

OIKOCREDIT CANADA

(Formerly known as Oikocredit Canada - Central)

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Unaudited)

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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, 2018, 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.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (Continued)

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, 2018, 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 24, 2019

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

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash	45,857	38,965
Prepaid expenses	155	1,023
	46,012	39,988
INVESTMENT (Note 3)	177,773	177,773
	223,785	217,761
LIABILITIES		
CURRENT		
Accounts payable	11,510	9,994
Bonds payable	37,500	37,500
	49,010	47,494
UNRESTRICTED NET ASSETS	174,775	170,267
	223,785	217,761

(See accompanying Notes to Financial Statements)

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

	2018	2017
	\$	\$
REVENUES		
Administrative fee	55,119	50,728
Dividend income	1,762	3,192
Other income	399	748
	57,280	54,668
EXPENDITURES		
Bank charges and interest	97	127
Conferences and travel	8,584	10,997
Interest on bonds	15	15
Marketing and communication	934	1,281
Meetings	5,461	2,404
Office and postage	2,895	2,516
Personnel	24,397	22,686
Professional fees	3,390	3,390
Public relations	6,999	5,583
	52,772	48,999
EXCESS OF REVENUES OVER EXPENDITURES	4,508	5,669
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	170,267	164,598
UNRESTRICTED NET ASSETS, END OF YEAR	174,775	170,267

(See accompanying Notes to Financial Statements)

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

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	4,508	5,669
Changes in non-cash working capital (Note 5)	2,384	(68)
	6,892	5,601
FINANCING ACTIVITY		
Repayment of bonds payable	-	(2,500)
INVESTING ACTIVITY		
Increase in investment	-	(3,192)
INCREASE (DECREASE) IN CASH	6,892	(91)
CASH, BEGINNING OF YEAR	38,965	39,056
CASH, END OF YEAR	45,857	38,965

(See accompanying Notes to Financial Statements)

NOTES TO FINANCIAL STATEMENTS*(Unaudited)**Year ended December 31, 2018*

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. The Organization began the process of redeeming the total bond portfolio focusing initially on bonds due December 31, 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.

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.

NOTES TO FINANCIAL STATEMENTS*(Unaudited)**Year ended December 31, 2018*

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

Bonds payable, bearing interest at rates ranging from 0% to 2%, unsecured, due on demand.

Due to the transition as described in Note 1, it was the intention of Oikocredit Canada – Central to redeem all bonds in 2015. Outstanding bonds relate to bondholders that could not be located by year-end. The Organization is reviewing available options in order to redeem these bonds.

5. CHANGES IN NON-CASH WORKING CAPITAL

	2018	2017
	\$	\$
Prepaid expenses	868	(702)
Accounts payable	1,516	634
	2,384	(68)

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 \$55,119 (2017 - \$50,728) from the international headquarters of Oikocredit, Ecumenical Development Cooperative Society.

7. 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.