INTER PARES

FINANCIAL STATEMENTS

DECEMBER 31, 2021

Ouseley Hanvey Clipsham Deep LLP
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Inter Pares:

Opinion

We have audited the financial statements of Inter Pares ("the Entity"), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OHCD LLP.

OUSELEY HANVEY CLIPSHAM DEEP LLP
Licensed Public Accountants
Ottawa, Ontario
March 25, 2022

INTER PARES

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	$ 3,812,667	$ 1,977,168
Short-term investments (note 4)	557,022	886,286
Accounts receivable	116,026	258,946
Program advances (note 5)	382,523	1,049,490
Prepaid expenses	21,532	43,135
	4,889,770	4,215,025
INVESTMENTS (note 4)	4,726,105	3,710,892
CAPITAL ASSETS (note 3)	511,372	521,335
	$ 10,127,247	$ 8,447,252
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 54,769	$ 39,976
Deferred revenue (note 6)	3,275,409	1,850,830
	3,330,178	1,890,806
CEBA LOAN PAYABLE (note 10)	40,000	30,000
YEARS OF SERVICE BENEFITS PAYABLE (note 7)	165,391	152,279
	3,535,569	2,073,085
FUND BALANCES		
Unrestricted	144,488	311,209
Invested in capital assets	511,372	521,335
Reserve Fund (note 8)	1,044,879	1,037,844
Margaret Fleming McKay Legacy Fund (note 9)	4,890,939	4,503,779
	6,591,678	6,374,167
	$ 10,127,247	$ 8,447,252

Approved on behalf of the Board:

Chair, Board of Directors

INTER PARES

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted Net Assets	Invested in Capital Assets	Reserve Fund	Margaret Fleming McKay Legacy Fund	2021 Total	2020 Total
FUND BALANCES - BEGINNING OF YEAR	$ 311,209	$ 521,335	$ 1,037,844	$ 4,503,779	$ 6,374,167	$ 6,125,983
Net revenue (expense) for the year	(176,684)	-	7,035	387,160	217,511	248,184
Purchase of capital assets	(19,763)	19,763	-	-	-	-
Amortization of capital assets	29,726	(29,726)	-	-	-	-
FUND BALANCES - END OF YEAR	$ 144,488	$ 511,372	$ 1,044,879	$ 4,890,939	$ 6,591,678	$ 6,374,167

INTER PARES

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Operations	Reserve Fund	Margaret Fleming McKay Legacy Fund	2021 Total	2020 Total
REVENUE					
Donations	$ 1,711,881	$ -	$ 297,449	$ 2,009,330	$ 2,086,347
Global Affairs Canada					
MNCH	-	-	-	-	90,183
Buil-Mo	1,258,179	-	-	1,258,179	699,178
PSOP Colombia	155,530	-	-	155,530	120,616
IDB	2,312,287	-	-	2,312,287	3,056,000
COVID Philippines	660,012	-	-	660,012	26,979
PSOP Sudan	606,596	-	-	606,596	116,983
Interest and other	19,289	7,035	89,711	116,035	150,229
	6,723,774	7,035	387,160	7,117,969	6,346,515
EXPENSE					
Program					
Projects	4,881,435	-	-	4,881,435	4,196,932
Operations	1,208,043	-	-	1,208,043	1,203,265
	6,089,478	-	-	6,089,478	5,400,197
Administration	243,387	-	-	243,387	228,187
Fundraising	567,593	-	-	567,593	469,947
	6,900,458	-	-	6,900,458	6,098,331
NET REVENUE (EXPENSE) FOR THE YEAR	$ (176,684)	$ 7,035	$ 387,160	$ 217,511	$ 248,184

INTER PARES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net expense for the year	$ 217,511	$ 248,184
Items not requiring cash:		
Amortization of capital assets	29,726	25,991
Change in operating components of working capital:		
Accounts receivable	142,920	(132,502)
Program advances	666,967	(591,009)
Prepaid expenses	21,603	5,015
Accounts payable and accrued liabilities	14,793	(915)
Deferred revenue	1,424,579	(1,674,370)
Years of service benefits payable	13,112	(7,197)
	2,531,211	(2,126,803)
FINANCING ACTIVITIES		
Disposal (purchase) of investments	(685,949)	247,920
CEBA loan payable	10,000	30,000
Purchase of capital assets	(19,763)	(13,941)
	(695,712)	263,979
CHANGE IN CASH FOR THE YEAR	1,835,499	(1,862,824)
Cash beginning of the year	1,977,168	3,839,992
CASH END OF YEAR	$ 3,812,667	$ 1,977,168

Inter Pares works overseas and in Canada in support of self-help development groups, and in the promotion of understanding about the causes, effects and solutions to under-development and poverty. Inter Pares is incorporated without share capital under the laws of Canada. The Corporation is a registered charity under Section 149(1)(c) of the Income Tax Act and as a result is not subject to income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition
Inter Pares follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Funds received from Global Affairs Canada for overseas programs are recorded as program advances when sent overseas, and are subsequently recorded as expense when amounts are spent by overseas partners. Donations are recorded as revenue when received.

(b) Financial instruments
Financial instruments are initially recognized at fair value and are subsequently measured at amortized cost or cost less appropriate allowances for impairment. Financial assets measured at amortized cost include cash, accounts receivable and investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, CEBA loan payable and years of service benefits payable.

(c) Capital assets
Capital assets are recorded at cost. Amortization is provided on a straight line basis over 5 years for office equipment. Computer equipment is amortized 50% in the first year and 25% in the remaining 2 years. The building is amortized on a straight line basis over 40 years.

(d) Use of estimates
The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions 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 those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

2. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, CEBA loan payable and years of service benefits payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.
The organization is exposed to interest rate and market risk through its investments.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2021 Net	2020 Net
Land	$ 200,000	$ -	$ 200,000	$ 200,000
Building	582,230	287,750	294,480	309,230
Computer and office equipment	225,204	208,312	16,892	12,105
	$1,007,434	$ 496,062	$ 511,372	$ 521,335

During the year, amortization of capital assets amounted to $29,726 (2020 - 25,991).

4. INVESTMENTS

Investments consist primarily of bonds and GIC's earning interest at rates between 1.4% and 3.2% per year, with varying maturities from October 2022 to March 2027. The total fair value of short-term investments and long-term investments is $5,229,783 (2020 - $4,611,374).

5. PROGRAM ADVANCES

Program advances can vary significantly from year to year depending on the timing of funds sent overseas and the reporting back by overseas counterparts.

The value of program advances and deferred revenue is subject to measurement uncertainty. To estimate the amount of spent program advances, management made assumptions based on counterpart program activity in previous years and information available at the year-end. The amount recorded as program advances and related deferred revenue, revenue and expense, reflects management's best estimate. Any changes in the fair value will be recognized as they become known.

6. DEFERRED REVENUE

Deferred revenue consists mainly of funding received for activities to be completed in the next fiscal year.

	2021	2020
Balance, beginning of year	$ 1,850,830	$ 3,525,200
Less: amount recognized as revenue in the year	(1,850,830)	(3,525,200)
Plus: amount received related to the following year	3,275,409	1,850,830
Balance, end of year	$ 3,275,409	$ 1,850,830

Deferred revenue is subject to measurement uncertainty as discussed in note 5.

7. YEARS OF SERVICE BENEFITS PAYABLE

Employees of Inter Pares accrue a years of service benefit at a rate of one week per year of service to a maximum of twelve weeks. Eligibility to receive the benefit vests when the employee has completed five years of service.

8. RESERVE FUND

Inter Pares maintains an unrestricted operational reserve to assure that obligations are honoured in the event of unanticipated changes in external funding.

9. MARGARET FLEMING MCKAY LEGACY FUND

During 2018 the organization combined the Bequest Fund and the Margaret McKay Fund to create a new fund called the Margaret Fleming McKay Legacy Fund. The purpose of this fund is to help Inter Pares continue long-term programs with counterparts internationally and in Canada.

10. CEBA LOAN PAYABLE

During the year Inter Pares received an interest-free loan in the amount of $20,000 (2020 - $40,000) from the Government of Canada under the Canada Emergency Business Account (CEBA) program. The loan is to help cover operating costs during a period when revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus. Repaying the balance of the loan on or before December 31, 2023 will result in additional loan forgiveness of $10,000 (2020 - $10,000). The $10,000 (2020 - $10,000) forgiveness has been recorded as revenue during the year.