

USC Canada

Financial Statements
April 30, 2018



September 10, 2018

Independent Auditor's Report

**To the Directors of
USC Canada**

We have audited the accompanying financial statements of USC Canada, which comprise the statement of financial position as at April 30, 2018 and the statements of operations and changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of USC Canada as at April 30, 2018 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

USC Canada

Statement of Financial Position

As at April 30, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	249,534	740,395
Accounts receivable	78,751	60,601
Advances to overseas partners and projects (note 4)	247,403	85,697
Prepaid expenses	8,707	22,618
	<u>584,395</u>	<u>909,311</u>
Capital assets (note 5)	409,459	420,259
	<u>993,854</u>	<u>1,329,570</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	305,533	313,590
Deferred contributions (note 3)	251,989	607,275
Due to USC Foundation (note 7)	191,411	68,542
	<u>748,933</u>	<u>989,407</u>
Net Assets	244,921	340,163
	<u>993,854</u>	<u>1,329,570</u>
Commitments and contingencies (note 6)		

Approved by the Board of Directors

Asha Bynne Director Rand Kemp Director

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

USC Canada

Statement of Operations and Changes in Net Assets

For the year ended April 30, 2018

	2018 \$	2017 \$
Revenue		
Global Affairs Canada	3,092,771	3,112,095
Support from foundations		
Other foundations	971,470	1,306,778
USC Foundation (note 7)	950,000	1,473,500
RH Webster Foundation	260,750	260,500
Kenoli Foundation	43,934	20,385
Support from general public	715,400	753,919
Other	185,861	200,035
Investment income	6,841	5,271
	<u>6,227,027</u>	<u>7,132,483</u>
Expense		
Program		
Seeds of Survival - International	3,915,388	4,254,866
Seeds of Survival - Canadian	1,283,611	1,643,696
Other international programs	170,639	325,851
	<u>5,369,638</u>	<u>6,224,413</u>
Non-program		
Administration	539,321	490,617
Fundraising	413,310	417,260
	<u>952,631</u>	<u>907,877</u>
	<u>6,322,269</u>	<u>7,132,290</u>
Net revenue (expense) for the year	(95,242)	193
Net assets - Beginning of year	<u>340,163</u>	<u>339,970</u>
Net assets - End of year	<u>244,921</u>	<u>340,163</u>

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

USC Canada
Statement of Cash Flows
For the year ended April 30, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(95,242)	193
Items not affecting cash		
Loss on disposal of capital assets	992	367
Amortization of capital assets	54,816	48,567
Net changes in non-cash working capital items	<u>(406,419)</u>	<u>(2,091,497)</u>
	<u>(445,853)</u>	<u>(2,042,370)</u>
Investing activities		
Proceeds on disposal of capital assets	-	200
Purchase of capital assets	<u>(45,008)</u>	<u>(37,573)</u>
	<u>(45,008)</u>	<u>(37,373)</u>
Net change in cash for the year	(490,861)	(2,079,743)
Cash - Beginning of year	<u>740,395</u>	<u>2,820,138</u>
Cash - End of year	<u>249,534</u>	<u>740,395</u>

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

USC Canada

Notes to Financial Statements

April 30, 2018

1 Purpose of the organization

USC Canada (the Organization) is a leading international development organization that promotes vibrant family farms, strong rural communities and healthy ecosystems around the world. With engaged Canadian partners and partners in Africa, Asia and Latin America, the Organization supports programs, training and policies that strengthen biodiversity, food sovereignty and the rights of those at the heart of resilient food systems: women, indigenous peoples and small-scale farmers.

The Organization is incorporated under the Canada Not-for-profit Corporations Act. The Organization is a registered charity under subsection 149(1)(f) of the Income Tax Act and is exempt from income taxes.

2 Summary of significant accounting policies

Basis of presentation

The Organization controls the USC Foundation (the Foundation) as the members of the Board of Directors of the Organization are the members of the Foundation. This controlled not-for-profit entity has not been consolidated in the Organization's financial statements. Summaries of the financial position, results from operations and cash flows of the Foundation are provided in note 7.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Advances to overseas partners and projects

Funds are recorded as advances when sent overseas and are subsequently reduced when the expenses are incurred by the overseas partner organization or on overseas projects.

Capital assets

Capital assets are initially recorded at cost and are amortized over their useful lives, using the straight-line method as follows:

Computer hardware and office equipment	5 years
Licensed software and subscription software configuration	5 years
Computer server	10 years
Furniture	10 years
Leasehold improvements	life of lease

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Notes to Financial Statements

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Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Revenue received in respect of program support is deferred until the related expenditures are incurred.

Unrestricted donations are recognized as revenue when received. Funds received designated for an activity or project by the donor are recognized as revenue when used for the purpose for which the funds were received.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at year-end. Revenue and expense denominated in foreign currencies are translated at the average exchange rate for each quarter.

Donations in-kind

The Organization has received support in the form of donated airtime and column space from radio and television stations, newspapers and magazines throughout the country. The value of these donated services is not recognized in the financial statements of the Organization as the amounts cannot be readily determined.

Allocation of expenses

The Organization engages in Seeds of Survival - International, Seeds of Survival - Canadian and other international programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program.

The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs, including premises costs, information technology, insurance and general office supplies.

General support expenses are allocated based on the actual days worked charged to each program.

3 Deferred contributions

	Balance - Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Amounts receivable \$	Balance - End of year \$
Global Affairs Canada	-	3,092,771	3,092,771	-	-
Other	607,275	677,641	1,032,927	-	251,989
	607,275	3,770,412	4,125,698	-	251,989

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4 Advances to overseas partners and projects

5.5% (2017 - 2.8%) of advances to host field offices are held in US dollars and 94.5% (2017 - 97.2%) are held in other local currencies.

5 Capital assets

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware and office equipment	182,180	99,457	82,723	63,763
Furniture	123,762	34,030	89,732	101,246
Leasehold improvements	279,694	42,690	237,004	255,250
	585,636	176,177	409,459	420,259

Cost and accumulated amortization amounted to \$553,637 and \$133,378, respectively, as at April 30, 2018.

6 Commitments and contingencies

The Organization is committed to minimum annual payments under a lease for its head office as follows. There is an early termination clause, which can be enacted in the sixth year of the agreement (2021).

	\$
2019	146,246
2020	147,660
2021	151,904
2022	151,904
2023	151,904
Thereafter	443,051

Contribution agreements allow funding agencies to conduct audits to ensure project expenditures are in accordance with the terms and conditions. Ineligible expenditures, if any, may result in the Organization reimbursing a portion of the funding. Management believes the Organization has incurred no ineligible expenditures and has, therefore, not recorded any liability for reimbursement.

7 USC Foundation

The Foundation has been established to accept donations, gifts, legacies and bequests for the long-term support and security of the Organization's programs. The Foundation is incorporated under the Canada Not-for-profit Corporations Act. The Foundation is a public foundation under Section 149.1 of the Income Tax Act and is exempt from income taxes.

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The results of the Foundation have not been consolidated in these financial statements. Summaries of the financial position, results of operations and cash flows of the Foundation as at April 30, 2018 and 2017, and for the years then ended, are as follows.

	2018	2017
	\$	\$
Financial position		
Total assets	6,315,553	6,879,378
Total liabilities	3,700	11,423
Total net assets	6,311,853	6,867,955
	6,315,553	6,879,378
	2018	2017
	\$	\$
Results of operations		
Total revenue	515,459	1,281,329
Total expense	147,197	99,853
Revenue before contribution to USC Canada	368,262	1,181,476
Contributions to USC Canada	950,000	1,473,500
Net expense for the year	(581,738)	(292,024)
Cash provided by (used in)		
Operating activities	(563,619)	(1,155,486)
Investing activity	483,146	1,120,771
Financing activity - Endowment contributions recorded as direct increases in net assets	25,636	38,650
Net change in cash for the year	(54,837)	3,935
Net assets of the Foundation consist of:		
	2018	2017
	\$	\$
Internally restricted - Lotta Hirschmanova Legacy	5,673,682	6,255,420
Externally restricted - endowments	638,171	612,535
	6,311,853	6,867,955

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The Organization has been reimbursed \$100,534 (2017 - \$76,859) from the Foundation, representing an allocation of employee salaries and the Organization's Canada administration expenses based on time spent working for each entity. These transactions are recorded at the exchange amount, which is the amount established and agreed to by the related parties involved.

Amounts due to or from the Foundation are without defined terms of repayment and are non-interest bearing.

8 Allocation of expenses

General support expenses, including premises costs, information technology, insurance and general office supplies, have been allocated as follows:

	2018 \$	2017 \$
Seeds of Survival - International	82,905	83,652
Seeds of Survival - Canadian	64,973	65,481
Other international programs	434	1,767
Fundraising	32,990	33,497
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	181,302	184,397

9 Government remittances

Government remittances of \$nil (2017 - \$nil) are included in accounts payable and accrued liabilities.