

World University Service of Canada

Consolidated Financial Statements
March 31, 2022



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 subsidiaries (together, the WUSC) as at March 31, 2022 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 (ASNPO).

What we have audited

The WUSC's consolidated financial statements comprise:

- the consolidated balance sheet as at March 31, 2022;
- 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, 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 ASNPO, 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, 2022

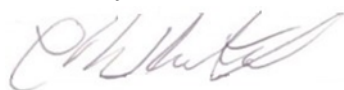
World University Service of Canada

Consolidated Balance Sheet

As at March 31, 2022

	2022 \$	2021 \$
Assets		
Current assets		
Cash and cash equivalents	12,437,651	18,490,434
Short-term investments (note 5)	140,000	140,000
Program receivables	4,718,398	4,052,364
Advances receivable	222,719	535,506
Prepaid expenses	246,263	297,501
	<u>17,765,031</u>	<u>23,515,805</u>
Long-term investments	49,995	49,995
Tangible capital and intangible assets (note 6)	<u>425,888</u>	<u>628,715</u>
	<u>18,240,914</u>	<u>24,194,515</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	1,953,805	1,854,961
Deferred contributions and contract advances (note 8)	12,421,734	18,593,431
Deferred revenue – Lewis Perinbam award	38,458	42,556
	<u>14,413,997</u>	<u>20,490,948</u>
Net Assets		
Invested in tangible capital and intangible assets	425,888	628,715
Internally restricted (note 9)	3,331,952	3,005,913
Endowment Fund	69,077	68,939
	<u>3,826,917</u>	<u>3,703,567</u>
	<u>18,240,914</u>	<u>24,194,515</u>
Commitments (note 10)		
Contingencies (note 11)		

Approved by the Board of Directors



Director



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, 2022

	2022	2021
	\$	\$
Revenue		
Grants and contributions		
Government of Canada	28,594,213	21,842,929
UK-Aid	6,838,424	5,901,802
Other Canadian funding (note 12)	1,038,974	1,146,114
Other foreign funding	1,467,960	1,242,973
Other income (note 13)	173,958	180,846
Donated services	1,909,931	955,087
	<hr/>	<hr/>
	40,023,460	31,269,751
Expenses		
Programs	34,064,746	26,707,461
Operations	3,648,015	3,154,630
Fundraising and alumni engagement	210,318	221,183
Governance	15,755	19,684
Donated services	1,909,931	955,087
	<hr/>	<hr/>
	39,848,765	31,058,045
Excess of revenue over expenses before undernoted item	174,695	211,706
Severance – restructuring	<hr/>	<hr/>
	51,483	118,229
Excess of revenue over expenses	<hr/>	<hr/>
	123,212	93,477

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, 2022

	Invested in tangible capital and intangible assets \$	Internally restricted net assets \$	Endowment Fund \$	2022 \$	2021 \$
Balance – Beginning of year	628,715	3,005,913	68,939	3,703,567	3,609,958
Excess of revenue over expenses	-	123,212	-	123,212	93,477
Endowment contributions and investment gains	-	-	138	138	132
Change in net assets invested in tangible capital and intangible assets					
Amortization of tangible capital and intangible assets	(251,981)	251,981	-	-	-
Purchase of tangible capital and intangible assets	49,154	(49,154)	-	-	-
Balance – End of year	425,888	3,331,952	69,077	3,826,917	3,703,567

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

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Consolidated Statement of Cash Flows

For the year ended March 31, 2022

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	123,212	93,477
Item not involving cash		
Amortization of tangible capital and intangible assets	251,981	346,834
Net change in non-cash operating working capital (note 14)	<u>(6,378,960)</u>	<u>11,008,674</u>
	<u>(6,003,767)</u>	<u>11,448,985</u>
Investing activities		
Purchase of tangible capital and intangible assets	(49,154)	(9,263)
Endowment contributions and investment gains	<u>138</u>	<u>132</u>
	<u>(49,016)</u>	<u>(9,131)</u>
Increase (decrease) in cash and cash equivalents during the year	(6,052,783)	11,439,854
Cash and cash equivalents – Beginning of year	<u>18,490,434</u>	<u>7,050,580</u>
Cash and cash equivalents – End of year	<u>12,437,651</u>	<u>18,490,434</u>
Cash and cash equivalents comprises		
In Canada		
Cash on deposit	8,497,738	12,484,093
Guaranteed investment certificates	<u>3,000,000</u>	<u>5,000,000</u>
	11,497,738	17,484,093
Other countries		
Cash on deposit (note 3)	<u>939,913</u>	<u>1,006,341</u>
	<u>12,437,651</u>	<u>18,490,434</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, 2022

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 (ASNPO) 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 excess of revenue over expenses.

World University Service of Canada

Notes to Consolidated Financial Statements

March 31, 2022

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 during 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.

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 consolidated 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 volunteers' 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.

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Notes to Consolidated Financial Statements

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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 \$240,934 (2021 – \$217,615) denominated in US dollars and \$698,979 (2021 – \$777,812) denominated in other foreign currencies held mainly in African countries.

Cash on deposit in Canada includes \$3,315,029 (2021 – \$1,393,846) denominated in British pounds and \$814,667 (2021 – \$3,735,309) 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, 2022, 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, 2022, WUSC had provided irrevocable standby letters of credit of \$1,337,160 (2021 – \$2,537,160) to collateralize its obligations.

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Notes to Consolidated Financial Statements

March 31, 2022

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 77 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, 2022, this support was estimated to be \$6.78 million, to fully fund 134 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 0.3% and which matures in 2023 (2021 – matures in 2022).

6 Tangible capital and intangible assets

			2022	2021
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Tangible capital assets				
Land	250,000	-	250,000	250,000
Buildings	770,864	726,626	44,238	-
Office equipment	508,117	505,471	2,646	8,414
Computer hardware	310,610	310,365	245	2,782
	1,839,591	1,542,462	297,129	261,196
Intangible assets				
Computer software	409,085	406,414	2,671	9,080
	2,248,676	1,948,876	299,800	270,276

As at March 31, 2021, cost and accumulated amortization of tangible capital and intangible assets amounted to \$2,199,522 and \$1,929,246, respectively.

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Notes to Consolidated Financial Statements

March 31, 2022

Field support services projects

			2022	2021
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Tangible capital assets				
Office space	460,340	418,321	42,019	110,713
Office equipment	305,222	276,325	28,897	82,258
Vehicles	650,105	594,933	55,172	165,468
	<u>1,415,667</u>	<u>1,289,579</u>	<u>126,088</u>	<u>358,439</u>

As at March 31, 2021, cost and accumulated amortization of tangible assets amounted to \$1,415,667 and \$1,057,228, respectively.

7 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$8,590 (2021 – \$6,127), which includes amounts payable for HST and payroll-related taxes.

8 Deferred contributions and contract advances

	2022 \$	2021 \$
Balance – Beginning of year	18,593,431	8,467,808
Amounts received during the year	31,673,567	40,211,204
Amounts recognized as revenue	<u>(37,845,264)</u>	<u>(30,085,581)</u>
Balance – End of year	<u>12,421,734</u>	<u>18,593,431</u>

WUSC recognized \$461,279 (2021 – \$392,925) in revenue from the Equality Fund Initiative funded by GAC.

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Notes to Consolidated Financial Statements

March 31, 2022

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:

	2022 \$	2021 \$
Severance pay	600,000	600,000
Building	900,000	900,000
Strategic initiatives	400,000	400,000
Contingency	1,431,952	1,105,913
	<u>3,331,952</u>	<u>3,005,913</u>

10 Commitments

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

	\$
2023	11,182
2024	2,983
	<u>14,165</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.

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Notes to Consolidated Financial Statements

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12 Other Canadian funding

	2022 \$	2021 \$
Volunteer Co-operation Program Partners and Participants	142,360	102,850
Student/university program contributions (SRP) (note 4)	633,305	555,348
Farm Radio International	149,055	202,947
Ontario Ministry of Training, Colleges and Universities	12,747	208,522
Other project revenue	101,507	76,447
	<hr/> 1,038,974	<hr/> 1,146,114

13 Other income

	2022 \$	2021 \$
Membership fees	85,600	65,300
Other fundraising	54,748	85,196
Miscellaneous	33,610	30,350
	<hr/> 173,958	<hr/> 180,846

14 Changes in non-cash operating working capital

	2022 \$	2021 \$
Decrease (increase) in program receivables	(666,034)	1,405,052
Decrease (increase) in advances receivable	312,787	(61,347)
Decrease (increase) in prepaid expenses	51,238	(68,720)
Increase (decrease) in accounts payable and accrued liabilities	98,844	(383,671)
Increase (decrease) in deferred contributions and contract advances	(6,171,697)	10,125,623
Decrease in deferred revenue – Lewis Perinbam award	(4,098)	(8,263)
	<hr/> (6,378,960)	<hr/> 11,008,674

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Notes to Consolidated Financial Statements

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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.