
**CANADIAN CROSSROADS INTERNATIONAL -
CARREFOUR CANADIEN INTERNATIONAL**
operating as **CROSSROADS INTERNATIONAL**
FINANCIAL STATEMENTS
MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members
Canadian Crossroads International
TORONTO
Ontario

Opinion

We have audited the accompanying financial statements of Canadian Crossroads International which comprise the statement of financial position as at March 31, 2020 and the statement of operations and changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2020 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

June 13, 2020

CANADIAN CROSSROADS INTERNATIONAL
STATEMENT OF FINANCIAL POSITION

As at March 31, 2020 2019

ASSETS

Current

Cash and cash equivalents	\$ 1,021,704	\$ 729,984
Investments (Note 2)	2,126,293	3,574,240
Accounts receivable (Note 3)	536,464	49,450
Due from related parties (Note 10)	1,460	1,460
Prepaid expenses and other assets (Note 4)	<u>271,093</u>	<u>227,321</u>
	\$ 3,957,014	\$ 4,582,455

Capital Assets (Note 5)

<u>61,661</u>	<u>59,868</u>
\$ 4,018,675	\$ 4,642,323

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 194,253	\$ 149,878
Deferred revenue (Note 6)	<u>2,023,738</u>	<u>2,292,470</u>
	\$ 2,217,991	\$ 2,442,348

NET ASSETS

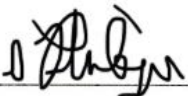
General Fund	\$ 1,115,797	\$ 1,383,214
Karen Takacs Women's Leadership Fund	12,155	16,542
One-World Fund	472,732	600,219
Endowment Fund	<u>200,000</u>	<u>200,000</u>
	\$ 1,800,684	\$ 2,199,975

\$ 4,018,675	\$ 4,642,323
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Commitments (Note 12)

Contingencies (Note 13)

Approved by the Board:



Simone Philogene



Julie Mills

See accompanying notes

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CANADIAN CROSSROADS INTERNATIONAL

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31,

2020

2019

	General Fund	Karen Takacs Women's Leadership Fund	One-World Fund	Endowment Fund	Total	Total
REVENUES						
Global Affairs Canada (Note 6)	\$ 3,464,473	\$ -	\$ -	\$ -	\$ 3,464,473	\$ 2,605,179
Province of Quebec (Note 6)	683,326	-	-	-	683,326	363,554
	<u>\$ 4,147,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,147,799</u>	<u>\$ 2,968,733</u>
Volunteer contributions	\$ 1,861,312	\$ -	\$ -	\$ -	\$ 1,861,312	\$ 1,929,972
Restricted donations (Note 6)	827,054	29,409	-	-	856,463	273,465
General donations	335,566	-	-	-	335,566	455,297
Investment income (Note 7)	(51,200)	(3,474)	-	-	(54,674)	130,583
	<u>\$ 2,972,732</u>	<u>\$ 25,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,998,667</u>	<u>\$ 2,789,317</u>
TOTAL REVENUES	<u>\$ 7,120,531</u>	<u>\$ 25,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,146,466</u>	<u>\$ 5,758,050</u>
EXPENSES						
Programs						
International	\$ 4,295,367	\$ 25,993	\$ 24,715	\$ -	\$ 4,346,075	\$ 2,564,779
Public engagement program	280,882	-	-	-	280,882	241,021
Volunteer contributions	1,861,312	-	-	-	1,861,312	1,929,972
Administration, governance and overhead	700,867	4,329	-	-	705,196	794,788
Fundraising	249,520	-	102,772	-	352,292	415,790
	<u>\$ 7,387,948</u>	<u>\$ 30,322</u>	<u>\$ 127,487</u>	<u>\$ -</u>	<u>\$ 7,545,757</u>	<u>\$ 5,946,350</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (267,417)</u>	<u>\$ (4,387)</u>	<u>\$ (127,487)</u>	<u>\$ -</u>	<u>\$ (399,291)</u>	<u>\$ (188,300)</u>
NET ASSETS - Beginning (Note 14)	<u>1,383,214</u>	<u>16,542</u>	<u>600,219</u>	<u>200,000</u>	<u>2,199,975</u>	<u>2,388,275</u>
NET ASSETS - Ending	<u>\$ 1,115,797</u>	<u>\$ 12,155</u>	<u>\$ 472,732</u>	<u>\$ 200,000</u>	<u>\$ 1,800,684</u>	<u>\$ 2,199,975</u>

See accompanying notes

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CANADIAN CROSSROADS INTERNATIONAL

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31,

2019

2018

	General Fund	Karen Takacs Women's Leadership Fund	One-World Fund	Endowment Fund	Total	Total
REVENUES						
Global Affairs Canada (Note 6)	\$ 2,605,179	\$ -	\$ -	\$ -	\$ 2,605,179	\$ 3,296,771
Province of Quebec (Note 6)	363,554	-	-	-	363,554	251,385
	<u>\$ 2,968,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,968,733</u>	<u>\$ 3,548,156</u>
Volunteer contributions	\$ 1,929,972	\$ -	\$ -	\$ -	\$ 1,929,972	\$ 2,567,377
General donations	455,297	-	-	-	455,297	183,551
Restricted donations (Note 6)	267,865	5,600	-	-	273,465	593,705
Investment income (Note 7)	126,160	4,423	-	-	130,583	112,785
	<u>\$ 2,779,294</u>	<u>\$ 10,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,789,317</u>	<u>\$ 3,457,418</u>
TOTAL REVENUES	<u>\$ 5,748,027</u>	<u>\$ 10,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,758,050</u>	<u>\$ 7,005,574</u>
EXPENSES						
Programs						
International	\$ 2,559,179	\$ 5,600	\$ -	\$ -	\$ 2,564,779	\$ 2,999,284
Public engagement program	241,021	-	-	-	241,021	345,486
Volunteer contributions	1,929,972	-	-	-	1,929,972	2,567,377
Administration, governance and overhead	793,907	881	-	-	794,788	764,792
Fundraising	253,032	-	162,758	-	415,790	308,116
	<u>\$ 5,777,111</u>	<u>\$ 6,481</u>	<u>\$ 162,758</u>	<u>\$ -</u>	<u>\$ 5,946,350</u>	<u>\$ 6,985,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (29,084)</u>	<u>\$ 3,542</u>	<u>\$ (162,758)</u>	<u>\$ -</u>	<u>\$ (188,300)</u>	<u>\$ 20,519</u>
NET ASSETS - Beginning (Note 14)	<u>1,412,298</u>	<u>13,000</u>	<u>762,977</u>	<u>200,000</u>	<u>2,388,275</u>	<u>2,367,756</u>
NET ASSETS - Ending (Note 14)	<u>\$ 1,383,214</u>	<u>\$ 16,542</u>	<u>\$ 600,219</u>	<u>\$ 200,000</u>	<u>\$ 2,199,975</u>	<u>\$ 2,388,275</u>

See accompanying notes

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CANADIAN CROSSROADS INTERNATIONAL

STATEMENT OF CASH FLOWS

For the year ended March 31,

2020

2019

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

OPERATING ACTIVITIES

Deficiency of revenues over expenses	\$ (399,291)	\$ (188,300)
Items not affecting cash:		
Realized gains	(59,048)	(36,508)
Unrealized losses	193,687	3,691
Amortization	16,348	16,090
	<u>\$ (248,304)</u>	<u>\$ (205,027)</u>
Net change in non-cash working capital balances:		
Accounts receivable	(487,014)	16,137
Prepaid expenses and other assets	(43,772)	(48,760)
Accounts payable and accrued liabilities	44,375	(98,444)
Deferred revenue	(268,732)	920,776
	<u>\$ (1,003,447)</u>	<u>\$ 584,682</u>

INVESTING ACTIVITIES

Net change in investments	\$ 1,313,308	\$ 131,042
Purchase of investments	-	(800,000)
Purchase of capital assets	(18,141)	(39,364)
	<u>\$ 1,295,167</u>	<u>\$ (708,322)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

\$ 291,720 \$ (123,640)

CASH AND CASH EQUIVALENTS - Beginning

729,984 853,624

CASH AND CASH EQUIVALENTS - Ending

\$ 1,021,704 \$ 729,984

See accompanying notes

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CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

NATURE OF OPERATIONS

Canadian Crossroads International (the "Organization") was founded in 1958 and incorporated under the Canada Corporations Act without share capital on July 21, 1969 and continued under the Not-for-profit Corporations Act on June 26, 2014. 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 Ghana, Senegal, Swaziland, Togo, Burkina Faso and Tanzania. The Organization is a charitable organization as defined in the Income Tax Act (Canada) and, as such, is exempt from federal and provincial income taxes 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) Fund Accounting

The Organization follows the deferral method of accounting for contributions.

- i) The General Fund reports all transactions relating to the daily operating activities of the Organization and the unrestricted net assets. Refer to Note 1(b) for the revenue recognition policy.
- ii) The Karen Takacs Women's Leadership Fund ("Karen Takacs Fund") is restricted for the purpose of supporting African organizations whose work advances leadership and equality of women. Grants are awarded for organizational strengthening and training, building national and regional networks, lobbying and advocacy activities, research, documenting experience and increasing knowledge of women's rights and training opportunities. Refer to Note 1(b) for the revenue recognition policy.
- iii) 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.
- iv) The One World Fund is internally restricted by the Board of Directors. The fund was created to increase the impact of the Organization's programming and leverage additional funding and/or provide opportunities for future revenue generation.

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

b) Revenue Recognition

The Organization follows the deferral method to account for donations and grants. Under this method, restricted donations and grants are deferred and recognized as revenue when 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, dividend income, realized gains and losses on sale of investments and changes in unrealized gains and losses on investments. Revenue related to investments is recognized on an accrual basis. Investment income earned by internally restricted funds are recognized as revenue in the General Fund. Investment income earned by externally restricted funds are recognized as revenue in its respective fund. Revenue related to other government rebates is recognized when earned or received.

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.

e) 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.

f) 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
Computer software	7 years straight-line

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

g) Impairment of Capital Assets

When a capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the General Fund.

h) 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.

i) Partner Advances

Partner advances represent funding advanced to project partners and are recognized as program expenses when the underlying costs are incurred and reconciled. Advances that have not been spent by the partner by the end of the year are recorded within prepaid expenses and other assets.

j) 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 fixed income and equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess (deficiency) of revenues over expenses.

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 the excess (deficiency) of revenues over expenses 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.

k) Allocation of Salaries and Benefits

Salaries and benefits 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.

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

2. INVESTMENTS

Investments consist of the following:

	2020	2019
Pooled equity funds	\$ 1,119,591	\$ 989,855
Pooled fixed income funds	1,006,702	1,784,385
Cashable GIC's, interest of 2%	-	800,000
	<u>\$ 2,126,293</u>	<u>\$ 3,574,240</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2020	2019
Government holdback receivable (Note 6)	\$ 476,776	\$ -
Sales tax receivable	34,305	39,994
Accounts receivable	25,383	9,456
	<u>\$ 536,464</u>	<u>\$ 49,450</u>

Government holdback receivable represents amounts receivable from Global Affairs Canada to fund programs delivered by the Organization.

4. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following:

	2020	2019
Partner advances	\$ 209,847	\$ 184,175
Prepaid expenses	61,246	43,146
	<u>\$ 271,093</u>	<u>\$ 227,321</u>

5. CAPITAL ASSETS

Capital assets consist of the following:

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment and furniture	\$ 179,538	\$ 143,444	\$ 36,094	\$ 30,382
Computer software	29,486	3,919	25,567	29,486
	<u>\$ 209,024</u>	<u>\$ 147,363</u>	<u>\$ 61,661</u>	<u>\$ 59,868</u>

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

6. DEFERRED REVENUE

Deferred revenue consists of the following:

	2020	2019
a) General Fund	\$ 1,947,485	\$ 2,187,608
b) Karen Takacs Women's Leadership Fund	<u>76,253</u>	<u>104,862</u>
	<u>\$ 2,023,738</u>	<u>\$ 2,292,470</u>

a) General deferred revenue consists of unspent externally restricted government grants and donations. The changes in deferred revenue balances are as follows:

	2020			
	Donations	Provincial	Federal	Total
Balance - Beginning of year	\$ 869,280	\$ 564,059	\$ 754,269	\$ 2,187,608
Add: donations received	900,644	-	-	900,644
Add: government funding received	-	461,513	2,889,123	3,350,636
Add: government holdback receivable	-	-	476,776	476,776
Add: restricted investment income	-	-	6,674	6,674
Less: amount recognized as revenue	<u>(827,054)</u>	<u>(683,326)</u>	<u>(3,464,473)</u>	<u>(4,974,853)</u>
Balance - End of year	<u>\$ 942,870</u>	<u>\$ 342,246</u>	<u>\$ 662,369</u>	<u>\$ 1,947,485</u>

	2019			
	Donations	Provincial	Federal	Total
Balance - Beginning of year	\$ 482,595	\$ 243,494	\$ 536,443	\$ 1,262,532
Add: donations received	654,550	-	-	654,550
Add: government funding received	-	684,119	2,823,005	3,507,124
Less: amount recognized as revenue	<u>(267,865)</u>	<u>(363,554)</u>	<u>(2,605,179)</u>	<u>(3,236,598)</u>
Balance - End of year	<u>\$ 869,280</u>	<u>\$ 564,059</u>	<u>\$ 754,269</u>	<u>\$ 2,187,608</u>

During the fiscal year, the Organization raised \$1,237,010 in donations from valued individual donors, foundations and non-government supporters (2019 - \$1,109,847).

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

6. DEFERRED REVENUE - Continued

b) Karen Takacs Women's Leadership Fund consists of unspent externally restricted donations. The changes in the deferred revenue balance is as follows:

	2020	2019
Balance - Beginning of year	\$ 104,862	\$ 109,162
Add: donations received	800	1,300
Less: amount recognized as revenue	<u>(29,409)</u>	<u>(5,600)</u>
Balance - End of year	<u>\$ 76,253</u>	<u>\$ 104,862</u>

At March 31, 2020, the fund had \$88,408 available for disbursement (2019 - \$121,404).

7. INVESTMENT INCOME

Investment income from the General Fund and Karen Takacs Fund consists of the following:

	2020		2019	
	General Fund	Karen Takacs Fund	Total	Total
Interest and dividends	\$ 76,722	\$ 3,243	\$ 79,965	\$ 97,766
Realized gains	58,238	810	59,048	36,508
Unrealized gains (losses)	<u>(186,160)</u>	<u>(7,527)</u>	<u>(193,687)</u>	<u>(3,691)</u>
	<u>\$ (51,200)</u>	<u>\$ (3,474)</u>	<u>\$ (54,674)</u>	<u>\$ 130,583</u>

The Organization incurred general investment management fees of \$22,312 (2019 - \$22,301) and investment management fees for the Karen Takacs Fund of \$914 (2019 - \$881) which are included in administration, governance and overhead. Included in investment income (loss) is (\$19,282) (2019 - \$44,803) derived from resources held for internally restricted purposes. The investment income (loss) is unrestricted and has been included in the General Fund.

8. ECONOMIC DEPENDENCE

The Organization is economically dependent on Global Affairs Canada for the provision of funding to continue operations. This is considered to be normal for the Organization and the industry in which it operates.

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

9. SALARIES AND BENEFITS

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

	2020	2019
Programs		
International	\$ 1,671,849	\$ 1,137,384
Public engagement program	150,934	152,482
Administration, governance and overhead	226,853	350,823
Fundraising	<u>213,637</u>	<u>291,299</u>
Total remuneration during the year	<u>\$ 2,263,273</u>	<u>\$ 1,931,988</u>

10. RELATED PARTY BALANCES AND 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 has paid for expenses incurred by FCCF which are in the normal course of operations and are measured at the carrying value. As of March 31, 2020, FCCF owes the Organization \$1,460 (2019 - \$1,460) related to expenses incurred.

The following financial information was extracted from the unaudited financial statements of FCCF for the year-ended March 31, 2020 and 2019:

Financial Position as at March 31,	2020 Unaudited	2019 Unaudited
Assets	<u>\$ 1,282</u>	<u>\$ 1,282</u>
Liabilities	<u>\$ 1,460</u>	<u>\$ 1,460</u>
Deficit	<u>\$ (178)</u>	<u>\$ (178)</u>
Excess of Revenues Over Expenses	<u>\$ -</u>	<u>\$ -</u>

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

11. 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, 2020:

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 and volunteers. 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 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 cash and 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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11. FINANCIAL INSTRUMENTS - Continued

c) Market Risk - Continued

ii) Foreign Currency Risk - Continued

As at March 31, 2020, cash and marketable securities in the amounts of \$279,264 and \$1,119,538 respectively (2019 - \$8,551 and \$989,855) 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. As at March 31, 2020, marketable securities in equity investments are \$1,119,538 (2019 - \$989,855). The exposure to this risk fluctuates as the Organization's investments change from year to year.

12. COMMITMENTS

The Organization is committed to minimum lease payments for equipment and office space in Canada and internationally with varying expiry dates. Future minimum annual rental payments before taxes for the following fiscal years are as follows:

2021	\$ 176,245
2022	143,118
2023	123,125
2024	126,625
2025	<u>28,875</u>
	<u>\$ 597,988</u>

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13. CONTINGENCIES

The Organization received contributions from Global Affairs Canada ("GAC") and other funding agencies that are subject to restrictions as to the use of the funds. The Organization's accounting records are subject to audit by GAC and other funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

14. PRIOR PERIOD ADJUSTMENT

The following prior period adjustments have been made to the March 31, 2019 figures:

- a) During the year, the Organization identified ineligible expenses that were treated as eligible costs in the prior year. As a result, prior year revenue was overstated and deferred revenue was understated.
- b) During the year, the Organization identified interest income recognized in prior years. Global Affairs Canada requires this revenue to be included in the calculation of deferred revenue. As a result, prior year's revenue was overstated and deferred revenue was understated.

March 31, 2019	General Fund			
	Net Assets - Beginning	Net Assets - Ending	Deferred Revenue	GAC Revenue
Balance as previously reported	\$1,447,271	\$1,444,398	\$ 2,126,424	\$ 2,631,390
Adjustment (a)	-	(26,211)	26,211	(26,211)
Adjustment (b)	<u>(34,973)</u>	<u>(34,973)</u>	<u>34,973</u>	<u>-</u>
Balance as restated	<u>\$ 1,412,298</u>	<u>\$ 1,383,214</u>	<u>\$ 2,187,608</u>	<u>\$ 2,605,179</u>

15. COMPARATIVE FIGURES

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