

Financial Statements of

**OPPORTUNITY INTERNATIONAL  
CANADA/OPPORTUNITÉ  
INTERNATIONALE CANADA**

Year ended December 31, 2017



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Opportunity International Canada/  
Opportunité Internationale Canada

We have audited the accompanying financial statements of Opportunity International Canada/Opportunité Internationale Canada, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Opportunity International Canada/Opportunité Internationale Canada as at December 31, 2017, and its results of operations, its changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

April 9, 2018  
Vaughan, Canada

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

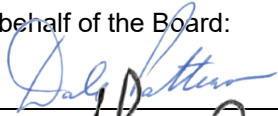
			2017	2016
	Unrestricted	Restricted	Total	Total
<b>Assets</b>				
Current assets:				
Cash	\$ 332,951	\$ 2,474,021	\$ 2,806,972	\$ 986,957
Short-term investment	–	250,000	250,000	–
Accounts receivable	154,551	63,390	217,941	133,583
Due from Opportunity International Canada Foundation (note 7)	–	–	–	5,709
Prepaid expenses	8,357	–	8,357	14,432
	495,859	2,787,411	3,283,270	1,140,681
Long-term:				
Investment in implementing partner (note 2)	–	1,065	1,065	1,065
	\$ 495,859	\$ 2,788,476	\$ 3,284,335	\$ 1,141,746

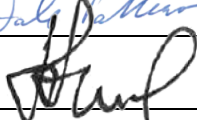
## Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 130,032	\$ –	\$ 130,032	\$ 106,098
Due to Opportunity International Canada Foundation (note 7)	3,672	–	3,672	–
	133,704	–	133,704	106,098
Fund balances	362,155	2,788,476	3,150,631	1,035,648
	\$ 495,859	\$ 2,788,476	\$ 3,284,335	\$ 1,141,746

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

## Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

			2017	2016
	Unrestricted	Restricted	Total	Total
<b>Revenue:</b>				
Donations and events (note 7)	\$ 1,335,717	\$ 2,287,122	\$ 3,622,839	\$ 8,099,735
Grants (note 3)	–	5,300,982	5,300,982	374,117
Other	16,730	–	16,730	–
	<u>1,352,447</u>	<u>7,588,104</u>	<u>8,940,551</u>	<u>8,473,852</u>
<b>Expenses:</b>				
Disbursement to international programs:				
Microfinance operations (note 5)	–	4,610,418	4,610,418	5,438,640
Microfinance expansion (notes 5 and 7)	–	318,381	318,381	1,048,973
	<u>–</u>	<u>4,928,799</u>	<u>4,928,799</u>	<u>6,487,613</u>
Canadian programs:				
Education and public awareness	248,673	–	248,673	220,731
Program research and development	–	–	–	4,559
Program monitoring and oversight	223,637	215,661	439,298	380,703
	<u>472,310</u>	<u>215,661</u>	<u>687,971</u>	<u>605,993</u>
Canadian management:				
Philanthropy	676,021	185,077	861,098	843,911
General and administrative	270,511	77,189	347,700	344,838
	<u>946,532</u>	<u>262,266</u>	<u>1,208,798</u>	<u>1,188,749</u>
	<u>1,418,842</u>	<u>5,406,726</u>	<u>6,825,568</u>	<u>8,282,355</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (66,395)</b>	<b>\$ 2,181,378</b>	<b>\$ 2,114,983</b>	<b>\$ 191,497</b>

See accompanying notes to financial statements.

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

## Statement of Changes in Fund Balances

Year ended December 31, 2017, with comparative information for 2016

2017	Unrestricted	Restricted	Total
Fund balances, January 1, 2017	\$ 428,550	\$ 607,098	\$ 1,035,648
Excess (deficiency) of revenue over expenses	(66,395)	2,181,378	2,114,983
<b>Fund balances, December 31, 2017</b>	<b>\$ 362,155</b>	<b>\$ 2,788,476</b>	<b>\$ 3,150,631</b>

2016	Unrestricted	Restricted	Total
Fund balances, January 1, 2016	\$ 555,368	\$ 288,783	\$ 844,151
Excess (deficiency) of revenue over expenses	(126,818)	318,315	191,497
<b>Fund balances, December 31, 2016</b>	<b>\$ 428,550</b>	<b>\$ 607,098</b>	<b>\$ 1,035,648</b>

See accompanying notes to financial statements.

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,114,983	\$ 191,497
Change in non-cash operating working capital:		
Accounts receivable	(84,358)	82,352
Due to/from Opportunity International Canada Foundation	9,381	3,421
Prepaid expenses	6,075	13,070
Accounts payable and accrued liabilities	23,934	21,077
	<u>2,070,015</u>	<u>311,417</u>
Investing activities:		
Purchase of short-term investment	(250,000)	—
Increase in cash	1,820,015	311,417
Cash, beginning of year	986,957	675,540
Cash, end of year	<u>\$ 2,806,972</u>	<u>\$ 986,957</u>

See accompanying notes to financial statements.

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements

Year ended December 31, 2017

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Opportunity International Canada/Opportunité Internationale Canada (the "Organization") is a not-for-profit organization and is motivated by the call of Jesus to serve the poor through the development and advocacy of microfinance and financial literacy programs. The Organization, in conjunction with Opportunity International, provides microfinance services, including lending, savings, insurance and transformational training to people in need. Over the past decade, Opportunity International has grown to include numerous financial institutions and non-governmental organizations partners (the Opportunity "Implementing Partners").

The Organization is incorporated without share capital. The Organization was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act effective July 8, 2014. The Organization is registered under the Income Tax Act (Canada) ("Act") effective January 1, 1998 and, as such, is exempt from Canadian income taxes and is able to issue donation receipts for income tax purposes under registration number 87751 6385 RR0001. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

### (a) Restricted fund accounting:

The Organization follows the restricted fund method of accounting for contributions. It ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. All financial statement transactions have been recorded in two funds: restricted and unrestricted.

### (i) The restricted fund accounts for the assets, fund balances, designated donations and expenses associated with the following programs:

Latin America:

- Colombia
- Dominican Republic
- Honduras
- Nicaragua



# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

Asia:

- Philippines
- India

Africa:

- Malawi
- EduFinance
- Financial Inclusion for Enterprise Development (Global Affairs Canada Project) (note 3)
- Africa Growth and Innovations Initiative (The MasterCard Foundation Project) (note 4)

Internal:

- Operating Reserve - established to ensure the stability of the mission, programs, employment and ongoing operations of the Organization

(ii) The unrestricted fund accounts for the Organization's other programs, a portion of the above-listed projects, and associated administrative activities.

### (b) Revenue recognition:

Restricted contributions, including grants, are recognized as revenue of the appropriate restricted project fund when received or receivable, if the amounts can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the unrestricted fund in the year received or receivable, if the amounts can be reasonably estimated and collection is reasonably assured. All unrestricted contributions are considered to be available for general use unless specifically restricted by the donor.

Interest income is recognized as unrestricted revenue when earned.

### (c) Volunteer services:

The efforts of volunteer workers are not reflected in the accompanying financial statements as no objective basis is available to measure the value of these services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization.

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Foreign currency:

Financial instruments held in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the statement of financial position date. Exchange differences are recorded in the statement of operations as they arise. Revenue and expenses denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date. For the year ended December 31, 2017, the foreign exchange loss is included in unrestricted program monitoring and oversight and unrestricted general and administration and amounted to (\$2,635) (2016 - gain of \$19,419).

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (f) Allocation of expenses:

Expenses are recorded and reported by Canadian programs and Canadian management. Certain employees perform a combination of Canadian program, fundraising and administrative activities; as a result, salaries are allocated based on time dedicated to the activity. Other general and administrative expenses, including executive office, information technology, human resources and finance, have been allocated based on the level of benefit received by the Canadian programs. Such allocations are reviewed annually, updated and applied on a prospective basis.

A percentage of restricted funds received are retained by the Organization to assist with fundraising and other general and administrative expenses. This percentage is reviewed annually, and applied on a prospective basis.

### (g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect 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 revenue and expenses during the year. Allocation of expenses are subject to estimates and assumptions. Actual results may vary from these estimates.

## 2. Long-term investment:

In fiscal 2012, the Organization purchased 190,119 shares for \$1,065 in Opportunity International Colombia S.A. Compañía de Financiamiento, an Implementing Partner. This investment is carried at cost as there is no active market for these shares.

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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### 3. Partnership with Global Affairs Canada:

During the year, Opportunity International Canada entered into a contribution agreement with Global Affairs Canada ("GAC") for a project entitled Financial Inclusion for Enterprise Development (the "Project") in the amount of \$24,116,757. The Project aims to increase access to formal financing, create business-to-business linkages and networking opportunities for small to medium enterprises ("SMEs") in Ghana, with a focus on small SMEs, women and vulnerable groups. The Project will empower women small entrepreneurs to innovate and grow their businesses, and deliver results on clean economic growth. The Project will be implemented over a 5-year period in urban, peri-urban, and rural areas of Ghana. GAC will contribute a total of \$19,879,876 to the Project, of which GAC has provided \$5,000,000 in the current year. It is anticipated GAC will contribute the remaining \$14,879,876 between January 1, 2018 and March 31, 2021.

The following contributions are to be made over the term of the Project:

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Global Affairs Canada	\$ 19,879,876
Opportunity International (Ghana) Implementing Partners	3,862,381
Opportunity International Canada	374,500
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	\$ 24,116,757

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### 4. Partnership with The MasterCard Foundation:

During the year ended June 30, 2014, the Organization entered into an agreement with The MasterCard Foundation for a project in the amount of U.S. \$22,678,669 in Africa (Malawi, Ghana, Uganda, Rwanda and Tanzania). Through this project, Opportunity International, Inc. will extend a full range of financial services to the rural areas, including: the collection of savings from and provision of comprehensive and crop-specific agriculture loans to smallholder farmers; the provision of education finance to provide quality education in the poorest communities of Africa; and strengthening the capacity to deliver under more convenient access to financial services through training and technology. During the year, the agreement was amended and the total amount to be received was adjusted to U.S. \$21,164,576. Funding of U.S. \$19,858,461 (Cdn. \$22,904,225) has been received towards this project since December 17, 2013. The remaining funds of U.S. \$1,306,115 are anticipated to be received during the period from January 1, 2018 to December 31, 2018.

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## **4. Partnership with The MasterCard Foundation (continued):**

The Organization has entered into an agreement with Opportunity International, Inc., which operates in the United States ("OIUS"), for the period from December 17, 2013 to December 31, 2018 for the purpose of providing program management over The MasterCard Foundation Project. In return for these services, OIUS is to be paid a total management fee of U.S. \$975,030 over the term of the agreement.

## **5. Microfinance operations and microfinance expansion:**

The Organization enters into contracts for services with local Implementing Partners in various countries. Payments made under these contracts for services are allocated between four project support areas: infrastructure, staff training, operating expenses and seed funding for microfinance loan portfolios. In order to provide a degree of stewardship and monitoring over these contracts, the service payments advanced to the Implementing Partners to fund their microfinance loan portfolios may be refundable to the Organization on termination of the service contract.

It is the charitable purpose and business intent of the Organization to have the funds advanced to an Implementing Partner's microfinance loan portfolio remaining in the project country. Accordingly, it is the policy of the Organization to record service contract payments for all project support areas, including seed funding for microfinance loan portfolios, as an expense in the year the payments are advanced.

As a result, no microfinance loan portfolio receivables from the Implementing Partners are included in the statement of financial position of the Organization as at December 31, 2017. The contract payments are included as expenses in microfinance operations and microfinance expansion in the statement of operations.

The commitments of the Organization outlined in the contracts are dependent upon the Organization receiving sufficient donor funds to meet any potential funding commitments, as well as being dependent on the project Implementing Partners meeting the benchmarks outlined in the contracts for services. As a result, due to the uncertainty of the Organization advancing funds to its Implementing Partners, no future commitments for contract service payments are included in the financial statements.

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## **6. Financial risks:**

The Organization believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

The Organization is exposed to foreign currency risk as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Organization receives donations and incurs certain expenses denominated in U.S. dollars. The Organization does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from the fiscal year ended December 31, 2017.

## **7. Opportunity International Canada Foundation:**

The Organization exercises significant influence over Opportunity International Canada Foundation (the "Foundation") by virtue of its ability to appoint a minority of the Foundation's Board of Directors and through other member voting rights. The Foundation was incorporated under the laws of Canada as a corporation without share capital on August 8, 2007 and was continued under the Canada Not-for-profit Corporations Act in June 2014. The Foundation is designated as a registered Canadian charity as a Public Foundation under Section 149.1(1) of the Act.

The Foundation has a charitable purpose similar to the Organization. The Organization provides certain services and pays certain expenses on behalf of the Foundation. The Foundation reimburses the Organization for all direct costs and certain other general and administration costs associated with the services provided and expenses paid in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at December 31, 2017, the Foundation has a balance receivable from the Organization of \$3,672 (2016 - balance payable of \$5,709).

# OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 7. Opportunity International Canada Foundation (continued):

During the year ended December 31, 2017, the Organization made donations to the Foundation in the total amount of \$318,381 (2016 - \$1,048,973) and charged general and administration costs in the total amount of \$12,000 (2016 - \$12,000). These donations are made for the purpose of investing in the Organization's Implementing Partners in Latin America. These donations have been included as an expense in microfinance expansion on the statement of operations. During the year ended December 31, 2017, the Organization received \$250,000 in restricted donations from the Foundation.

## 8. Allocation of expenses:

A portion of philanthropy and general and administrative activities, which includes the executive office, information technology, human resources and finance, directly support programs and have been allocated as follows:

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	2017	2016
Canadian programs:		
Education and public awareness	\$ 177,978	\$ 162,879
Program monitoring and oversight	68,634	54,444
Canadian management:		
Philanthropy	156,846	128,907
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	\$ 403,458	\$ 346,230

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