Financial Statements

Canadian Crossroads International -
Carrefour Canadien International
operating as **Crossroads International**
Toronto, Ontario
March 31, 2013

Contents

PRENTICE YATES & CLARK
CHARTERED ACCOUNTANTS

15 Toronto St., Suite 700
Toronto, Canada
M5C 2E3

(416) 366-9256
1 (800) 265-7818
Fax: (416) 366-9171
Web: www.pyc.net
E-mail: info@pyc.net

Serving our clients since 1944

Independent Auditors' Report

To the Members of Crossroads International:

We have audited the accompanying financial statements of Crossroads International, which comprise the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012 and 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.

Auditors' 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 Corporation'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 Corporation'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 qualified audit opinion.

continued...

PRENTICE YATES & CLARK

Independent Auditors' Report - continued

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and the completeness of donations is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to contributions, surplus, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Crossroads International as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
June 8, 2013

Prentice Yates & Clark

Chartered Accountants, Licensed Public Accountants

Statement of Financial Position

	2013	2012 (Note 13)	April 1, 2011
Current Assets			
Cash and cash equivalents, Note 5	$ 835,953	$ 1,601,981	$ 821,242
Accounts receivable	99,371	98,461	57,197
Due from related party, Note 7	1,249	0	5,045
Prepaid expenses and other assets	102,395	75,452	31,206
Total Current	1,038,968	1,775,894	914,690
Investments, Note 5	1,572,163	1,452,565	988,705
Capital Assets, Note 6	56,878	61,038	33,879
	2,668,009	3,289,497	1,937,274
Current Liabilities			
Accounts payable and accrued liabilities	213,372	286,998	196,755
Deferred revenue	295,093	935,602	769,727
Total Liabilities	508,465	1,222,600	966,482
Net Assets, per statement			
Invested in capital assets	56,878	61,038	33,879
Endowment Fund, Note 11	200,000	200,000	0
One World Fund, Note 11	762,977	762,977	0
Unrestricted accumulated surplus	1,139,689	1,042,882	936,913
	2,159,544	2,066,897	970,792
	2,668,009	3,289,497	1,937,274

Approved by The Board

Karen Takacs
Director

Guy Ouellet
Director

The notes on pages 9 through 16 form an integral part of these financial statements.

Statement of Operations

		2013		2012
Revenues				
Federal Government - CIDA	$	2,821,951	$	3,020,461
Federal Government - CIDA - IYIP		0		285,992
		2,821,951		3,306,453
Provincial Government Contributions (Québec)		319,754		310,801
Donations		661,502		1,705,155
Other Revenues		124,387		46,614
Volunteer Contribution, Note 8		2,342,718		2,441,623
		3,128,607		4,193,392
		6,270,312		7,810,646
Expenses				
Program Expenses (including salaries & benefits)		2,984,527		3,359,630
Public Engagement Program Expenses		155,877		251,579
Administration, Governance and Overhead (including salaries & benefits)		576,525		542,269
Fundraising (including salaries & benefits)		118,018		127,840
Contributions by Volunteers, Note 8		2,342,718		2,441,623
		6,177,665		6,722,941
Surplus		92,647		1,087,705

Statement of Changes in Net Assets

	Invested in Capital Assets	Internally Restricted Endowment Fund	Internally Restricted One World Fund	Unrestricted Accumulated Surplus	2013 Total	2012 Total
Balance, as previously reported	$ 61,038	$ 200,000	$ 762,977	$ 1,059,969	$ 2,083,984	$ 996,279
Prior period adjustment, Note 13	0	0	0	(17,087)	(17,087)	(17,087)
Balance, beginning of year, as restated	61,038	200,000	762,977	1,042,882	2,066,897	979,192
Add (deduct)						
Surplus (deficit)	(23,070)	0	0	115,717	92,647	1,087,705
Investment in capital assets	18,910	0	0	(18,910)	0	0
Balance March 31	56,878	200,000	762,977	1,139,689	2,159,544	2,066,897

Statement of Cash Flows

	2013	2012
Operating Activities		
Cash receipts	$ 3,284,926	$ 5,507,079
Cash disbursements	(3,912,446)	(4,214,153)
Net Cash Provided By (Used In) Operating Activities	(627,520)	1,292,926
Financing and Investing Activities		
Additions to capital assets	(18,910)	(48,327)
Increase of long-term investments	(119,598)	(463,860)
Cash Used In Financing and Investing Activities	(138,508)	(512,187)
Net increase (decrease) in cash and cash equivalents	(766,028)	780,739
Net cash and cash equivalents, beginning of year	1,601,981	821,242
Net Cash and Cash Equivalents, End Of Year	835,953	1,601,981

Notes to Financial Statements

Note 1 **Status and Nature of Activities**

Canadian Crossroads International (Crossroads International) was incorporated under the Canada Corporations Act without share capital on July 21, 1969. Crossroads International is an international development organization that is reducing poverty and advancing equality for women and girls. Working with local partners in eight countries and supported by hundreds of volunteers each year, Crossroads International leverages expertise and resources, North and South, to help people overcome poverty and advance equality for women and girls. Crossroads International is currently working in Bolivia, Ghana, Mali, Niger, Senegal, Swaziland, Togo and Zimbabwe.

Crossroads International is a charitable organization as defined in the Income Tax Act (Canada) and may issue charitable receipts for donations received.

Note 2 **Summary of Accounting Policies**

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for non-for-profit organizations.

(a) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year received. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured. Contributions received in advance of a program year and unearned are recorded as deferred revenue.

Donations revenue consists of donations and contributions from foundations. Unrestricted contributions and donations are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured. Contributions received in advance of a program year and unearned are recorded as deferred revenue.

Other revenue consists of investment income and other government rebates received during the year. Investment income includes interest from cash and fixed income investments, reinvested distributions from mutual funds and realized (and unrealized) gains and losses on investments. Revenue related to investments is recognized on an accrual basis. Revenue related to other government rebates are recognized when they are received.

The estimated fair value of volunteer services is included in both revenues and expenses (Note 8).

(b) Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Office equipment and furniture - 5 year straight line method

Note 2 **Summary of Accounting Policies - continued**

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions about future events 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

(d) Foreign Currency Transactions

Foreign currency transactions are translated at the rate in effect when the transactions occur. Monetary assets and liabilities denominated in a foreign currency have been translated at the rate in effect at the year end.

Financial Instruments

(i) Measurement of Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and deferred revenue.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Note 2 Summary of Accounting Policies - continued

(e) Allocation of Salary and Benefits

Salaries are allocated between program costs, public engagement program expenses, administration, governance, overhead and fundraising. The allocation is based on a percentage of effort analysis that determines the amount of time spent on each activity. Please refer to Note 9 for the details about this allocation.

Note 3 Impact of the Change in the Basis of Accounting

The Corporation has elected to apply Canadian accounting standards for Not-for-Profit Organizations (NFPOs). These financial statements are the first financial statements for which the Corporation has applied Canadian accounting standards for NFPOs.

The financial statements for the year ended March 31, 2013 were prepared in accordance with the accounting principles and provisions set out in the First-Time Adoption, Section 1501, for first-time adopters of this basis of accounting.

The application of adopting this new financial reporting framework had no impact on the previously reported financial position as at April 1, 2011 and March 31, 2012 or to previously reported surplus or accumulated surplus for the year ended March 31, 2012. Consequently, a reconciliation of previously reported surplus as reported using accounting standards for NFPOs was not prepared.

Note 4 Financial Instruments

Risk Management Policy

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2013.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Corporation is subject to concentrations of credit risk through cash and its accounts receivable. The Corporation maintains substantially all of its cash at a single major Canadian financial institution. The majority of the Corporation's account receivables relate to funds receivable from government organizations, insurance claim proceeds and advances to employees. The maximum credit risk is equivalent to the carrying value. It is the opinion of management that the Corporation is not exposed to significant credit risks.

Note 4 **Financial Instruments - continued**

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially, with the exception of adding equity mutual funds to its investment portfolio, from the prior period and are summarized below:

(i) Interest Rate Risk

The Corporation manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested its excess cash in pooled money market, fixed income and equity funds as the means for managing its interest rate risk.

(ii) Foreign Currency Risk

The Corporation's functional currency is the Canadian Dollar. The Corporation has transactions in foreign currencies and therefore is subject to gains and losses due to fluctuations in foreign currency exchange rates. It is the opinion of management that the Corporation is not exposed to significant foreign currency risks as the majority of its transactions are in Canadian Dollars.

(iii) Commodity Price Risk

The Corporation is subject to normal price risk associated with consumer products.

(iv) Equity Price Risk

The Corporation maintains a portion of investments in pooled mutual funds and as a result is subject to price risk associated with fluctuations in the market price for these investments. Based on the Corporation's risk tolerance, an asset allocation model was developed and implemented for investments, including equity investments.

Fair Value

The fair values of cash, accounts receivable and accounts payable are approximately equal to their carrying value due to their short term nature.

The fair values of investments are approximately equal to their carrying value as they are recorded at their quoted market value.

Note 5 Cash and Investments

	2013	2012	April 1, 2011
Cash			
Petty cash	$ 906	$ 1,586	$ 906
Operating current accounts	217,952	777,895	200,411
Broker's cash account	6,403	8,970	78
Cash Equivalents			
High interest savings accounts	0	202,993	403,468
Pooled money market funds	610,692	604,285	210,167
Treasury bills	0	6,252	6,212
	835,953	1,601,981	821,242
Investments			
Pooled fixed income funds	795,180	780,921	729,794
Pooled equity funds	776,983	671,644	258,911
	1,572,163	1,452,565	988,705
	2,408,116	3,054,546	1,809,947
Composed of:			
Restricted cash and cash equivalents and investments	295,093	935,602	769,727
Unrestricted cash and cash equivalents	540,860	666,379	51,515
Unrestricted investments	1,572,163	1,452,565	988,705
	2,408,116	3,054,546	1,809,947

Restricted cash and cash equivalents are equal to the amount of deferred revenue on hand from external funders for the purpose of future program delivery. These funds are restricted as they cannot be used for purposes other than delivery of the programs for which they are intended.

Note 6 Capital Assets

	Net 2013	Net 2012
Office equipment and furniture	$ 683,809	$ 664,899
Accumulated amortization	(626,931)	(603,861)
	56,878	61,038

Note 7 **Related Party Transactions**

The Corporation is related to Friends of Canadian Crossroads Foundation (FCCF), an associated charitable organization. The Corporation also pays for expenditures incurred by FCCF. These transactions are in the normal course of operations and are measured at the carrying value. As of March 31, 2013, FCCF owes the Corporation $1,249 related to expenditures incurred.

Note 8 **Donated Services**

Contributions of voluntary services, by people in Canada and abroad, are vital to Crossroads International's work. Crossroads International keeps detailed records of the time and services provided by volunteers. Value is assigned to volunteer contributions based on calculation methods developed by independent researchers. Rates applied are sourced from current Statistics Canada rate tables.

Note 9 **Salary and Benefits**

Remuneration to employees during the year totaled $1,858,608 (2012 -$1,803,805).

The remuneration has been allocated as follows:

		2013		2012
Program expenses	$	1,468,559	$	1,403,440
Public engagement program expenses		155,877		251,579
Administration, governance and overhead		176,343		86,014
Fundraising		57,829		62,772
Total remuneration during the year		1,858,608		1,803,805

Note 10 **Lease Commitments**

The Corporation is committed to minimum lease payments for equipment and premises as follows:

2014	$	170,148
2015		106,687
2016		104,965
2017		104,965
2018		104,965

Note 11 **Restrictions of Net Assets**

The One World Fund is internally restricted by the Board of Directors. This fund was created to increase the impact of Crossroads programming and leverage additional funding and/or provide opportunities for future revenue generation.

The Endowment Fund is internally restricted by the Board of Directors. The fund was created to support Crossroads in fulfilling its mission and mandate.

Note 12 **Affiliated Non-Profit Organizations**

Friends of Canadian Crossroads Foundation (FCCF)

The FCCF is affiliated with Crossroads International by virtue of having a shared Board of Directors.

FCCF is designated by Canada Revenue Agency as being associated with Crossroads International. FCCF is a separate charitable foundation that supports other registered charities and, in particular, Crossroads International. The Foundation is a registered charity within the meaning of the Income Tax Act.

Financial Position as at March 31, 2013

	2013	2012
Assets	$ 1,967	$ 2,087
Liabilities	1,967	900
Net assets	0	1,187
	1,967	2,087

Results of Operations for the year ended

	2013	2012
Total revenues	$ 0	$ 29,120
Total expenses	1,187	990,910
Deficit	(1,187)	(961,790)

Cash Flows from Operations for the year ended

	2013	2012
Receipts	$ 0	$ 29,120
Disbursements	120	29,066
Increase (decrease) in cash flows for the year ended	(120)	54

Note 13 Prior Period Adjustment

The Canadian International Development Agency (CIDA) conducted an audit on the Crossroads project for the period of April 1, 2010 to March 31, 2011. CIDA disallowed some expenses to be covered under CIDA funding. As a result, CIDA revenues for the year ending March 31, 2011 were overstated and the deferred revenues were understated. This was corrected retroactively in these financial statements and the figures for the year ended March 31, 2012 have been restated as follows:

	Balance as previously reported	Adjustment	Balance as restated
Statement of Financial Position			
Deferred revenue	$ 918,515	$ 17,087	$ 935,602
Unrestricted accumulated surplus	1,059,969	(17,087)	1,042,882

The restatement resulted in an increase in deferred revenue and a decrease in unrestricted accumulated surplus of $17,087.