

USC Canada

Financial Statements
April 30, 2015



July 31, 2015

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, 2015 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 judgement, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of USC Canada as at April 30, 2015 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

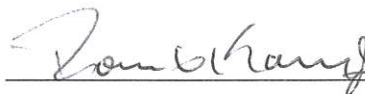
As at April 30, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash	515,081	456,203
Investments (note 3)	334,923	250,000
Accounts receivable	45,719	58,450
Due from USC Foundation (note 8)	-	74,862
Advances to overseas partners and projects (note 5)	214,549	160,978
Prepaid expenses	76,048	64,124
	<u>1,186,320</u>	<u>1,064,617</u>
Capital assets (note 6)	<u>57,233</u>	<u>56,298</u>
	<u>1,243,553</u>	<u>1,120,915</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	299,603	257,182
Due to USC Foundation (note 8)	200,641	-
Deferred contributions (note 4)	403,376	525,433
	<u>903,620</u>	<u>782,615</u>
Net assets	<u>339,933</u>	<u>338,300</u>
	<u>1,243,553</u>	<u>1,120,915</u>
Commitments and contingencies (note 7)		

Approved by the Board of Directors



Director



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, 2015

	2015 \$	2014 \$
Revenues		
Department of Foreign Affairs, Trade and Development (DFATD)		
Partnerships with Canadians Branch	2,481,450	2,292,046
Support from Foundations		
USC Foundation (note 8)	825,000	910,000
RH Webster Foundation	259,000	260,500
Kenoli foundation	13,000	24,000
Other foundations	1,344,915	1,016,992
Support from general public	893,810	708,673
Other	265,310	80,847
Investment income	3,374	702
	<u>6,085,859</u>	<u>5,293,760</u>
Expenses		
Program		
Seeds of Survival – International	2,979,036	2,880,402
Seeds of Survival – Canadian	1,892,504	1,423,680
Other international programs	289,716	100,801
	<u>5,161,256</u>	<u>4,404,883</u>
Non-program		
Administration	451,477	492,508
Fundraising	471,493	389,928
	<u>922,970</u>	<u>882,436</u>
	<u>6,084,226</u>	<u>5,287,319</u>
Net revenue for the year	1,633	6,441
Net assets – Beginning of the year	338,300	331,859
Net assets – End of the year	<u>339,933</u>	<u>338,300</u>

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

USC Canada

Statement of Cash Flows

For the year ended April 30, 2015

	2015 \$	2014 \$
Cash flows provided by (used in)		
Operating activities		
Net revenue for the year	1,633	6,441
Items not affecting cash –		
Donated investments	(432,346)	–
Loss on sale of investments	1,321	–
Amortization of capital assets	23,424	23,697
Net changes in non-cash working capital items	143,103	130,493
	<u>(262,865)</u>	<u>160,631</u>
Investing activities		
Purchase of investments	(250,000)	(250,000)
Proceeds on disposal of investments	596,102	–
Purchase of capital assets	(24,359)	(8,242)
	<u>321,743</u>	<u>(258,242)</u>
Net change in cash for the year	58,878	(97,611)
Cash – Beginning of year	<u>456,203</u>	<u>553,814</u>
Cash – End of year	<u>515,081</u>	<u>456,203</u>

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

USC Canada

Notes to Financial Statements

April 30, 2015

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 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 8.

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 disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Investments

Investments are measured at fair value using quoted market prices. Dividends, interest and changes in fair value are recognized in net revenue for the year.

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.

USC Canada

Notes to Financial Statements

April 30, 2015

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
Furniture	10 years

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. Revenues and expenses 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 accounts 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.

USC Canada

Notes to Financial Statements

April 30, 2015

3 Investments

	2015 \$	2014 \$
Bank of Montreal GIC, 1.150%, maturing December 2, 2015 (2014 – 1.150%; November 26, 2014)	98,500	100,000
BMO Trust GIC, 1.150%, maturing December 2, 2015 (2014 – 1.159%; November 26, 2014)	53,500	50,000
Home Trust Company GIC, 1.700%, maturing December 2, 2015	98,000	–
Equitable Bank GIC, 1.760%, maturing November 26, 2014	–	100,000
BMO US Equity Mutual Funds	84,923	–
	334,923	250,000

4 Deferred contributions

	Balance – Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Balance – End of year \$
DFATD	33,590	2,464,814	(2,481,450)	16,954
Other	491,843	1,258,245	(1,363,666)	386,422
	525,433	3,723,059	(3,845,116)	403,376

5 Advances to overseas partners and projects

16.5% (2014 – 6.3%) of advances to host field offices are held in U.S. dollars and 83.5% (2014 – 93.7%) are held in other local currencies.

6 Capital assets

			2015	2014
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware and office equipment	112,216	60,198	52,018	49,759
Furniture	13,237	8,022	5,215	6,539
	125,453	68,220	57,233	56,298

USC Canada

Notes to Financial Statements

April 30, 2015

7 Commitments and contingencies

The Organization leases its head office under an operating lease that expires on September 30, 2015. Future lease payments, including operating costs, amount to \$60,769. Subsequent to year-end the lease was renewed to 2025.

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 that the Organization has incurred no ineligible expenditures and has, therefore, not recorded any liability for reimbursement.

8 USC Foundation

The Foundation has been established to accept donations, gifts, legacies and bequests for the long-term support and security of Organization 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.

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, 2015 and 2014, and for the years then ended, are as follows.

	2015 \$	2014 \$
Financial position		
Total assets	8,150,126	8,308,163
Total liabilities	12,130	87,214
Total net assets	8,137,996	8,220,949
	<u>8,150,126</u>	<u>8,308,163</u>

USC Canada

Notes to Financial Statements

April 30, 2015

	2015 \$	2014 \$
Results of operations		
Total revenues	796,358	1,183,267
Total expenses	112,419	118,158
Revenue before contributions to USC Canada	683,939	1,065,109
Contributions to USC Canada	825,000	-910,000
Net revenue (expense) for the year	<u>(141,061)</u>	<u>155,109</u>
Cash flows provided by (used in)		
Operating activities	(709,917)	(349,132)
Investing activities	616,985	297,511
Financing activities	58,108	45,000
Net change in cash for the year	<u>(34,824)</u>	<u>(6,621)</u>

Net assets of the USC Foundation are comprised of:

	2015 \$	2014 \$
Unrestricted	33,939	175,000
Internally restricted – Lotta Hitschmanova Legacy	7,587,035	7,587,035
Externally restricted – Endowments	517,022	458,914
	<u>8,137,996</u>	<u>8,220,949</u>

The Organization has been reimbursed \$53,843 (2014 – \$57,297) from the Foundation, representing an allocation of employee salaries and USC 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 from the Foundation are without defined terms of repayment and are non-interest bearing.

USC Canada

Notes to Financial Statements

April 30, 2015

9 Allocation of expenses

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

	2015 \$	2014 \$
Seeds of Survival – International	50,873	45,189
Seeds of Survival – Canadian	67,538	52,008
Other international programs	2,101	1,037
Fundraising	25,110	26,027
	<hr/>	<hr/>
	145,622	124,261
	<hr/>	<hr/>

10 Government remittances

Government remittances are \$nil as at April 30, 2015 (2014 – \$nil).