

Financial Statements of

**CANADIAN BUREAU  
FOR INTERNATIONAL  
EDUCATION**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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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 Bureau), which comprise:

- the statement of financial position as at March 31, 2020
- 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 Bureau as at March 31, 2020, 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 Bureau 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 ethical 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 Bureau'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 Bureau or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bureau'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 Bureau'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 Bureau'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 Bureau 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

October 20, 2020

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

## Statement of Financial Position

March 31, 2020, with comparative information for 2019


	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 114,511	\$ -
Short-term investments (note 3)	404,978	122,633
Restricted cash for projects (note 2)	25,855,614	28,884,782
Accounts and contributions receivable	533,632	924,372
Prepaid expenses	92,537	138,254
	<u>27,001,272</u>	<u>30,070,041</u>
Investments (note 3)	3,691,281	4,301,186
Tangible capital assets (note 4)	500,586	564,911
	<u>\$ 31,193,139</u>	<u>\$ 34,936,138</u>

## Liabilities and Net Assets

Current liabilities:		
Bank indebtedness (note 5)	\$ -	\$ 102,339
Accounts payable and accrued liabilities (note 6)	1,832,871	2,295,853
Deferred contributions	42,418	60,915
Deferred contributions relating to restricted cash for projects (note 2)	25,855,614	28,884,782
	<u>27,730,903</u>	<u>31,343,889</u>
Leasehold inducement (note 7)	243,875	270,972
Net assets (note 8):		
Unrestricted	1,717,775	1,756,366
Invested in tangible capital assets	500,586	564,911
Internally restricted	1,000,000	1,000,000
	<u>3,218,361</u>	<u>3,321,277</u>
Contingencies and guarantees (note 10)		
Commitments (note 11)		
	<u>\$ 31,193,139</u>	<u>\$ 34,936,138</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, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Gross project contributions	\$ 78,274,343	\$ 90,699,705
Less: direct project expenses	73,501,361	85,520,173
Net project contribution	4,772,982	5,179,532
Conference	1,020,943	1,056,481
Membership	190,450	246,800
Interest and investment	168,712	168,123
Miscellaneous	100,910	145,370
	6,253,997	6,796,306
Expenses:		
Salaries and benefits	3,736,087	4,368,982
Professional fees:		
Contracts	921,761	903,028
Legal and audit	60,223	47,270
Conference/workshop facilities	304,693	398,008
Rent	277,107	518,221
Equipment rental and maintenance	210,206	170,947
Travel (note 9)	190,659	226,851
Supplies and sundry	139,286	137,547
Amortization of tangible capital assets	79,680	53,577
Books, subscriptions and memberships	56,591	30,348
Telephone	51,359	51,728
Insurance	46,199	24,894
Promotion	29,782	15,127
Translation	28,011	22,034
Printing and photocopying	23,969	33,205
Grants, fees and awards - projects	8,321	6,182
Postage and courier	8,272	15,112
	6,172,206	7,023,061
Excess (deficiency) of revenue over expenses before the undernoted	81,791	(226,755)
Change in net unrealized gain (loss) on investments	(184,707)	53,612
Loss on disposal of tangible capital asset	–	(103,974)
Deficiency of revenue over expenses	\$ (102,916)	\$ (277,117)

See accompanying notes to financial statements.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

## Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Unrestricted	Invested in tangible capital assets	Internally restricted	2020 Total	2019 Total
Net assets, beginning of year	\$ 1,756,366	\$ 564,911	\$ 1,000,000	\$ 3,321,277	\$ 3,598,394
Deficiency of revenue over expenses	(102,916)	–	–	(102,916)	(277,117)
Additions to capital assets	(2,494)	2,494	–	–	–
Gain on capital assets	(12,861)	12,861	–	–	–
Amortization of tangible capital assets	79,680	(79,680)	–	–	–
<b>Net assets, end of year</b>	<b>\$ 1,717,775</b>	<b>\$ 500,586</b>	<b>\$ 1,000,000</b>	<b>\$ 3,218,361</b>	<b>\$ 3,321,277</b>

See accompanying notes to financial statements.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (102,916)	\$ (277,117)
Items not involving cash:		
Amortization of tangible capital assets	79,680	53,577
Net unrealized loss (gain) on investments	184,707	(53,612)
Loss (gain) on disposal of tangible capital asset	(12,861)	103,974
Change in non-cash operating working capital		
Short-term investments	–	26,517
Restricted cash for projects	3,029,168	18,495,923
Accounts and contributions receivable	390,740	159,809
Prepaid expenses	45,717	(21,113)
Accounts payable and accrued liabilities	(462,982)	88,247
Deferred contribution	(18,497)	(42,531)
Deferred contribution relating to restricted cash	(3,029,168)	(18,495,923)
	103,588	37,751
Financing activities:		
Change in bank indebtedness	(102,339)	65,734
Amortization of leasehold inducement	(27,097)	–
Leasehold inducement received	–	270,972
	(129,436)	336,706
Investing activities:		
Tangible capital asset acquisitions	(2,494)	(588,838)
Additions to investments	(282,345)	–
Disposal of investments	425,198	240,898
	140,359	(374,457)
Increase in cash and cash equivalents	114,511	–
Cash and cash equivalents, beginning of year	–	–
Cash and cash equivalents, end of year	\$ 114,511	\$ –

See accompanying notes to financial statements.



# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements

Year ended March 31, 2020

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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 by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### (a) Revenue recognition :

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

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.

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

### (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.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 1. Significant accounting policies (continued):

### (c) 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.

### (d) 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:

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

### (e) 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.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 1. Significant accounting policies (continued):

### (f) 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.

### (g) 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.

### (h) 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, 2020

### 3. Investments:

Investments by type:

	2020		2019	
	Fair value	Cost	Fair value	Cost
Cash and cash equivalents	\$ 22,066	\$ 22,066	\$ 20,837	\$ 20,837
Guaranteed investment certificates	75,000	75,000	75,000	75,000
Fixed income	2,960,776	2,998,029	3,110,733	3,100,725
Equities	1,038,417	1,137,925	1,217,249	1,181,371
	4,096,259	4,233,020	4,423,819	4,377,933
Less:				
Short-term portion of investments	404,978	404,978	122,633	120,000
	\$ 3,691,281	\$ 3,828,042	\$ 4,301,186	\$ 4,257,933

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 August 2021 to February 2027.

### 4. Tangible capital assets:

	Cost	Accumulated amortization	2020	2019
			Net book value	Net book value
Computers and equipment	\$ 1,102,473	\$ 1,075,157	\$ 27,316	\$ 54,002
Furniture and fixtures	215,359	33,448	181,911	179,070
Leasehold improvements	323,732	32,373	291,359	331,839
	\$ 1,641,564	\$ 1,140,978	\$ 500,586	\$ 564,911

At March 31, 2019, cost and accumulated amortization amounted to \$1,658,249 and \$1,093,338, respectively.

During the year, the Bureau disposed of assets resulting in a net gain of \$12,861 which is recorded on the Statement of Operations.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

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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, 2020, the Bureau had drawn \$Nil (2019 - \$102,339).

## 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2019 - \$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, 2019.

### (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.

## 9. Travel expenses:

	2020	2019
Staff	\$ 117,944	\$ 160,842
Board and committees	33,089	33,488
Consultants	39,626	32,521
	<u>\$ 190,659</u>	<u>\$ 226,851</u>

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

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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 at March 31, 2020, the Bureau had provided letters of credit amounting to \$3,000,000 (2019 - \$3,000,000) to collateralize its obligations. Of this current amount, \$1,200,000 (2019 - \$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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2021	\$	129,218
2022		129,218
2023		118,406
2024		112,970
2025 and thereafter		651,750
	\$	1,141,562

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# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

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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 \$13,118,265 (2019 - \$23,796,547) 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 2020, 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.

## 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 \$342,961 (2019 - \$304,361) to the pension plan, which is included in salaries and benefits expense.

# CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 14. Adoption of new accounting policies:

The Bureau has adopted the following Canadian not-for-profit accounting standards effective April 1, 2019:

- Section 4433, to replace Section 4431, Tangible Capital Assets Held by Not-for-Profit Organizations
- Section 4434, to replace Section 4432, Intangible Assets Held by Not-for-Profit Organizations
- Section 4441, to replace Section 4440, Collections Held by Not-for-Profit Organizations

The Bureau has adopted these standards on a prospective basis and will apply the componentization approach of significant tangible capital assets (and related amortization) acquired in the future years.

The Bureau does not have assets that meet the intangible assets or collections definitions set out by the revised standards and as such there is no impact to the prior period or current period financial statements.

The adoption of these standard did not result in any adjustments to the financial statements as at April 1, 2019.

## 15. Impact of COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the Bureau has implemented the following actions in relation to the COVID-19 pandemic:

- the office has been closed until further notice and all employees are working from home;
- suspended all domestic and international travel and in-person meetings.

As a result of these actions, the Bureau is experiencing decreases in program revenues and related costs.

### (a) Subsequent events related to COVID-19:

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditor's report that provide additional evidence relating to conditions that existed as at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements.

### (b) Impact of COVID-19 on financial risks:

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Bureau's operations and financial position is not known at this time.