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**CANADIAN CROSSROADS INTERNATIONAL -  
CARREFOUR CANADIEN INTERNATIONAL**  
operating as **CROSSROADS INTERNATIONAL**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Members  
Canadian Crossroads International  
TORONTO, Ontario

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Canadian Crossroads International which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended 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 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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the entity derives revenue from Contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we are not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, 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, these financial statements present fairly, in all material respects, the financial position of Canadian Crossroads International as at March 31, 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.

### **Other Matters**

The financial statements of Canadian Crossroads International for the year ended December 31, 2013, were audited by another auditor who expressed a qualified opinion on those statements on June 14, 2014.

*Norton McMullen LLP*

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

Markham, Canada

June 13, 2015

**CANADIAN CROSSROADS INTERNATIONAL**  
**STATEMENT OF FINANCIAL POSITION**

As at March 31,

2015

2014

**ASSETS**

**Current**

Cash and cash equivalents (Note 2)	\$ 365,509	\$ 951,164
Accounts receivable (Note 3)	40,420	51,952
Due from related parties (Note 11)	1,635	3,205
Prepaid expenses and other assets	17,856	41,389
	<u>\$ 425,420</u>	<u>\$ 1,047,710</u>

Investments (Note 2)	2,458,908	2,380,310
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Capital Assets (Note 4)	30,526	39,522
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	<u>\$ 2,914,854</u>	<u>\$ 3,467,542</u>
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**LIABILITIES**

**Current**

Accounts payable and accrued liabilities (Note 5)	\$ 209,606	\$ 179,611
Deferred revenue (Note 6)	431,671	1,012,664
	<u>\$ 641,277</u>	<u>\$ 1,192,275</u>

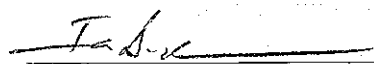
**NET ASSETS**

Invested in capital assets	\$ 30,526	\$ 39,522
Endowment Fund (Note 8)	200,000	200,000
One World Fund (Note 8)	762,977	762,977
Unrestricted accumulated surplus	1,280,074	1,272,768
	<u>\$ 2,273,577</u>	<u>\$ 2,275,267</u>

	<u>\$ 2,914,854</u>	<u>\$ 3,467,542</u>
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Commitments (Note 13)

Approved by the Board:



Ian Anderson



Susan Watts

See accompanying notes

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**CANADIAN CROSSROADS INTERNATIONAL****STATEMENT OF CHANGES IN NET ASSETS**For the year ended March 31,

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	Invested in Capital Assets	Internally Restricted		Unrestricted Accumulated Surplus	2015	2014
		Endowment Fund	One World Fund		Total	Total
<b>BALANCE - Beginning</b>	\$ 39,522	\$ 200,000	\$ 762,977	\$ 1,272,768	\$ 2,275,267	\$ 2,159,544
Excess (deficiency) of revenues over expenses	(21,281)	-	-	19,591	(1,690)	115,723
Investment in capital assets	12,285	-	-	(12,285)	-	-
<b>BALANCE - Ending</b>	<u>\$ 30,526</u>	<u>\$ 200,000</u>	<u>\$ 762,977</u>	<u>\$ 1,280,074</u>	<u>\$ 2,273,577</u>	<u>\$ 2,275,267</u>

See accompanying notes

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# CANADIAN CROSSROADS INTERNATIONAL

## STATEMENT OF OPERATIONS

For the year ended March 31,	2015	2014
<b>REVENUES</b>		
Federal government - DFATD	\$ 2,790,103	\$ 2,894,070
Federal government - DFATD - IYIP	-	844
	<u>\$ 2,790,103</u>	<u>\$ 2,894,914</u>
Provincial government contributions (Quebec)	\$ 184,389	\$ 136,199
Donations (Note 6)	754,003	774,702
Investment income (Note 7)	305,027	236,265
Other revenues	15,054	12,632
Volunteer contributions	<u>1,897,371</u>	<u>2,238,233</u>
	<u>\$ 2,971,455</u>	<u>\$ 3,261,832</u>
<b>TOTAL REVENUES</b>	<u>\$ 5,945,947</u>	<u>\$ 6,292,945</u>
<b>EXPENSES</b>		
Programs	\$ 2,893,778	\$ 2,867,952
Administration, governance and overhead	828,547	676,087
Public engagement program	192,573	223,406
Fundraising	135,368	171,544
Volunteer contributions	<u>1,897,371</u>	<u>2,238,233</u>
<b>TOTAL EXPENSES</b>	<u>\$ 5,947,637</u>	<u>\$ 6,177,222</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (1,690)</u>	<u>\$ 115,723</u>

See accompanying notes

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**CANADIAN CROSSROADS INTERNATIONAL**  
**STATEMENT OF CASH FLOWS**

For the year ended March 31,

2015

2014

**CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**

**OPERATING ACTIVITIES**

Excess (deficiency) of revenues over expenses	\$ (1,690)	\$ 115,723
Items not affecting cash:		
Amortization	<u>21,280</u>	<u>20,823</u>
	\$ <u>19,590</u>	\$ <u>136,546</u>

Net change in non-cash working capital balances:

Accounts receivable	11,532	47,419
Due from related parties	1,570	(1,956)
Prepaid expenses and other assets	23,533	61,006
Accounts payable and accrued liabilities	29,996	(33,760)
Deferred revenue	<u>(580,993)</u>	<u>717,571</u>
	\$ <u>(494,772)</u>	\$ <u>926,826</u>

**INVESTING ACTIVITIES**

Purchase of capital assets	\$ (12,285)	\$ (3,467)
Sale of long-term investments	200,000	-
Purchase of long-term investments	<u>(278,598)</u>	<u>(808,147)</u>
	\$ <u>(90,883)</u>	\$ <u>(811,614)</u>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

\$ (585,655) \$ 115,212

**CASH AND CASH EQUIVALENTS - Beginning**

951,164 835,952

**CASH AND CASH EQUIVALENTS - Ending**

\$ 365,509 \$ 951,164

See accompanying notes

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# CANADIAN CROSSROADS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

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### NATURE OF OPERATIONS

Canadian Crossroads International (the "Organization") was incorporated under the Canada Corporations Act without share capital on July 21, 1969. The Organization 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, the Organization leverages expertise and resources, North and South, to help people overcome poverty and advance equality for women and girls. The Organization is currently working in Bolivia, Ghana, Mali, Niger, Senegal, Swaziland, Togo and Zimbabwe.

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### a) Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, operating and brokerage accounts and commercial paper which are highly liquid and for which the original maturities are less than three months.

#### b) Capital Assets

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

Office equipment and furniture	5 years straight-line
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#### c) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates used.

#### d) Foreign Currency Translation

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 end of the year.

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# CANADIAN CROSSROADS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### e) Revenue Recognition

The Organization follows the deferral method to account for donations and grants. Designated donations and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations consist of gifts from foundations, other non-government supporters and valued individual donors.

Investment income includes interest, realized and unrealized gains and losses on investments, and changes related to foreign exchange. Revenue related to investments is recognized on an accrual basis. Other revenues consists of other government rebates received during the year. Revenue related to other government rebates is recognized when earned or received.

The estimated fair value of volunteer services is included in both revenues and expenses

#### f) Volunteer Contributions

Contributions of voluntary services, by people in Canada and abroad, are vital to the Organization's work. The Organization 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.

#### g) Financial Instruments

##### Measurement of Financial Instruments

The Organization initially measures all of its financial assets and liabilities at fair value and subsequently measures all of its financial assets and liabilities at amortized cost, with the exception of 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 instruments measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization's financial assets measured at fair value include pooled fixed income funds and equity funds.

##### Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in income and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.



# CANADIAN CROSSROADS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### h) Allocation of Salaries and Benefits

Salaries are allocated between programs, public engagement program, 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.

### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consists of the following:

	2015	2014
Cash		
Petty cash	\$ 993	\$ 993
Operating current accounts	324,659	916,307
Broker's cash account	9,824	6,385
Cash Equivalents		
Treasury bills	30,033	27,479
	<u>\$ 365,509</u>	<u>\$ 951,164</u>
Investments		
Pooled fixed income funds	\$ 1,504,369	\$ 1,423,468
Pooled equity funds	954,539	956,842
	<u>\$ 2,458,908</u>	<u>\$ 2,380,310</u>
	<u>\$ 2,824,417</u>	<u>\$ 3,331,474</u>

Included in designated cash, cash equivalents and investments are amounts equal to the amount of deferred revenue on hand from external funders for the purpose of future program delivery. These are designated as having been contributed for specific purposes (Note 6).

### 3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2015	2014
Accounts receivable	\$ 8,140	\$ 7,713
Sales tax receivable	32,280	44,239
	<u>\$ 40,420</u>	<u>\$ 51,952</u>

# CANADIAN CROSSROADS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 4. CAPITAL ASSETS

Capital assets consist of the following:

	2015		2014
	Cost	Accumulated Amortization	Net Book Value
Office equipment and furniture	\$ 129,547	\$ (99,021)	\$ 30,526
			\$ 39,522

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2015	2014
Accounts payable and accrued liabilities	\$ 176,407	\$ 179,611
Government remittances payable	33,199	-
	\$ 209,606	\$ 179,611

### 6. DEFERRED REVENUE

Deferred revenue consists of government grants and designated donations received from various sources for items and projects to be disbursed in the following year as follows:

	2015			
	Donations	Provincial	Federal	Total
Balance - Beginning	\$ 223,947	\$ 29,778	\$ 758,939	\$ 1,012,664
Add: donations received during the year	891,609	-	-	891,609
Add: government funding related to future periods	-	70,118	-	70,118
Less: amount recognized as revenue in the current year	(754,003)	(29,778)	(758,939)	(1,542,720)
Balance - Ending	\$ 361,553	\$ 70,118	\$ -	\$ 431,671

# CANADIAN CROSSROADS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 6. DEFERRED REVENUE - Continued

	2014			
	Donations	Provincial	Federal	Total
Balance - Beginning	\$ 69,113	\$ 75,037	\$ 150,944	\$ 295,094
Add: donations received during the year	929,536	-	-	929,536
Add: government funding related to future periods	-	29,778	758,939	788,717
Less: amount recognized as revenue in the current year	(774,702)	(75,037)	(150,944)	(1,000,683)
Balance - Ending	<u>\$ 223,947</u>	<u>\$ 29,778</u>	<u>\$ 758,939</u>	<u>\$ 1,012,664</u>

### 7. INVESTMENT INCOME

Investment income consists of the following:

	2015	2014
Realized gains on investments	\$ 130,659	\$ 52,245
Interest	49,452	68,590
Dividends	23,991	17,132
	<u>\$ 204,102</u>	<u>\$ 137,967</u>
Unrealized gains on investments	100,925	98,298
	<u>\$ 305,027</u>	<u>\$ 236,265</u>

The Organization incurred investment management fees of \$19,597 (2014 - \$14,522) which is included in administration, governance and overhead.

Included in investment income is \$118,961 (2014 - \$94,506) earned from resources held for endowment. The investment income is unrestricted and has been included in unrestricted accumulated surplus.

### 8. RESTRICTIONS OF NET ASSETS

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

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

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# CANADIAN CROSSROADS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

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### 9. SALARIES AND BENEFITS

Remuneration to employees during the year has been allocated as follows:

	2015	2014
Programs	\$ 1,428,017	\$ 1,381,157
Administration, governance and overhead	231,119	117,507
Public engagement program	191,499	203,143
Fundraising	<u>80,255</u>	<u>73,241</u>
Total remuneration during the year	<u>\$ 1,930,890</u>	<u>\$ 1,775,048</u>

### 10. ECONOMIC DEPENDENCE

The Organization is economically dependent on the Department of Foreign Affairs, Trade and Development (DFATD) for the provision of funding to continue operations. This is considered to be normal for the Organization and the industry in which it operates.

### 11. RELATED PARTY TRANSACTIONS

#### Friends of Canadian Crossroads Foundation (FCCF)

The FCCF is associated with the Organization by virtue of having a shared Board of Directors. FCCF is a separate charitable foundation that supports other registered charities and, in particular, the Organization. FCCF is a registered charity within the meaning of the Income Tax Act.

The Organization also pays for expenses incurred by FCCF which are in the normal course of operations and are measured at the carrying value. As of March 31, 2015, FCCF owes the Organization \$1,635 (2014 - \$3,205) related to expenses incurred.

Financial Position as at March 31,	2015	2014
Assets	<u>\$ 1,635</u>	<u>\$ 1,801</u>
Liabilities	<u>\$ 1,635</u>	<u>\$ 1,801</u>
Excess (deficiency) of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>
Cash Flows from Operations for the year		
Disbursements	<u>\$ 166</u>	<u>\$ 166</u>
Decrease in cash	<u>\$ (166)</u>	<u>\$ (166)</u>

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# CANADIAN CROSSROADS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

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### 12. FINANCIAL INSTRUMENTS

#### Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's exposure to and concentrations of risk at March 31, 2015.

#### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. The majority of the Organization's accounts receivable relate to funds receivable from government organizations and advances to employees. There has been no change in the assessment of credit risk from the prior year.

#### b) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

#### c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency rate risk, and equity price risk. The Organization is exposed to these risks as follows:

#### i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Organization has invested its excess cash in pooled money market, treasury bills, fixed income and equity funds as the means for managing its interest rate risk. The exposure to this risk fluctuates as the investments and related interest rates change from year to year.

#### ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization's functional currency is the Canadian Dollar. The value of investments denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. The Organization manages this risk by limiting concentration levels.

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# CANADIAN CROSSROADS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

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### 12. FINANCIAL INSTRUMENTS - Continued

#### c) Market Risk - Continued

##### ii) Foreign Currency Risk - Continued

As at March 31, 2015, marketable securities in the amount of \$547,498 (2014 - \$566,974) are denominated in foreign currencies and have been converted into equivalent Canadian dollars at the exchange rate in effect at the year end. The exposure to this risk changes as the transaction and balance amounts change and as the exchange rate fluctuates.

##### iii) Equity Price Risk

Equity 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 (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization maintains a portion of investments in pooled fixed income and equity funds and as a result is subject to price risk associated with the fluctuations in the market price for these investments. Based on the Organization's risk tolerance, an asset allocation model was developed and implemented for investments. The exposure to this risk fluctuates as the Organization's investments change from year to year.

### 13. LEASE COMMITMENTS

The Organization is committed to minimum lease payments for equipment and office space on Toronto, Montreal and Vancouver with varying expiry dates. Future minimum annual rental payments before taxes are as follows:

2016	\$ 169,308
2017	122,017
2018	106,426
2019	104,217
2020	25,944
	<u>\$ 527,912</u>

### 14. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.