

USC Canada

Financial Statements
April 30, 2016



September 12, 2016

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, 2016 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.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



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, 2016 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

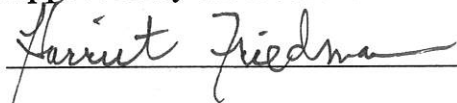
USC Canada

Statement of Financial Position

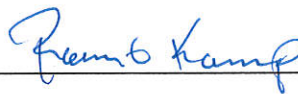
As at April 30, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	2,820,138	515,081
Investments (note 3)	-	334,923
Accounts receivable	66,423	45,719
Due from USC Foundation (note 8)	278,690	-
Advances to overseas partners and projects (note 5)	591,788	214,549
Prepaid expenses	30,321	76,048
	<u>3,787,360</u>	<u>1,186,320</u>
Capital assets (note 6)	<u>431,820</u>	<u>57,233</u>
	<u>4,219,180</u>	<u>1,243,553</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	326,523	299,603
Due to USC Foundation (note 8)	-	200,641
Deferred contributions (note 4)	3,552,687	403,376
	<u>3,879,210</u>	<u>903,620</u>
Net assets	<u>339,970</u>	<u>339,933</u>
	<u>4,219,180</u>	<u>1,243,553</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, 2016

	2016 \$	2015 \$
Revenue		
Global Affairs Canada (formerly, DFATD)	3,044,290	2,481,450
Support from Foundations		
USC Foundation (note 8)	1,361,100	825,000
RH Webster Foundation	256,000	259,000
Kenoli foundation	-	13,000
Other foundations	1,401,725	1,344,915
Support from general public	1,014,221	893,810
Other	40,749	265,310
Investment income	3,746	3,374
	<u>7,121,831</u>	<u>6,085,859</u>
Expense		
Program		
Seeds of Survival - International	4,373,833	2,979,036
Seeds of Survival - Canadian	1,798,586	1,892,504
Other international programs	54,261	289,716
	<u>6,226,680</u>	<u>5,161,256</u>
Non-program		
Administration	461,114	451,477
Fundraising	434,000	471,493
	<u>895,114</u>	<u>922,970</u>
	<u>7,121,794</u>	<u>6,084,226</u>
Net revenue for the year	37	1,633
Net assets - Beginning of the year	<u>339,933</u>	<u>338,300</u>
Net assets - End of the year	<u>339,970</u>	<u>339,933</u>

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

USC Canada
Statement of Cash Flows
For the year ended April 30, 2016

	2016	2015
	\$	\$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	37	1,633
Items not affecting cash -		
Donated investments	-	(432,346)
Loss on disposal of investments	-	1,321
Loss on disposal of capital assets	801	-
Amortization of capital assets	32,127	23,424
Net changes in non-cash working capital items	<u>2,344,684</u>	<u>143,103</u>
	<u>2,377,649</u>	<u>(262,865)</u>
Investing activities		
Purchase of investments	-	(250,000)
Proceeds on disposal of investments	334,923	596,102
Proceeds on disposal of capital assets	1,817	-
Purchase of capital assets	<u>(409,332)</u>	<u>(24,359)</u>
	<u>(72,592)</u>	<u>321,743</u>
Net change in cash for the year	<u>2,305,057</u>	<u>58,878</u>
Cash - Beginning of year	<u>515,081</u>	<u>456,203</u>
Cash - End of year	<u>2,820,138</u>	<u>515,081</u>

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

USC Canada

Notes to Financial Statements

April 30, 2016

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 revenue and expense 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, 2016

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
Leasehold improvements	Life of the lease

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, 2016

3 Investments

	2016 \$	2015 \$
Bank of Montreal GIC, 1.150%, maturing December 2, 2015	-	98,500
BMO Trust GIC, 1.150%, maturing December 2, 2015	-	53,500
Home Trust Company GIC, 1.700%, maturing December 2, 2015	-	98,000
BMO US Equity Mutual Funds	-	84,923
	<hr/>	<hr/>
	-	334,923

4 Deferred contributions

	Balance - Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Balance - End of year \$
Global Affairs Canada	16,954	6,139,431	(3,044,290)	3,112,095
Other	386,422	1,346,500	(1,292,330)	440,592
	<hr/>	<hr/>	<hr/>	<hr/>
	403,376	7,485,931	(4,336,620)	3,552,687

5 Advances to overseas partners and projects

6.8% (2015 - 16.5%) of advances to host field offices were advanced in U.S. dollars and 93.2% (2015 - 83.5%) are held in other local currencies.

6 Capital assets

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware and office equipment	125,213	70,601	54,612	52,018
Furniture	114,162	10,832	103,330	5,215
Leasehold improvements	279,287	5,409	273,878	-
	<hr/>	<hr/>	<hr/>	<hr/>
	518,662	86,842	431,820	57,233

USC Canada

Notes to Financial Statements

April 30, 2016

7 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.

	\$
Year ending April 30, 2017	146,246
2018	146,246
2019	146,246
2020	147,660
2021	151,904
Thereafter	746,859

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, 2016 and 2015, and for the years then ended, are as follows.

	2016 \$	2015 \$
Financial position		
Total assets	7,406,389	8,150,126
Total liabilities	285,060	12,130
Total net assets	7,121,329	8,137,996
	<u>7,406,389</u>	<u>8,150,126</u>

USC Canada

Notes to Financial Statements

April 30, 2016

	2016 \$	2015 \$
Results of operations		
Total revenue	533,288	796,358
Total expense	245,718	112,419
Revenue before contributions to USC Canada	287,570	683,939
Contributions to USC Canada	(1,361,100)	(825,000)
Net expense for the year	(1,073,530)	(141,061)
Cash provided by (used in)		
Operating activities	(388,194)	(709,917)
Investing activity	182,899	616,985
Financing activity - Endowment contributions recorded as a direct increase in net assets	56,863	58,108
Net change in cash for the year	(148,432)	(34,824)

Net assets of the USC Foundation are comprised of:

	2016 \$	2015 \$
Unrestricted	-	33,939
Internally restricted - Lotta Hitschmanova Legacy	6,547,444	7,587,035
Externally restricted - Endowments	573,885	517,022
	7,121,329	8,137,996

The Organization has been reimbursed \$99,270 (2015 - \$53,843) 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 due to or from the Foundation are without defined terms of repayment and are non-interest bearing.

USC Canada

Notes to Financial Statements

April 30, 2016

9 Allocation of expenses

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

	2016	2015
	\$	\$
Seeds of Survival - International	61,120	50,873
Seeds of Survival - Canadian	55,390	67,538
Other international programs	1,334	2,101
Fundraising	21,980	25,110
	<hr/>	<hr/>
	139,824	145,622
	<hr/>	<hr/>

10 Government remittances

Government remittances of \$nil as at April 30, 2016 (2015 - \$nil) are included in accounts payable and accrued liabilities.