

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

Toronto, Ontario
March 31, 2012

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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, 2012, 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 generally accepted accounting principles, 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 organization derives revenue from donations and the completeness of donations is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to contributions, the deficit, 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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
June 9, 2012



Chartered Accountants, Licensed Public Accountants

Crossroads International

March 31, 2012

Statement of Financial Position	2012	2011
Current Assets		
Cash and cash equivalents, Note 5	\$ 1,601,981	\$ 821,242
Accounts receivable	98,461	57,197
Due from related party, Note 7	0	5,045
Prepaid expenses and other assets	75,452	31,206
Total Current	1,775,894	914,690
Investments , Note 5	1,452,565	988,705
Capital Assets , Note 6	61,038	33,879
	3,289,497	1,937,274
Current Liabilities		
Accounts payable and accrued liabilities	286,998	196,755
Deferred revenue	918,515	744,240
Total Current	1,205,513	940,995
Net Assets , per statement		
Invested in capital assets	61,038	33,879
Endowment Fund, Note 12	200,000	0
One World Fund, Note 12	762,977	0
Unrestricted accumulated surplus	1,059,969	962,400
	2,083,984	996,279
	3,289,497	1,937,274

Approved by The Board

Darlene Bessey



Board Chair

Karen Takacs



Executive Director

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

Crossroads International

Year ended March 31, 2012

Statement of Operations

	2012	2011
Revenues		
Federal Government - CIDA	\$ 3,020,461	\$ 2,346,239
Federal Government - CIDA - IYIP	285,992	485,096
	<u>3,306,453</u>	<u>2,831,335</u>
Provincial Government Contributions (Québec)	<u>310,801</u>	<u>320,088</u>
Donations, Note 7	1,705,155	454,136
Other Revenues	46,614	138,775
Volunteer Contribution, Note 8	2,441,623	1,469,844
	<u>4,193,392</u>	<u>2,062,755</u>
	<u>7,810,646</u>	<u>5,214,178</u>
Expenses		
Program Expenses (including salaries & benefits)	3,359,630	2,837,060
Public Engagement Program Expenses	251,579	230,762
Administration, Governance and Overhead (including salaries & benefits)	542,269	550,129
Fundraising (including salaries & benefits)	127,840	141,135
Contributions by Volunteers, Note 8	2,441,623	1,469,844
	<u>6,722,941</u>	<u>5,228,930</u>
Income (Loss) From Operations Before Other Expenses	1,087,705	(14,752)
Other Expenses		
Restricted reserve contribution to FCCF	0	(451,700)
	<u>0</u>	<u>(451,700)</u>
Surplus (Deficit)	<u>1,087,705</u>	<u>(466,452)</u>

Crossroads International

Year ended March 31, 2012

					2012	2011
	Invested in Capital Assets	Internally Restricted Endowment Fund	One World Fund	Unrestricted Accumulated Surplus	Total	Total
Balance, beginning of year	\$ 33,879	\$ 0	\$ 0	\$ 962,400	\$ 996,279	\$ 1,462,731
Add (deduct)						
Surplus (deficit)	(21,168)	0	0	1,108,873	1,087,705	(466,452)
Investment in capital assets	48,327	0	0	(48,327)	0	0
Inter-fund transfer, Note 12	0	200,000	762,977	(962,977)	0	0
Balance March 31	61,038	200,000	762,977	1,059,969	2,083,984	996,279

Crossroads International

Year ended March 31, 2012

Statement of Cash Flows	2012	2011
Operating Activities		
Cash receipts	\$ 5,507,079	\$ 3,999,940
Cash disbursements	(4,214,153)	(3,673,902)
Net Cash Provided By (Used In) Operating Activities	<u>1,292,926</u>	<u>326,038</u>
Financing and Investing Activities		
Additions to capital assets	(48,327)	(21,763)
Increase of long-term investments	(463,860)	67,285
Restricted reserve contribution to FCCF	0	(451,700)
Cash Used In Financing and Investing Activities	<u>(512,187)</u>	<u>(406,178)</u>
Net increase (decrease) in cash and cash equivalents	780,739	(80,140)
Net cash and cash equivalents, beginning of year	821,242	901,382
Net Cash and Cash Equivalents, End Of Year	<u>1,601,981</u>	<u>821,242</u>

Notes to Financial Statements

Note 1 Status and Nature of Activities

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

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

Note 2 Summary of Accounting Policies

(a) Revenue Recognition

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

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

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

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

(b) Capital Assets

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

Office equipment and furniture - 5 year straight line method

Note 2 Summary of Accounting Policies - continued

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(d) Foreign Currency Transactions

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

(e) Financial Instruments

Investments are designated and classified as held-for-trading financial assets. They are measured at fair value determined on the basis of market value.

The Corporation has elected to use the exemption provided by The Canadian Institute of Chartered Accountants (CICA) permitting not-for-profit organizations to not apply the following sections of the CICA Handbook: Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which would otherwise have been applied to the financial statements of the Corporation for the year ended March 31, 2012. The Corporation applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

(f) Allocation of Salary and Benefits

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

Note 3 Recent Accounting Pronouncement

New accounting standards for non-profit organizations are effective with years beginning on or after January 1, 2012. The Corporation plans to implement these new standards. The Corporation is working to determine what impact, if any, the initial adoption of these standards will have on its financial statements. Significant changes are not anticipated.

Note 4

Financial Instruments

Risk Management Policy

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2012.

Credit Risk

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

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

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 low risk interest bearing vehicles such as treasury bills and high interest savings accounts as the means for managing its interest rate risk.

(ii) Foreign Currency Risk

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

(iii) Commodity Price Risk

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

Crossroads International

March 31, 2012

Note 4 Financial Instruments - continued**(iv) Equity Price Risk**

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

Fair Value

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

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

Note 5 Cash and Investments

	2012	2011
Cash		
Petty cash	\$ 1,586	\$ 906
Operating current accounts	777,895	200,411
Broker's cash account	8,970	78
Cash Equivalents		
High interest savings accounts	202,993	403,468
Pooled money market funds	604,285	210,167
Treasury bills	6,252	6,212
	<u>1,601,981</u>	<u>821,242</u>
Investments		
Pooled fixed income funds	780,921	729,794
Pooled equity funds	671,644	258,911
	<u>1,452,565</u>	<u>988,705</u>
	<u>3,054,546</u>	<u>1,809,947</u>
Composed of:		
Restricted cash and cash equivalents	918,515	744,240
Unrestricted cash and cash equivalents	683,466	77,002
Unrestricted investments	1,452,565	988,705
	<u>3,054,546</u>	<u>1,809,947</u>

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.

Crossroads International

March 31, 2012

Note 6 Capital Assets

	Cost	Accumulated Amortization	Net 2012	Net 2011
Office equipment and furniture	\$ 664,899	\$ 603,861	\$ 61,038	\$ 33,879

Note 7 Related Party Transactions

The Corporation is related to Friends of Canadian Crossroads Foundation (FCCF), an associated charitable organization. During the year, the Corporation received donations from FCCF in the amount of \$149,000. FCCF also made a reserve donation of \$840,780 to the Corporation as a means of merging all funds in Crossroads International. 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, 2012, there are no amounts owing to the Corporation.

Note 8 Donated Services

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

Note 9 Salary and Benefits

Remuneration to employees during the year totaled \$1,803,805 (2011 -\$1,791,565).

The remuneration has been allocated as follows:

	2012	2011
Program expenses	\$ 1,403,440	\$ 1,343,351
Public engagement program expenses	251,579	231,581
Administration, governance and overhead	86,014	108,524
Fundraising	62,772	108,109
Total remuneration during the year	1,803,805	1,791,565

Note 10 Lease Commitments

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

2013	\$	169,983
2014		132,671
2015		20,376

Note 11 Capital Management

The Corporation's objectives when managing capital are:

- (a) to safeguard its ability to continue as a going concern; and
- (b) to ensure that enough funds are available to perform all necessary programme activities.

The above objectives are considered in the preparation of its annual budget and in monitoring of cash flows and actual operating results compared to the budget.

Funds are secured through obtaining grants from various organizations and by soliciting donations.

Capital is described as follows:

	2012	2011
Invested in capital assets	\$ 61,038	\$ 33,879
Endowment Fund	200,000	0
One World Fund	762,977	0
Unrestricted accumulated surplus	1,059,969	962,400
Net assets	<u>2,083,984</u>	<u>996,279</u>

The unrestricted funds must be expended in accordance with Canada Revenue Agency guidelines for charities.

The Corporation is also subject to any externally imposed capital requirements that have been requested by the various funding organizations and donors.

As of the audit report date, the Corporation was in compliance with all of its externally imposed restrictions.

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.

During the year, an interfund transfer from unrestricted surplus was made to set up the above funds.

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, 2012

	2012	2011
Assets	\$ 2,087	\$ 968,823
Liabilities	900	5,846
Net assets	1,187	962,977
	2,087	968,823

Results of Operations for the year ended

	2012	2011
Total revenues	\$ 29,120	\$ 514,968
Total expenses	990,910	36,428
Surplus (deficit)	(961,790)	478,540

Cash Flows from Operations for the year ended

	2012	2011
Receipts	\$ 18,559	\$ 63,365
Disbursements	985,295	32,182
Increase (decrease) in cash flows for the year ended	(966,736)	31,183