

**Financial Statements**

**Canadian Crossroads International -  
Carrefour Canadien International**  
operating as **Crossroads International**

Toronto, Ontario

*March 31, 2014*

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## **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, 2014, 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 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...

## Independent Auditors' Report - continued

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Corporation 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, 2014, 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.

Toronto, Ontario  
June 14, 2014

Chartered Accountants, Licensed Public Accountants

**Crossroads International**

March 31, 2014

**Statement of Financial Position**

	2014	2013
<b>Current Assets</b>		
Cash and cash equivalents, Note 4	\$ 951,164	\$ 835,953
Accounts receivable	51,952	99,371
Due from related party, Note 6	3,205	1,249
Prepaid expenses and other assets	41,389	102,395
<b>Total Current</b>	<b>1,047,710</b>	<b>1,038,968</b>
<b>Investments</b> , Note 4	<b>2,380,310</b>	<b>1,572,163</b>
<b>Capital Assets</b> , Note 5	<b>39,522</b>	<b>56,878</b>
	<b>3,467,542</b>	<b>2,668,009</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	179,611	213,372
Deferred revenue, Note 7	1,012,664	295,093
<b>Total Liabilities</b>	<b>1,192,275</b>	<b>508,465</b>
<b>Net Assets</b> , per statement		
Invested in capital assets	39,522	56,878
Endowment Fund, Note 12	200,000	200,000
One World Fund, Note 12	762,977	762,977
Unrestricted accumulated surplus	1,272,768	1,139,689
	<b>2,275,267</b>	<b>2,159,544</b>
	<b>3,467,542</b>	<b>2,668,009</b>

**Approved by The Board**

Ian Anderson


  
Director

Marli Ramsey


  
Director

The notes on pages 9 through 15 form an integral part of these financial statements.

**Crossroads International**

Year ended March 31, 2014

**Statement of Operations**

	2014	2013
<b>Revenues</b>		
Federal Government - DFATD (previously CIDA)	\$ 2,894,070	\$ 2,821,951
Federal Government - DFATD (previously CIDA) - IYIP	844	0
	<u>2,894,914</u>	<u>2,821,951</u>
Provincial Government Contributions (Québec)	<u>136,199</u>	<u>319,754</u>
Donations, Note 8	774,702	661,502
Other Revenues	234,375	124,387
Volunteer Contribution, Note 9	2,238,233	2,342,718
	<u>3,247,310</u>	<u>3,128,607</u>
	<u>6,278,423</u>	<u>6,270,312</u>
<b>Expenses</b>		
Program Expenses (including salaries & benefits)	2,867,952	2,984,527
Public Engagement Program Expenses	223,406	155,877
Administration, Governance and Overhead (including salaries & benefits)	661,565	576,525
Fundraising (including salaries & benefits)	171,544	118,018
Contributions by Volunteers, Note 9	2,238,233	2,342,718
	<u>6,162,700</u>	<u>6,177,665</u>
<b>Surplus</b>	<u>115,723</u>	<u>92,647</u>

**Crossroads International**

*Year ended March 31, 2014*

**Statement of Changes in Net Assets**

2014

2013

	Internally Restricted			Unrestricted Accumulated Surplus	Total	Total
	Invested in Capital Assets	Endowment Fund	One World Fund			
Balance, beginning of year	56,878	200,000	762,977	1,139,689	2,159,544	2,066,897
Add (deduct)						
Surplus (deficit)	(20,823)	0	0	136,546	115,723	92,647
Investment in capital assets	3,467	0	0	(3,467)	0	0
<b>Balance March 31</b>	<b>39,522</b>	<b>200,000</b>	<b>762,977</b>	<b>1,272,768</b>	<b>2,275,267</b>	<b>2,159,544</b>

**Crossroads International**

Year ended March 31, 2014

<b>Statement of Cash Flows</b>	2014	2013
<b>Operating Activities</b>		
Cash receipts	\$ 4,803,224	\$ 3,284,926
Cash disbursements	(3,876,399)	(3,912,446)
<b>Net Cash Provided By (Used In) Operating Activities</b>	926,825	(627,520)
<b>Investing Activities</b>		
Additions to capital assets	(3,467)	(18,910)
Increase of long-term investments	(808,147)	(119,598)
<b>Cash Used In Investing Activities</b>	(811,614)	(138,508)
Net increase (decrease) in cash and cash equivalents	115,211	(766,028)
Net cash and cash equivalents, beginning of year	835,953	1,601,981
<b>Net Cash and Cash Equivalents, End Of Year</b>	951,164	835,953



**Notes to Financial Statements**

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**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 revenue to account for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations consists of donations from valued individual donors, foundations and other non-government supporters.

Other revenue consists of investment income and other government rebates received during the year. Investment income includes interest 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 earned or received.

The estimated fair value of volunteer services is included in both revenues and expenses (Note 9).

**(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

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**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.

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

**(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 10 for the details about this allocation.

**Note 3      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, 2014.

**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 primarily through cash, accounts receivable and fixed income investments. 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 majority of the Corporation's fixed income investments are instruments with high credit ratings. The maximum credit risk is equivalent to the carrying value.

**Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet a demand for cash or fund its obligations as they come due. The Corporation meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

**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, treasury bills, fixed income and equity funds as the means for managing its interest rate risk.

**Note 3 Financial Instruments - continued****(ii) Foreign Currency Risk**

The Corporation'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 Corporation manages this risk by limiting concentration levels.

**(iii) Equity Price Risk**

The Corporation maintains a portion of investments in pooled fixed income and equity 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.

**Note 4 Cash and Investments**

	2014	2013
<b>Cash</b>		
Petty cash	\$ 993	\$ 906
Operating current accounts	916,307	217,952
Broker's cash account	6,385	6,403
<b>Cash Equivalents</b>		
Pooled money market funds	0	610,692
Treasury bills	27,479	0
	<u>951,164</u>	<u>835,953</u>
<b>Investments</b>		
Pooled fixed income funds	1,423,468	795,180
Pooled equity funds	956,842	776,983
	<u>2,380,310</u>	<u>1,572,163</u>
	<u>3,331,474</u>	<u>2,408,116</u>
<b>Composed of:</b>		
Restricted cash and cash equivalents and investments	1,012,664	295,093
Unrestricted cash and cash equivalents	0	540,860
Unrestricted investments	2,318,810	2,113,023
	<u>3,331,474</u>	<u>2,948,976</u>

## Crossroads International

March 31, 2014

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### Note 4 Cash and Investments - continued

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 5 Capital Assets

	Net 2014	Net 2013
Office equipment and furniture	\$ 117,262	\$ 683,809
Accumulated amortization	(77,740)	(626,931)
	<u>39,522</u>	<u>56,878</u>

### Note 6 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, 2014, FCCF owes the Corporation \$3,205 related to expenditures incurred.

### Note 7 Deferred Revenue

Deferred revenue represents externally restricted funds received in advance of a program year. The deferred revenue balance at March 31 consists of the following:

	2014	2013
Federal Government - DFATD (previously CIDA)	\$ 758,939	\$ 150,944
Provincial Government Contributions (Québec)	29,778	75,037
Donations	223,947	69,112
	<u>1,012,664</u>	<u>295,093</u>

### Note 8 Donations

During the fiscal year, the Corporation raised \$929,536 in donations from valued individual donors, foundations and other non-government supporters. For the year, \$774,702 was expended on programs and the remaining \$223,947 has been deferred for future program delivery. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

**Note 9 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 10 Salary and Benefits**

Remuneration to employees during the year totaled \$1,778,464 (2013 -\$1,858,608).

The remuneration has been allocated as follows:

	2014	2013
Program expenses	\$ 1,384,573	\$ 1,468,559
Public engagement program expenses	203,143	155,877
Administration, governance and overhead	117,507	176,343
Fundraising	73,241	57,829
Total remuneration during the year	<u>1,778,464</u>	<u>1,858,608</u>

**Note 11 Lease Commitments**

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

2015	\$ 140,836
2016	138,209
2017	91,742
2018	76,151
2019	73,721

**Note 12 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 13**

**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, 2014**

	2014	2013
Assets	\$ 1,801	\$ 1,967
Liabilities	1,801	1,967

**Results of Operations for the year ended**

	2014	2013
Total expenses	\$ 0	\$ 1,187
Deficit	0	(1,187)

**Cash Flows from Operations for the year ended**

	2014	2013
Disbursements	\$ 166	\$ 120
Decrease in cash flows for the year ended	(166)	(120)

