

Financial Statements of

**CANADIAN BUREAU  
FOR INTERNATIONAL  
EDUCATION**

Year ended March 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Canadian Bureau for International Education

### *Opinion*

We have audited the financial statements of the Canadian Bureau for International Education (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the 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 financial position of the Entity as at March 31, 2019, and its results of operations and its 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 "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' 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.



## ***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.

## ***Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 7, 2019

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

## Statement of Financial Position


March 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Short-term investments (note 3)	\$ 122,633	\$ 149,150
Restricted cash for projects (note 2)	28,884,782	47,380,705
Accounts and contributions receivable	924,372	1,084,181
Prepaid expenses	138,254	117,141
	<u>30,070,041</u>	<u>48,731,177</u>
Investments (note 3)	4,301,186	4,461,955
Tangible capital assets (note 4)	564,911	133,624
	<u>\$ 34,936,138</u>	<u>\$ 53,326,756</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Bank indebtedness (note 5)	\$ 102,339	\$ 36,605
Accounts payable and accrued liabilities (note 6)	2,295,853	2,207,606
Deferred contributions	60,915	103,446
Deferred contributions relating to restricted cash for projects (note 2)	28,884,782	47,380,705
	<u>31,343,889</u>	<u>49,728,362</u>
Leasehold inducement (note 7)	270,972	-
Net assets (note 8):		
Unrestricted	1,756,366	3,073,035
Invested in tangible capital assets	564,911	133,624
Internally restricted	1,000,000	391,735
	<u>3,321,277</u>	<u>3,598,394</u>
Contingencies and guarantees (note 10)		
Commitments (note 11)		
	<u>\$ 34,936,138</u>	<u>\$ 53,326,756</u>

See accompanying notes to financial statements.

Approved by the Board of Directors:

 Director

 Director

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

## Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Gross project contributions	\$ 90,699,705	\$ 111,036,940
Less: direct project expenses	85,520,173	104,833,260
Net project contribution	5,179,532	6,203,680
Conference	1,056,481	974,776
Membership	246,800	205,860
Interest and investment	168,123	167,785
Miscellaneous	145,370	115,580
	6,796,306	7,667,681
Expenses:		
Salaries and benefits	4,368,982	5,614,572
Professional fees:		
Contracts	903,028	581,932
Legal and audit	47,270	45,637
Rent	518,221	487,750
Conference/workshop facilities	398,008	282,111
Travel (note 9)	226,851	188,369
Equipment rental and maintenance	170,947	112,357
Supplies and sundry	137,547	99,874
Amortization of tangible capital assets	53,577	35,868
Telephone	51,728	50,265
Printing and photocopying	33,205	38,957
Books, subscriptions and memberships	30,348	43,486
Insurance	24,894	21,053
Translation	22,034	29,420
Promotion	15,127	41,147
Postage and courier	15,112	9,799
Grants, fees and awards - projects	6,182	9,091
	7,023,061	7,691,688
Deficiency of revenue over expenses before the undernoted	(226,755)	(24,007)
Change in net unrealized gain (loss) on investments	53,612	(157,011)
Loss on disposal of tangible capital asset	(103,974)	-
Strategic initiatives expenses	-	(169,772)
Deficiency of revenue over expenses	\$ (277,117)	\$ (350,790)

See accompanying notes to financial statements.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

## Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

	Unrestricted	Invested in tangible capital assets	Internally restricted	2019 Total	2018 Total
Net assets, beginning of year	\$ 3,073,035	\$ 133,624	\$ 391,735	\$ 3,598,394	\$ 3,949,184
Deficiency of revenue over expenses	(277,117)	–	–	(277,117)	(350,790)
Additions to capital assets	(588,838)	588,838	–	–	–
Disposal of capital assets	103,974	(103,974)	–	–	–
Amortization of tangible capital assets	53,577	(53,577)	–	–	–
Internally restricted funds (note 8(b))	(608,265)	–	608,265	–	–
Net assets, end of year	\$ 1,756,366	\$ 564,911	\$ 1,000,000	\$ 3,321,277	\$ 3,598,394

See accompanying notes to financial statements.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

## Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (277,117)	\$ (350,790)
Items not involving cash:		
Amortization of tangible capital assets	53,577	35,868
Net unrealized loss (gain) on investments	(53,612)	157,011
Loss on disposal of tangible capital asset	103,974	—
Change in non-cash operating working capital		
Short-term investments	26,517	(49,150)
Restricted cash for projects	18,495,923	39,650,501
Accounts and contributions receivable	159,809	(62,900)
Prepaid expenses	(21,113)	37,895
Accounts payable and accrued liabilities	88,247	15,938
Deferred contribution	(42,531)	89,311
Deferred contribution relating to restricted cash	(18,495,923)	(39,650,501)
	37,751	(126,817)
Financing activities:		
Change in bank indebtedness	65,734	36,605
Leasehold inducement received	270,972	—
	336,706	36,605
Investing activities:		
Tangible capital asset acquisitions	(588,838)	—
Additions to investments	—	(123,518)
Disposal of investments	214,381	—
	(374,457)	(123,518)
Decrease in cash and cash equivalents	—	(213,730)
Cash and cash equivalents, beginning of year	—	213,730
Cash and cash equivalents, end of year	\$ —	\$ —

See accompanying notes to financial statements.



# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements

Year ended March 31, 2019

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The Canadian Bureau for International Education's (the "Bureau") activities comprise public awareness, research and information services, training programs, scholarship management, professional development for international educators and a host of other services for members and learners. The Bureau engages in cooperative projects in capacity building, institutional strengthening and human resource development.

The Bureau promotes the transfer of knowledge across borders by providing technical assistance, information and support services.

The Bureau's membership is composed of colleges, universities, school boards, organizations and individuals.

The Bureau is incorporated without share capital under Part II of the Canada Corporations Act. Effective November 19, 2014 the Bureau transitioned its articles of incorporation to the Canada Not-for Profit Corporations Act. The Bureau is a registered charity under subsection 149(1)(f) of the Income Tax Act (Canada) and is exempt from income taxes.

## 1. Significant accounting policies:

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

### (a) Basis of presentation:

The Bureau follows the deferral method of accounting for contributions for not-for-profit organizations.

### (b) Cash and cash equivalents:

The Bureau considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

### (c) Revenue recognition:

The Bureau earns revenue from a variety of sources. Revenue is recognized as follows:

- (i) Contract and program revenue is received from the Global Affairs Canada, other departments and agencies of the Government of Canada and private and foreign sources. Revenue from multi-year contracts are recognized using the percentage of completion method based on the proportion of total contract expenses incurred to the statement of financial position date of the total project budget. Contributions relating to specific projects extending beyond the end of the year are deferred to the extent that matching expenses have not been incurred. A loss is recognized on projects when total expenses are expected to exceed total contributions.

Revenue from annual projects is recognized as the project is delivered.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition (continued):

- (ii) Conference registration fees are recognized in the period that the conference is held.
- (iii) Membership fees are recognized over the membership year.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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. The Bureau has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets recorded at cost or amortized cost, 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 Bureau 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 Bureau 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.

### (e) Tangible capital assets:

Tangible capital assets are recorded at cost. When a tangible capital asset no longer contributes to the Bureau's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets are amortized on a straight-line basis over the following useful lives:

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	Useful life
Computers and equipment	3 years
Furniture and fixtures	10 years
Leasehold improvements	Over the life of lease

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# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 1. Significant accounting policies (continued):

### (f) Foreign exchange:

Transactions conducted in a foreign currency are translated into Canadian dollars at the average exchange rates for the period. Assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at year-end. Foreign exchange gains and losses are included in income.

### (g) Expenses:

In the statement of operations, the Bureau presents its expenses by object, except for direct project expenses.

Expenses are recognized in the year incurred and are recorded to operating or projects to which they are directly related. The Bureau does not allocate expenses between operating and projects after initial recognition.

### (h) Use of estimates:

The preparation of the 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 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 recorded in the financial statements in the period in which they become known.

### (i) Deferred capital contribution for leasehold improvements:

Deferred capital contribution for leasehold improvements consists of allowances granted to the Bureau for the leased offices. The contributions are amortized on a straight-line basis over the term of the lease.

## 2. Restricted cash for projects:

Restricted cash for projects represents funds received in advance from funding agencies which, under the terms of the agreement, must be maintained in segregated bank accounts and only expended to pay for costs of the specific project.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

### 3. Investments:

Investments by type:

	2019		2018	
	Fair value	Cost	Fair value	Cost
Cash and cash equivalents	\$ 20,837	\$ 20,837	\$ 21,861	\$ 21,861
Guaranteed investment certificates	75,000	75,000	30,000	30,000
Fixed income	3,110,733	3,100,725	3,473,087	3,463,611
Equities	1,217,249	1,181,371	1,086,157	1,103,359
	4,423,819	4,377,933	4,611,105	4,618,831
Less:				
Short-term portion of Investments	122,633	120,000	149,150	149,150
	\$ 4,301,186	\$ 4,257,933	\$ 4,461,955	\$ 4,469,681

The Bureau's fixed income investments consist of government and high quality corporate bonds.

The Bureau's fixed income investments have effective interest rates of 2.67% to 5.0% and maturity dates ranging from December 2019 to February 2027.

### 4. Tangible capital assets:

	2019		2018	
	Cost	Accumulated amortization	Net book value	Net book value
Computers and equipment	\$ 1,103,404	\$ 1,049,402	\$ 54,002	\$ 24,540
Furniture and fixtures	223,006	43,936	179,070	109,084
Leasehold improvements	331,839	—	331,839	—
	\$ 1,658,249	\$ 1,093,338	\$ 564,911	\$ 133,624

At March 31, 2018, cost and accumulated amortization amounted to \$1,789,048 and \$1,655,424, respectively.

During the year the Bureau disposed of capital assets with a net book value of \$103,974 for proceeds on disposals of \$Nil, resulting in a loss on disposal of \$103,974. The Bureau also disposed of fully amortized tangible capital assets totalling \$615,663.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 5. Bank indebtedness:

The Bureau has an authorized operating line of credit of \$400,000 that is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. At March 31, 2019, the Bureau had drawn \$102,339 (2018 - \$36,605).

## 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2018 - \$Nil) which includes amounts payable for harmonized sales tax and payroll-related taxes.

## 7. Leasehold inducement:

The Bureau has entered into a long-term lease agreement and negotiated leasehold improvements for the office space totaling \$270,972. The amount is being amortized on a straight-line basis over the term of the lease starting on April 1, 2019.

## 8. Net assets:

### (a) Objective:

The Bureau manages its net assets by establishing internally restricted net assets and appropriating amounts to the internally restricted net assets for anticipated future projects or programs. These allocations are disclosed in note 8(b).

The Bureau is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2018.

### (b) Internally restricted:

From time to time, the Board of Directors approves the restriction of otherwise unrestricted funds for specific purposes. These amounts are recorded in the financial statements as internally restricted assets.

On June 7, 2019, the Board of Directors approved a transfer of funds to internally restricted for \$608,265

## 9. Travel expenses:

	2019	2018
Staff	\$ 160,842	\$ 124,180
Board and committees	33,488	33,002
Consultants	32,521	31,187
	<u>\$ 226,851</u>	<u>\$ 188,369</u>

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 10. Contingencies and guarantees:

(a) Project revenue:

The terms of contribution agreements allow the government or agencies to conduct audits to verify that project expenditures are in accordance with the terms and conditions of the funding agreement. Ineligible expenditures, if any, may result in the Bureau reimbursing a portion of the funding. Management believes that the Bureau has not incurred material ineligible expenditures, and therefore, has not recorded any liability for reimbursement. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

(b) Guarantees:

In the normal course of business, the Bureau has entered into lease agreements for premises and equipment. It is common in such commercial lease transactions for the Bureau as the lessee, to agree to indemnify the lessor for liabilities that may arise from the use of the leased assets. The maximum amount potentially payable under the foregoing indemnities cannot be reasonably estimated. The Bureau has liability insurance that relates to the indemnifications described above.

(c) Letters of guarantee:

Funding organizations can require letters of credit to secure contractual advances for certain projects. As of March 31, 2019 the Bureau had provided letters of credit amounting to \$3,000,000 (2018 - \$3,078,478) to collateralize its obligations. Of this current amount \$1,200,000 (2018 - \$1,200,000) is guaranteed by another partner.

## 11. Commitments:

The Bureau has committed to make the following future minimum payments under premises and equipment leases:

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2020	\$ 129,218
2021	129,218
2022	129,218
2023	118,406
2024 and thereafter	764,720
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	\$ 1,270,780

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# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 12. Financial instruments:

The Bureau is subject to the following risks due to its financial instruments:

(a) Currency risk:

The Bureau is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Bureau purchases goods and services denominated in U.S. dollars. The Bureau holds \$23,782,053 (2018 - \$37,975,078) in foreign currency. The Bureau does not currently enter into forward contracts to mitigate this risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Bureau will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Bureau manages its liquidity risk by monitoring its operating requirements. The Bureau prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Bureau is exposed to credit risk with respect to the accounts receivable. The Bureau assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. In 2019, an allowance for doubtful accounts was not considered necessary.

(d) Interest rate risk:

The Bureau is exposed to interest rate risk on its fixed income investments. Further details about the Bureau's investments are included in note 3.

(e) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Bureau believes that it is not exposed to significant other price risk arising from its financial instruments.

There has been no change to the risk exposures from the year ended March 31, 2018.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## **13. Pension plan:**

The Bureau is the administrator of the Canadian Bureau for International Education Defined Contribution Pension Plan, which is registered with the Financial Services Commission of Ontario.

The pension plan for employees of the Bureau is a defined contribution plan covering all employees of the Bureau who meet the eligibility requirements specified in the plan agreement. The Bureau contributes a percentage of gross earnings for all members of the pension plan. In the year, the Bureau contributed approximately \$304,361 (2018 - \$416,610) to the pension plan, which is included in salaries and benefits expense.

## **14. Comparative Information:**

Certain 2018 comparative information has been reclassified to conform with the financial statement presentation adopted for 2019.