

Financial Statements of

**OPPORTUNITY INTERNATIONAL
CANADA/OPPORTUNITÉ
INTERNATIONALE CANADA**

Year ended June 30, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Opportunity International Canada/
Opportunit  Internationale Canada

We have audited the accompanying financial statements of Opportunity International Canada/Opportunit  Internationale Canada, which comprise the statement of financial position as at June 30, 2015, 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 qualified audit opinion.



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Basis for Qualified Opinion

In common with many charitable organizations, Opportunity International Canada/Opportunit  Internationale Canada derives certain revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Opportunity International Canada/Opportunit  Internationale Canada. Therefore, we were not able to determine whether, as at and for the years ended June 30, 2015 and June 30, 2014, any adjustments might be necessary to donations and events revenue and deficiency of revenue over expenses reported in the statements of operations, deficiency of revenue over expenses reported in the statements of cash flows and current assets and fund balances reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended June 30, 2014.

Qualified Opinion

In our opinion, except for the possible 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 Opportunity International Canada/Opportunit  Internationale Canada as at June 30, 2015, and its results of operations, 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

Chartered Professional Accountants, Licensed Public Accountants

September 10, 2015
Toronto, Canada

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Statement of Financial Position

June 30, 2015, with comparative information for 2014

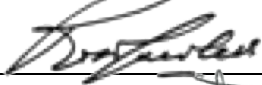
			2015	2014
	Unrestricted	Restricted	Total	Total
Assets				
Current assets:				
Cash	\$ 912,629	\$ 526,645	\$ 1,439,274	\$ 1,652,455
Accounts receivable	140,824	–	140,824	230,898
Due from Opportunity International Canada Foundation (note 8)	–	–	–	21,086
Security and rent deposit - office lease	20,216	–	20,216	–
Prepaid expenses	10,202	–	10,202	17,223
	1,083,871	526,645	1,610,516	1,921,662
Long-term:				
Investment in implementing member (note 2)	–	1,065	1,065	1,065
Security and rent deposit - office lease	–	–	–	20,216
	–	1,065	1,065	21,281
	\$ 1,083,871	\$ 527,710	\$ 1,611,581	\$ 1,942,943

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 117,670	\$ –	\$ 117,670	\$ 392,998
Due to Opportunity International Canada Foundation (note 8)	10,334	–	10,334	–
	128,004	–	128,004	392,998
Fund balances	955,867	527,710	1,483,577	1,549,945
Commitments (note 3)				
	\$ 1,083,871	\$ 527,710	\$ 1,611,581	\$ 1,942,943

See accompanying notes to financial statements.

On behalf of the Board:



W. Watson
Director

Director

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Statement of Operations

Year ended June 30, 2015, with comparative information for 2014

			2015	2014
	Unrestricted	Restricted	Total	Total
Revenue:				
Donations and events (note 8)	\$ 1,504,113	\$ 9,771,879	\$ 11,275,992	\$ 12,728,263
Department of Foreign Affairs, Trade and Development grant (note 4)	–	411,218	411,218	215,822
Other	–	–	–	3,800
	<u>1,504,113</u>	<u>10,183,097</u>	<u>11,687,210</u>	<u>12,947,885</u>
Expenses:				
Disbursement to international programs:				
Microfinance operations (note 6)	200,000	9,511,395	9,711,395	11,072,581
Microfinance expansion (notes 6 and 8)	<u>176,470</u>	<u>259,126</u>	<u>435,596</u>	<u>127,525</u>
	<u>376,470</u>	<u>9,770,521</u>	<u>10,146,991</u>	<u>11,200,106</u>
Canadian programs:				
Education and public awareness	148,640	–	148,640	236,550
Program research and development	–	2,411	2,411	92,461
Program monitoring and oversight	<u>192,148</u>	<u>218,629</u>	<u>410,777</u>	<u>446,954</u>
	<u>340,788</u>	<u>221,040</u>	<u>561,828</u>	<u>775,965</u>
Canadian management:				
Philanthropy	705,498	160,421	865,919	807,803
General and administrative	<u>85,226</u>	<u>93,614</u>	<u>178,840</u>	<u>344,995</u>
	<u>790,724</u>	<u>254,035</u>	<u>1,044,759</u>	<u>1,152,798</u>
	<u>1,507,982</u>	<u>10,245,596</u>	<u>11,753,578</u>	<u>13,128,869</u>
Deficiency of revenue over expenses				
	\$ (3,869)	\$ (62,499)	\$ (66,368)	\$ (180,984)

See accompanying notes to financial statements.

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Statement of Changes in Fund Balances

Year ended June 30, 2015, with comparative information for 2014

			2015	2014
	Unrestricted	Restricted	Total	Total
Fund balances, beginning of year	\$ 959,736	\$ 590,209	\$ 1,549,945	\$ 1,730,929
Deficiency of revenue over expenses	(3,869)	(62,499)	(66,368)	(180,984)
Fund balances, end of year	\$ 955,867	\$ 527,710	\$ 1,483,577	\$ 1,549,945

See accompanying notes to financial statements.

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Statement of Cash Flows

Year ended June 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (66,368)	\$ (180,984)
Change in non-cash operating working capital:		
Accounts receivable	90,074	(3,975)
Due to/from Opportunity International Canada Foundation	31,420	25,821
Prepaid expenses	7,021	16,119
Accounts payable and accrued liabilities	(275,328)	200,838
Increase (decrease) in cash	(213,181)	57,819
Cash, beginning of year	1,652,455	1,594,636
Cash, end of year	\$ 1,439,274	\$ 1,652,455

See accompanying notes to financial statements.

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements

Year ended June 30, 2015

Opportunity International Canada/Opportunit  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 NGO partners (the Opportunity "Implementing Members").

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 projects:

Latin America:

- Colombia
- Dominican Republic
- Honduras
- Nicaragua
- Department of Foreign Affairs, Trade and Development ("DFATD") project in Honduras (note 4)

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2015

1. Significant accounting policies (continued):

Asia:

- Philippines

Africa:

- Malawi
- Uganda
- DFATD matching project in Africa (Ghana/Mozambique) (note 4)
- Africa Growth and Innovations Initiative (The MasterCard Foundation Project) (note 5)

- (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 DFATD 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 June 30, 2015

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 period, 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. The foreign exchange gain is included in unrestricted program monitoring and oversight and amounted to \$64,797 (2014 - loss of \$18,398).

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2015

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 Member. 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 June 30, 2015

3. Commitments:

The Organization leases office space in Toronto, Ontario under an operating lease, including base rent and additional rent for a term of eight years ending August 31, 2019. The annual commitments for base rent are as follows:

2016	\$ 18,800
2017	19,200
2018	19,600
2019	19,900
2020	3,300
	<hr/>
	\$ 80,800

4. Partnership with DFATD:

During fiscal 2014, the Organization completed a three-year project in Africa (Ghana and Mozambique) through a cost-sharing contribution agreement with DFATD. The project amounted to \$2,489,237 and under the agreement DFATD was to contribute \$1,315,069 and the Organization undertook to contribute \$1,174,168. At the end of fiscal 2014, \$1,150,194 had been received from DFATD over the three-year period and \$164,875 was receivable from DFATD for the project.

During fiscal 2015, the Organization entered into a one-year agreement commencing August 1, 2014 with Canadian Rotary Collaboration For International Development ("CRCID"), Rotarian Action Group for Microfinance and Community Development ("RAGM"), and Instituto para el Desarrollo Hondureño ("IDH"). CRCID received funding from DFATD for the Honduras Economic Development Program, which is comprised of two projects - Expansion of Microfinance Services and Two Sustainable Water Systems. Total funding for the program will amount to \$585,040, of which \$438,780 is to be contributed by DFATD and matching funds of \$146,260 is to be provided by RAGM. The Organization will receive \$438,780 to oversee, monitor and implement the program through IDH, its Implementing Member in Honduras. During the year, \$411,218 has been received for this program and included in revenue. The remaining \$27,562 will be received in fiscal 2016 and will be included in fiscal 2016 revenue.

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2015

5. Partnership with The MasterCard Foundation:

In fiscal 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 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. Funding of U.S. \$7,384,898 (Cdn. \$8,558,100) (2014 - U.S. \$8,831,051 (Cdn. \$9,696,494)) was received toward this project during 2015 and has been included in restricted donations on the statement of operations.

The Organization has entered into an agreement with Opportunity International, Inc., which operates in the United States ("OIUS"), for the period 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 US \$975,030 over the term of the agreement.

6. Microfinance operations and microfinance expansion:

The Organization enters into contracts for services with local Implementing Members 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 micro-finance loan portfolios. In order to provide a degree of stewardship and monitoring over these contracts, the service payments advanced to the Implementing Members 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 Member's microfinance loan portfolio remain 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.

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2015

6. Microfinance operations and microfinance expansion (continued):

As a result, no microfinance loan portfolio receivables from the Implementing Members are included in the statement of financial position of the Organization as at June 30, 2015. 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 Members meeting the bench marks outlined in the contracts for services. As a result, due to the uncertainty of the Organization advancing funds to its Implementing Members, no future commitments for contract service payments are included in the financial statements.

7. 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 2014.

8. 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.

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2015

8. Opportunity International Canada Foundation (continued):

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.

During the year, the Foundation provided no donations to the Organization (2014 - \$110,960). In 2014, the donations were derived from donations received and the interest income earned on its investments and included in unrestricted donations on the statement of operations.

As at June 30, 2015, the Foundation has a balance receivable from the Organization of \$10,334 (2014 - balance payable to the Organization of \$21,086), including \$12,000 of general and administration costs charged to the Foundation during the 2014 and 2015 fiscal years.

During the year, the Organization made donations to the Foundation in the total amount of \$435,596 (2014 - \$127,525). The current year donation was made for the purpose of investing in Opportunity's Implementing Members in Honduras and the Dominican Republic. The fiscal 2014 donation was made for the purpose of investing in Opportunity's Implementing Members in Honduras. These donations have been included as an expense in microfinance expansion on the statement of operations.

OPPORTUNITY INTERNATIONAL CANADA/ OPPORTUNITÉ INTERNATIONALE CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2015

9. 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:

	2015	Unrestricted 2014
Canadian programs:		
Education and public awareness	\$ 105,976	\$ 199,326
Program monitoring and oversight	78,410	168,385
Canadian management:		
Philanthropy	147,336	100,346
	<hr/> \$ 331,722	<hr/> \$ 468,057
