
**CANADIAN CROSSROADS INTERNATIONAL -
CARREFOUR CANADIEN INTERNATIONAL**
operating as **CROSSROADS INTERNATIONAL**

FINANCIAL STATEMENTS

MARCH 31, 2019

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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, 2019 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, 2019 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

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

June 8, 2019

CANADIAN CROSSROADS INTERNATIONAL
STATEMENT OF FINANCIAL POSITION

As at March 31,

2019

2018

ASSETS

Current

Cash and cash equivalents	\$ 729,984	\$ 853,624
Investments (Note 2)	3,574,240	2,872,465
Accounts receivable (Note 3)	49,450	65,587
Due from related parties (Note 10)	1,460	1,460
Prepaid expenses and other assets (Note 4)	<u>227,321</u>	<u>178,561</u>
	\$ 4,582,455	\$ 3,971,697

Capital Assets (Note 5)

	<u>59,868</u>	<u>36,594</u>
	<u>\$ 4,642,323</u>	<u>\$ 4,008,291</u>

LIABILITIES

Current

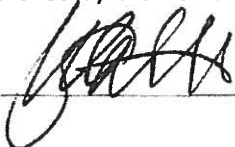
Accounts payable and accrued liabilities	\$ 149,878	\$ 248,322
Deferred revenue (Note 6)	<u>2,231,286</u>	<u>1,336,721</u>
	\$ 2,381,164	\$ 1,585,043

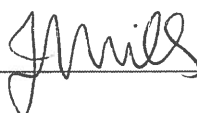
NET ASSETS

General Fund	\$ 1,444,398	\$ 1,447,271
Karen Takacs Women's Leadership Fund	16,542	13,000
One-World Fund	600,219	762,977
Endowment Fund	<u>200,000</u>	<u>200,000</u>
	\$ 2,261,159	\$ 2,423,248
	<u>\$ 4,642,323</u>	<u>\$ 4,008,291</u>

Commitments (Note 12)

Approved by the Board:


 _____ Susan Watts


 _____ Julie Mills

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)	\$ 2,631,390	\$ -	\$ -	\$ -	\$ 2,631,390	\$ 3,296,771
Province of Quebec (Note 6)	<u>363,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,554</u>	<u>251,385</u>
	<u>\$ 2,994,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,994,944</u>	<u>\$ 3,548,156</u>
Volunteer contributions	\$ 1,929,972	\$ -	\$ -	\$ -	\$ 1,929,972	\$ 2,567,377
General donations	455,297	-	-	-	455,297	472,300
Restricted donations (Note 6)	267,865	5,600	-	-	273,465	304,956
Investment income (Note 7)	<u>126,160</u>	<u>4,423</u>	<u>-</u>	<u>-</u>	<u>130,583</u>	<u>112,785</u>
	<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>\$ 5,774,238</u>	<u>\$ 10,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,784,261</u>	<u>\$ 7,005,574</u>
EXPENSES						
Programs						
International	\$ 2,559,179	\$ 5,600	\$ 162,758	\$ -	\$ 2,727,537	\$ 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	<u>253,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,032</u>	<u>308,116</u>
TOTAL EXPENSES	<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	\$ (2,873)	\$ 3,542	\$ (162,758)	\$ -	\$ (162,089)	\$ 20,519
NET ASSETS - Beginning (Note 13)	<u>1,447,271</u>	<u>13,000</u>	<u>762,977</u>	<u>200,000</u>	<u>2,423,248</u>	<u>2,402,729</u>
NET ASSETS - Ending	<u>\$ 1,444,398</u>	<u>\$ 16,542</u>	<u>\$ 600,219</u>	<u>\$ 200,000</u>	<u>\$ 2,261,159</u>	<u>\$ 2,423,248</u>

See accompanying notes

CANADIAN CROSSROADS INTERNATIONAL

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31,

2018

2017

	General Fund	Karen Takacs Women's Leadership Fund	One-World Fund	Endowment Fund	Total	Total
REVENUES						
Global Affairs Canada (Note 6)	\$ 3,296,771	\$ -	\$ -	\$ -	\$ 3,296,771	\$ 2,842,887
Province of Quebec (Note 6)	251,385	-	-	-	251,385	334,510
	<u>\$ 3,548,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,548,156</u>	<u>\$ 3,177,397</u>
Volunteer contributions	\$ 2,567,377	\$ -	\$ -	\$ -	\$ 2,567,377	\$ 1,975,073
General donations	472,300	-	-	-	472,300	397,263
Restricted donations (Note 6)	291,456	13,500	-	-	304,956	593,705
Investment income (Note 7)	108,547	4,238	-	-	112,785	232,726
	<u>\$ 3,439,680</u>	<u>\$ 17,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,457,418</u>	<u>\$ 3,198,767</u>
TOTAL REVENUES	<u>\$ 6,987,836</u>	<u>\$ 17,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,005,574</u>	<u>\$ 6,376,164</u>
EXPENSES						
Programs						
International	\$ 2,985,784	\$ 13,500	\$ -	\$ -	\$ 2,999,284	\$ 3,042,134
Public engagement program	345,486	-	-	-	345,486	247,775
Volunteer contributions	2,567,377	-	-	-	2,567,377	1,975,073
Administration, governance and overhead	763,842	950	-	-	764,792	645,765
Fundraising	308,116	-	-	-	308,116	224,596
	<u>\$ 6,970,605</u>	<u>\$ 14,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,985,055</u>	<u>\$ 6,135,343</u>
TOTAL EXPENSES	<u>\$ 6,970,605</u>	<u>\$ 14,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,985,055</u>	<u>\$ 6,135,343</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 17,231	\$ 3,288	\$ -	\$ -	\$ 20,519	\$ 240,821
NET ASSETS - Beginning	<u>1,430,040</u>	<u>9,712</u>	<u>762,977</u>	<u>200,000</u>	<u>2,402,729</u>	<u>2,161,908</u>
NET ASSETS - Ending (Note 13)	<u>\$ 1,447,271</u>	<u>\$ 13,000</u>	<u>\$ 762,977</u>	<u>\$ 200,000</u>	<u>\$ 2,423,248</u>	<u>\$ 2,402,729</u>

See accompanying notes

CANADIAN CROSSROADS INTERNATIONAL

STATEMENT OF CASH FLOWS

For the year ended March 31,

2019

2018

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

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ (162,089)	\$ 20,519
Items not affecting cash:		
Investment income (excluding cash equivalents)	(91,982)	(108,373)
Amortization	<u>16,090</u>	<u>9,749</u>
	\$ (237,981)	\$ (78,105)
Net change in non-cash working capital balances:		
Accounts receivable	16,137	2,547
Prepaid expenses and other assets	(48,760)	(61,359)
Accounts payable and accrued liabilities	(98,444)	8,384
Deferred revenue	<u>894,565</u>	<u>44,912</u>
	\$ <u>525,517</u>	\$ <u>(83,621)</u>

INVESTING ACTIVITIES

Sale of investments	\$ 190,207	\$ 2,811,361
Purchase of investments	(800,000)	(2,800,000)
Purchase of capital assets	<u>(39,364)</u>	<u>(20,253)</u>
	\$ (649,157)	\$ (8,892)

DECREASE IN CASH AND CASH EQUIVALENTS

\$ (123,640) \$ (92,513)

CASH AND CASH EQUIVALENTS - Beginning

853,624 946,137

CASH AND CASH EQUIVALENTS - Ending

\$ 729,984 \$ 853,624

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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 Bolivia, 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, 2019

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, 2019

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, 2019

2. INVESTMENTS

Investments consist of the following:

	2019	2018
Cashable GIC's, maturing October 14, 2019, interest of 2%	\$ 800,000	\$ -
Pooled fixed income funds	1,784,385	1,671,688
Pooled equity funds	<u>989,855</u>	<u>1,200,777</u>
	<u>\$ 3,574,240</u>	<u>\$ 2,872,465</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2019	2018
Sales tax receivable	\$ 39,994	\$ 64,089
Accounts receivable	<u>9,456</u>	<u>1,498</u>
	<u>\$ 49,450</u>	<u>\$ 65,587</u>

4. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following:

	2019	2018
Partner advances	\$ 184,175	\$ 131,643
Prepaid expenses	<u>43,146</u>	<u>46,918</u>
	<u>\$ 227,321</u>	<u>\$ 178,561</u>

5. CAPITAL ASSETS

Capital assets consist of the following:

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment and furniture	\$ 161,397	\$ 131,015	\$ 30,382	\$ 36,594
Computer software	<u>29,486</u>	<u>-</u>	<u>29,486</u>	<u>-</u>
	<u>\$ 190,883</u>	<u>\$ 131,015</u>	<u>\$ 59,868</u>	<u>\$ 36,594</u>

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

6. DEFERRED REVENUE

Deferred revenue consists of the following:

	2019	2018
a) General Fund	\$ 2,126,424	\$ 1,227,559
b) Karen Takacs Women's Leadership Fund	<u>104,862</u>	<u>109,162</u>
	<u>\$ 2,231,286</u>	<u>\$ 1,336,721</u>

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

	2019			
	Donations	Provincial	Federal	Total
Balance - Beginning of year	\$ 482,595	\$ 243,494	\$ 501,470	\$ 1,227,559
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>(2,631,390)</u>	<u>(3,262,809)</u>
Balance - End of year	<u>\$ 869,280</u>	<u>\$ 564,059</u>	<u>\$ 693,085</u>	<u>\$ 2,126,424</u>

	2018			
	Donations	Provincial	Federal	Total
Balance - Beginning of year	\$ 336,590	\$ 123,667	\$ 714,818	\$ 1,175,075
Add: donations received	437,461	-	-	437,461
Add: government funding received	-	371,212	3,083,423	3,454,635
Less: amount recognized as revenue	<u>(291,456)</u>	<u>(251,385)</u>	<u>(3,296,771)</u>	<u>(3,839,612)</u>
Balance - End of year	<u>\$ 482,595</u>	<u>\$ 243,494</u>	<u>\$ 501,470</u>	<u>\$ 1,227,559</u>

During the fiscal year, the Organization raised \$1,109,847 in donations from valued individual donors, foundations and non-government supporters (2018 - \$909,761).

CANADIAN CROSSROADS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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:

	2019	2018
Balance - Beginning of year	\$ 109,162	\$ 116,734
Add: donations received	1,300	5,928
Less: amount recognized as revenue	<u>(5,600)</u>	<u>(13,500)</u>
Balance - End of year	<u>\$ 104,862</u>	<u>\$ 109,162</u>

During the year, the Karen Takacs Women's Leadership Fund awarded \$10,000, of which \$5,600 was recognized as revenue. At March 31, 2019, the fund had \$121,404 available for disbursement (2018 - \$122,162).

7. INVESTMENT INCOME

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

	2019		2018	
	General Fund	Karen Takacs Fund	Total	Total
Interest and dividends	\$ 94,616	\$ 3,150	\$ 97,766	\$ 94,433
Realized gains	35,583	925	36,508	24,961
Unrealized gains (losses)	<u>(4,039)</u>	<u>348</u>	<u>(3,691)</u>	<u>(6,609)</u>
	<u>\$ 126,160</u>	<u>\$ 4,423</u>	<u>\$ 130,583</u>	<u>\$ 112,785</u>

The Organization incurred general investment management fees of \$22,301 (2018 - \$22,222) and investment management fees for the Karen Takacs Fund of \$881 (2018 - \$950) which are included in administration, governance and overhead. Included in investment income is \$44,803 (2018 - \$37,314) earned from resources held for internally restricted purposes. The investment income 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, 2019

9. SALARIES AND BENEFITS

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

	2019	2018
Programs		
International	\$ 1,300,142	\$ 1,032,391
Public engagement program	152,482	205,091
Administration, governance and overhead	350,823	341,312
Fundraising	<u>128,541</u>	<u>194,333</u>
Total remuneration during the year	<u>\$ 1,931,988</u>	<u>\$ 1,773,127</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, 2019, FCCF owes the Organization \$1,460 (2018 - \$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, 2019 and 2018:

Financial Position as at March 31,	2019 Unaudited	2018 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, 2019

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, 2019:

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 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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11. FINANCIAL INSTRUMENTS - Continued

c) Market Risk - Continued

ii) Foreign Currency Risk - Continued

As at March 31, 2019, marketable securities in the amount of \$989,855 (2018 - \$1,200,777) 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. The average US exchange rate for 2019 was 1.32 (2018 - 1.30).

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, 2019, marketable securities in equity investments are \$989,855 (2018 - \$1,200,777). 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 Toronto and Montreal with varying expiry dates. Future minimum annual rental payments before taxes for the following fiscal years are as follows:

2020	\$ 128,300
2021	107,266
2022	107,625
2023	111,125
2024	114,625
Thereafter	<u>28,875</u>
	<u>\$ 597,816</u>

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13. PRIOR PERIOD ADJUSTMENT

The following prior period adjustments have been made to the March 31, 2018 figures:

- a) Global Affairs Canada conducted their audit of the Organization for the year-ended March 31, 2016 and disallowed certain expenses totaling \$29,742. As a result, revenues from Global Affairs Canada for the year-ended March 31, 2016 were overstated and deferred revenue was understated. This was corrected retroactively in these financial statements and figures for the year-ended March 31, 2018 have been restated.
- b) During the year, the Organization identified a posting error in the year-ended March 31, 2018 and has corrected the prior period balances.
- c) During the year, the Organization changed its accounting treatment for the Karen Takacs Women's Leadership Fund to record unspent contributions in deferred revenue.

March 31, 2018	General Fund		
	Net Assets	Deferred Revenue	Donations
Balance as previously reported	\$ 1,467,600	\$ 1,197,817	\$ 462,887
Adjustment (a)	(29,742)	29,742	-
Adjustment (b)	9,413	-	9,413
Balance as restated	<u>\$ 1,447,271</u>	<u>\$ 1,227,559</u>	<u>\$ 472,300</u>

	Karen Takacs Women's Leadership Fund		
	Net Assets	Deferred Revenue	Donations
Balance as previously reported	\$ 131,575	\$ -	\$ 15,341
Adjustment (b)	(9,413)	-	(9,413)
Adjustment (c)	(116,734)	(116,734)	-
Adjustment (c)	7,572	7,572	7,572
Balance as restated	<u>\$ 13,000</u>	<u>\$ (109,162)</u>	<u>\$ 13,500</u>