

Financial Statements of

**CANADIAN BUREAU
FOR INTERNATIONAL
EDUCATION**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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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, 2022
- 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, 2022, 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

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 15, 2022

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 152,694	\$ 200,326
Short-term investments (note 3)	434,318	597,874
Restricted cash for projects (note 2)	25,697,566	17,132,576
Accounts and contributions receivable	694,654	681,579
Prepaid expenses	179,833	61,984
	<u>27,159,065</u>	<u>18,674,339</u>
Investments (note 3)	3,837,001	3,721,291
Tangible capital assets (note 4)	363,892	431,320
	<u>\$ 31,359,958</u>	<u>\$ 22,826,950</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 2,017,867	\$ 2,022,171
Deferred contributions	31,528	46,828
Deferred contributions relating to restricted cash for projects (note 2)	25,981,155	17,132,576
	<u>28,030,550</u>	<u>19,201,575</u>
Leasehold inducement (note 7)	189,679	216,777
Net assets (note 8):		
Unrestricted	1,775,837	1,977,278
Invested in tangible capital assets	363,892	431,320
Internally restricted	1,000,000	1,000,000
	<u>3,139,729</u>	<u>3,408,598</u>
Contingencies and guarantees (note 10)		
Commitments (note 11)		
	<u>\$ 31,359,958</u>	<u>\$ 22,826,950</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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Gross project contributions	\$ 33,643,633	\$ 37,184,268
Less: direct project expenses	30,369,711	33,098,630
Net project contribution	3,273,922	4,085,638
Conference	379,650	344,645
Membership	625,719	176,053
Interest and investment	211,019	139,011
Miscellaneous	434,110	129,709
	4,924,420	4,875,056
Expenses:		
Salaries and benefits	3,104,733	3,362,710
Professional fees:		
Contracts	899,236	865,449
Legal and audit	57,715	56,590
Conference/workshop facilities	15,363	6,294
Rent	258,402	210,024
Equipment rental and maintenance	192,407	106,213
Travel (note 9)	27,758	4,300
Supplies and sundry	97,926	98,006
Amortization of tangible capital assets	67,428	69,266
Books, subscriptions and memberships	12,972	32,374
Telephone	115,837	63,341
Insurance	48,008	39,830
Promotion	20,823	35,556
Translation	71,969	71,653
Printing and photocopying	3,005	3,108
Grants, fees and awards - projects	58,720	7,227
Postage and courier	6,758	1,910
	5,059,060	5,033,851
Deficiency of revenue over expenses before the undernoted	(134,640)	(158,795)
Change in net unrealized gain (loss) on investments	(134,229)	349,032
Excess (deficiency) of revenue over expenses	\$ (268,869)	\$ 190,237

See accompanying notes to financial statements.

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Unrestricted	Invested in tangible capital assets	Internally restricted	Total 2022	Total 2021
Net assets, beginning of year	\$ 1,977,278	\$ 431,320	\$ 1,000,000	\$ 3,408,598	\$ 3,218,361
Excess (deficiency) of revenue over expenses	(268,869)	–	–	(268,869)	190,237
Amortization of tangible capital assets	67,428	(67,428)	–	–	–
Net assets, end of year	\$ 1,775,837	\$ 363,892	\$ 1,000,000	\$ 3,139,729	\$ 3,408,598

See accompanying notes to financial statements.

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (268,869)	\$ 190,237
Items not involving cash:		
Amortization of tangible capital assets	67,428	69,266
Net unrealized loss (gain) on investments	134,229	(349,032)
Change in non-cash operating working capital		
Restricted cash for projects	(8,564,990)	8,753,038
Accounts and contributions receivable	(13,075)	(147,947)
Prepaid expenses	(117,849)	30,553
Accounts payable and accrued liabilities	(4,304)	189,301
Deferred contribution	(15,300)	4,410
Deferred contribution relating to restricted cash	8,848,579	(8,723,038)
	65,849	16,788
Financing activities:		
Amortization of leasehold inducement	(27,098)	(27,098)
Net investing activities (additions and disposals)	(86,383)	96,125
Increase (decrease) in cash and cash equivalents	(47,632)	85,815
Cash and cash equivalents, beginning of year	200,326	114,511
Cash and cash equivalents, end of year	\$ 152,694	\$ 200,326

See accompanying notes to financial statements.

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements

Year ended March 31, 2022

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, 2022

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, 2022

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, 2022

3. Investments:

Investments by type:

	2022		2021	
	Fair value	Cost	Fair value	Cost
Cash and cash equivalents	\$ 14,373	\$ 14,373	\$ 20,480	\$ 20,480
Guaranteed investment certificates	–	–	75,000	75,000
Fixed income	2,357,236	2,345,169	2,644,738	2,622,818
Equities	1,899,710	1,489,301	1,578,947	1,387,975
	4,271,319	3,848,843	4,319,165	4,106,273
Less:				
Short-term portion of investments	434,318	434,318	597,874	597,874
	\$ 3,837,001	\$ 3,414,525	\$ 3,721,291	\$ 3,508,399

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 2.95% to 4.82% and maturity dates ranging from September 2022 to July 2029.

4. Tangible capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Computers and equipment	\$ 1,102,473	\$ 1,102,473	\$ –	\$ 12,738
Furniture and fixtures	215,359	78,080	137,279	159,595
Leasehold improvements	323,732	97,119	226,613	258,987
	\$ 1,641,564	\$ 1,277,672	\$ 363,892	\$ 431,320

At March 31, 2021, cost and accumulated amortization amounted to \$1,641,564 and \$1,210,244, respectively.

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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, 2022, the Bureau had drawn \$Nil (2021 - \$Nil).

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2021 - \$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, 2021.

(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.

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Travel expenses:

	2022	2021
Staff	\$ 13,406	\$ 773
Board and committees	14,352	3,527
	\$ 27,758	\$ 4,300

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, 2022, the Bureau had provided letters of credit amounting to \$962,000 (2021 - \$1,562,000) to collateralize its obligations. Of this current amount, \$471,380 (2021 - \$765,380) is guaranteed by another partner.

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Commitments:

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

2023	\$ 145,003
2024	143,033
2025	138,566
2026	138,566
2027 and thereafter	397,212
	<hr/>
	\$ 962,380

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 \$12,330,102 (2021 - \$13,126,134) 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 2022 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.

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Financial instruments (continued):

(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 \$262,172 (2021 - \$324,031) to the pension plan, which is included in salaries and benefits expense.

14. Comparative information:

Certain comparative information have been reclassified to conform to the presentation adopted for the current year.

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.

CANADIAN BUREAU FOR INTERNATIONAL EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

15. Impact of COVID-19 (continued):

(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.