

**OIKOCREDIT CANADA**

*(Formerly known as Oikocredit Canada - Central)*

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

*(Unaudited)*



|  |   |
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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of  
Oikocredit Canada

We have reviewed the accompanying financial statements of Oikocredit Canada that comprise the statement of financial position as at December 31, 2019, and the statements of operations and 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.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (Continued)**

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### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Oikocredit Canada as at December 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.

*Paylor Leibow LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Licensed Public Accountants

Hamilton, Ontario  
June 3, 2020

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**OIKOCREDIT CANADA****STATEMENT OF FINANCIAL POSITION***(Unaudited)**As at December 31*

|                                | <b>2019</b>    | <b>2018</b> |
|--------------------------------|----------------|-------------|
|                                | \$             | \$          |
| <b>ASSETS</b>                  |                |             |
| CURRENT                        |                |             |
| Cash                           | 46,766         | 45,857      |
| Prepaid expenses               | 1,417          | 155         |
|                                | <b>48,183</b>  | 46,012      |
| INVESTMENT (Note 3)            | <b>177,773</b> | 177,773     |
|                                | <b>225,956</b> | 223,785     |
| <b>LIABILITIES</b>             |                |             |
| CURRENT                        |                |             |
| Accounts payable               | 4,255          | 11,510      |
| Bonds payable (Note 4)         | -              | 37,500      |
|                                | <b>4,255</b>   | 49,010      |
| <b>UNRESTRICTED NET ASSETS</b> | <b>221,701</b> | 174,775     |
|                                | <b>225,956</b> | 223,785     |

*(See accompanying Notes to Financial Statements)*

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**OIKOCREDIT CANADA****STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS***(Unaudited)**Year ended December 31*

|  | <b>2019</b>    | <b>2018</b>   |
|--|----------------|---------------|
|  | \$             | \$            |
| <b>REVENUES</b>                            |                |               |
| Administrative fee                         | 58,647         | 55,119        |
| Dividend income                            | 1,778          | 1,762         |
| Other income                               | 41,379         | 399           |
|  | <b>101,804</b> | <b>57,280</b> |
| <b>EXPENDITURES</b>                        |                |               |
| Bank charges and interest                  | 115            | 97            |
| Conferences and travel                     | 7,303          | 8,584         |
| Interest on bonds                          | 15             | 15            |
| Marketing and communication                | 2,606          | 934           |
| Meetings                                   | 1,154          | 5,461         |
| Office and postage                         | 2,951          | 2,895         |
| Personnel                                  | 30,931         | 24,397        |
| Professional fees                          | 3,390          | 3,390         |
| Public relations                           | 6,413          | 6,999         |
|  | <b>54,878</b>  | <b>52,772</b> |
| EXCESS OF REVENUES OVER EXPENDITURES       | <b>46,926</b>  | 4,508         |
| UNRESTRICTED NET ASSETS, BEGINNING OF YEAR | <b>174,775</b> | 170,267       |
| UNRESTRICTED NET ASSETS, END OF YEAR       | <b>221,701</b> | 174,775       |

*(See accompanying Notes to Financial Statements)*

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**OIKOCREDIT CANADA****STATEMENT OF CASH FLOWS***(Unaudited)**Year ended December 31*

|  | <b>2019</b>   | <b>2018</b> |
|--|---------------|-------------|
|  | \$            | \$          |
| <b>CASH PROVIDED BY (USED IN):</b>           |               |             |
| OPERATING ACTIVITIES                         |               |             |
| Excess of revenues over expenditures         | 46,926        | 4,508       |
| Changes in non-cash working capital (Note 5) | (8,517)       | 2,384       |
|  | <b>38,409</b> | 6,892       |
| FINANCING ACTIVITY                           |               |             |
| Repayment of bonds payable                   | (37,500)      | -           |
| INCREASE IN CASH                             | 909           | 6,892       |
| <b>CASH, BEGINNING OF YEAR</b>               | <b>45,857</b> | 38,965      |
| <b>CASH, END OF YEAR</b>                     | <b>46,766</b> | 45,857      |

*(See accompanying Notes to Financial Statements)*

**NOTES TO FINANCIAL STATEMENTS***(Unaudited)**Year ended December 31, 2019*

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**1. PURPOSE OF ORGANIZATION**

The Organization was incorporated on May 30, 2000, as a Support Association of Oikocredit, Ecumenical Development Cooperative Society, the international body which has its international headquarters in Amersfoort, Netherlands.

The objects of the Organization are:

- a) to provide relief to the poor, the distressed and the underprivileged throughout the developing areas of the world by means of furthering the economic development of the poor and promoting self-reliance and social justice;
- b) to further the advancement of education as to principles of management and the successful operation of enterprise throughout the developing areas of the world;
- c) to assist in the prevention of economic deterioration, and promote social welfare in the developing areas of the world;
- d) to collect monies by way of membership fees, donations or otherwise, to accept gifts and legacies and to hold, invest, expend or deal with the assets of the Organization in furtherance of its objects; and
- e) for the further attainment of the above objects, to employ and pay agents and employees and to procure, equip and maintain offices and other facilities.

Oikocredit Canada is a not-for-profit organization incorporated without share capital under Part II of the Canada Corporations Act and is exempt from income taxes. On June 10, 2014, the Organization filed a Certificate of Continuance under the Canada Not-for-profit Corporations Act.

In May 2014, the Organization received a legal opinion essentially stating that the Organization's bond offering did not meet regulatory requirements of the Ontario Securities Commission and were advised to discontinue the offering. This was initiated by the Oikocredit National Support Office (NSO) at the direction from the Oikocredit international office. The opinion covered all the support associations in Canada. Hence all investment offerings were stopped in Canada effective September 30, 2014. The NSO has been successful in reaching an agreement with Kindred Credit Union, formally Mennonite Savings and Credit Union, to develop a deposit product that invests in shares of Oikocredit International and this product was made available in 2015. The NSO has also developed an offering statement for Oikocredit International Share Foundation (OISF) shares which is being made available to accredited investors and out of province investors.

## NOTES TO FINANCIAL STATEMENTS

(Unaudited)

Year ended December 31, 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### FINANCIAL INSTRUMENTS

##### *Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and investments.

Financial liabilities measured at amortized cost include accounts payable and bonds payable.

##### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in excess of revenue over expenditures. The write down reflects the difference between the carrying amount and the higher of:

- ◆ the present value of the cash flows expected to be generated by the asset or group of assets;
- ◆ the amount that could be realized by selling the assets or group of assets;
- ◆ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenue over expenditures up to the amount of the previously recognized impairment.

#### REVENUE RECOGNITION

Administrative fees are recognized as revenue when earned in accordance with the accrual basis of accounting.

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**OIKOCREDIT CANADA****NOTES TO FINANCIAL STATEMENTS***(Unaudited)**Year ended December 31, 2019*

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****FOREIGN CURRENCY TRANSLATION**

All foreign denominated monetary assets and liabilities are translated at the exchange rate prevailing at the year end and revenue and expenses (other than amortization) at average rates of exchange during the period. Exchange gains and losses arising on the translation of the accounts are included in income. Non-monetary assets and liabilities are translated at historical rates of exchange.

**3. INVESTMENT**

Investment in Oikocredit, Ecumenical Development Co-operative Society - cost in CAD

**4. BONDS PAYABLE**

The Organization began the process of redeeming the total bond portfolio focusing initially on bonds due December 31, 2014 beginning in 2014, and offering all of these bond holders the option to donate, redeem, or transfer to the credit union deposit product or in the case of accredited investors, the OISF offering. Efforts to redeem the bonds continued through 2019, at which point, the Organization wrote-off the outstanding bonds payable for any bonds where the bondholder that could not be located. The total amount was \$41,312 and was recorded as other income.

**5. CHANGES IN NON-CASH WORKING CAPITAL**

|                  | <b>2019</b>    | <b>2018</b>  |
|------------------|----------------|--------------|
|                  | \$             | \$           |
| Prepaid expenses | (1,262)        | 868          |
| Accounts payable | (7,255)        | 1,516        |
|                  | <b>(8,517)</b> | <b>2,384</b> |

**6. ECONOMIC DEPENDENCE**

The Organization relies on administration fees received from the international headquarters of Oikocredit, Ecumenical Development Cooperative Society. As the primary source of income, its ability to continue viable operations is dependent on receiving the administration fees.

During the year the Organization received administration fees of \$58,647 (2018 - \$55,119) from the international headquarters of Oikocredit, Ecumenical Development Cooperative Society.

**NOTES TO FINANCIAL STATEMENTS***(Unaudited)**Year ended December 31, 2019*

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**7. COVID-19**

The recent outbreak of the Coronavirus Disease 2019 (“COVID-19”) has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the organization or the administration fees, members, employees, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the organization, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the organization, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions

**8. COMPARATIVE AMOUNTS**

Certain immaterial prior year expenditures have been reclassified in the statement of operations to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenditures.