UNIVERSITY SERVICE OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

12. Other revenue:

	2023	2022
Membership fees	\$ 81,850	\$ 85,600
Other fundraising	67,935	54,748
Miscellaneous	130,754	182,665
	<u>\$ 280,539</u>	<u>\$ 323,013</u>

13. Changes in non-cash operating working capital:

	2023	2022
Decrease (increase) in program receivables	\$ 1,188,432	\$ (666,034)
Decrease (increase) in advances receivable	(60,845)	312,787
Decrease (increase) in prepaid expenses	(61,617)	51,238
Increase in accounts payable and accrued liabilities	142,829	98,844
Increase (decrease) in deferred contributions and contract advances	7,118,256	(6,171,697)
Decrease in deferred revenue - Lewis Perinbam award	(3,642)	(4,098)
	<u>\$ 8,323,413</u>	<u>\$ (6,378,960)</u>

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.