

## **INTER PARES**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
**Inter Pares:**

We have audited the accompanying financial statements of Inter Pares, which comprise the statement of financial position as at December 31, 2015, and the statements of changes in fund balances, operations 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.

### **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 the auditor's 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, the auditor considers 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.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inter Pares as at December 31, 2015, 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.

*OHCD LLP*

**OUSELEY HANVEY CLIPSHAM DEEP LLP**  
Licensed Public Accountants

Ottawa, Ontario  
March 7, 2016

## INTER PARES

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### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 3,284,801	\$ 1,414,684
Accounts receivable	185,120	127,360
Program advances (note 5)	33,030	1,263,012
Prepaid expenses	30,225	23,337
Short-term investments (note 4)	535,994	529,041
	4,069,170	3,357,434
<b>INVESTMENTS (note 4)</b>	3,781,405	3,669,875
<b>CAPITAL ASSETS (note 3)</b>	588,521	606,117
	\$ 8,439,096	\$ 7,633,426
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 39,473	\$ 55,735
Deferred revenue (note 5)	2,482,660	1,675,013
	2,522,133	1,730,748
<b>YEARS OF SERVICE BENEFITS PAYABLE (note 6)</b>	110,000	100,501
	2,632,133	1,831,249
<b>FUND BALANCES</b>		
Unrestricted	242,458	235,978
Invested in capital assets	588,521	606,117
Bequest Fund (note 7)	3,667,836	3,681,595
Reserve Fund (note 8)	927,645	901,422
Margaret McKay Fund (note 9)	380,503	377,065
	5,806,963	5,802,177
	\$ 8,439,096	\$ 7,633,426

Approved on behalf of the Board:

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## INTER PARES

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### STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2015

	2015					2014	
	Unrestricted Net Assets	Invested in Capital Assets	Bequest Fund	Reserve Fund	Margaret McKay Fund	Total	Total
FUND BALANCES - BEGINNING OF YEAR	\$ 235,978	\$ 606,117	\$ 3,681,595	\$ 901,422	\$ 377,065	\$ 5,802,177	\$ 5,679,500
Net revenue (expense) for the year	(11,116)	-	(13,759)	26,223	3,438	4,786	122,677
Purchase of capital assets	(5,176)	5,176	-	-	-	-	-
Amortization of capital assets	22,772	(22,772)	-	-	-	-	-
FUND BALANCES - END OF YEAR	\$ 242,458	\$ 588,521	\$ 3,667,836	\$ 927,645	\$ 380,503	\$ 5,806,963	\$ 5,802,177



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## STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

					2015	2014
	General Operations	Bequest Fund	Reserve Fund	Margaret McKay Restricted Fund	Total	Total
<b>REVENUE</b>						
Donations	\$ 1,498,450	\$ 40,132	\$ -	\$ 300	\$ 1,538,882	\$ 1,782,245
Global Affairs Canada-PCB	1,403,877	-	-	-	1,403,877	1,417,556
Global Affairs Canada - other projects	1,640,626	-	-	-	1,640,626	3,346,169
Project generated grants	55,807	-	-	-	55,807	71,818
Interest and other	22,941	80,554	26,223	3,138	132,856	120,655
	4,621,701	120,686	26,223	3,438	4,772,048	6,738,443
<b>EXPENSE</b>						
Program						
Projects	3,106,924	134,445	-	-	3,241,369	5,021,568
Operations	1,006,190	-	-	-	1,006,190	1,027,193
	4,113,114	134,445	-	-	4,247,559	6,048,761
Administration	228,231	-	-	-	228,231	248,012
Fundraising	291,472	-	-	-	291,472	318,993
	4,632,817	134,445	-	-	4,767,262	6,615,766
<b>NET REVENUE (EXPENSE) FOR THE YEAR</b>	\$ (11,116)	\$ (13,759)	\$ 26,223	\$ 3,438	\$ 4,786	\$ 122,677

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	2015	2014
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Net revenue for the year	\$ 4,786	\$ 122,677
Items not requiring cash:		
Amortization of capital assets	22,772	24,467
Change in operating components of working capital:		
Accounts receivable	(57,760)	(18,830)
Program advances	1,229,982	264,344
Prepaid expenses	(6,888)	21,335
Accounts payable and accrued liabilities	(16,262)	9,002
Deferred revenue	807,647	1,928
Years of service benefits payable	9,499	7,822
	1,993,776	432,745
<b>FINANCING ACTIVITIES</b>		
Purchase of investments	(118,483)	(211,343)
Purchase of capital assets	(5,176)	(5,304)
	(123,659)	(216,647)
<b>CHANGE IN CASH FOR THE YEAR</b>	1,870,117	216,098
Cash beginning of the year	1,414,684	1,198,586
<b>CASH END OF YEAR</b>	\$ 3,284,801	\$ 1,414,684

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

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 cost, amortized cost or cost less appropriate allowances for impairment.

##### (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 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.

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### 3. CAPITAL ASSETS

			2015	2014
	Cost	Accumulated Amortization	Net	Net
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Building	582,230	199,250	382,980	397,730
Computer and office equipment	157,890	152,349	5,541	8,387
	\$ 940,120	\$ 351,599	\$ 588,521	\$ 606,117

During the year, amortization of capital assets amounted to \$22,772 (2014 - \$24,467).

#### 4. INVESTMENTS

Investments consist primarily of bonds earning interest at rates between 2.0% and 7.77% per year, with varying maturities from April 2016 to November 2021. The total fair value of short-term investments and long term investments is \$4,351,987 (2014 - \$4,213,425).

#### 5. PROGRAM ADVANCES AND DEFERRED REVENUE

Program advances can vary significantly from year to year depending on the timing of funds sent overseas and the reporting back by overseas counterparts. Deferred revenue consists mainly of funding received for activities to be completed in the next fiscal year. In 2014 deferred revenue related mainly to unspent overseas program advances.

##### Deferred revenue

	2015	2014
Balance, beginning of year	\$ 1,675,013	\$ 1,673,085
Less: amount recognized as revenue in the year	(1,675,013)	(1,673,085)
Plus: amount received related to the following year	2,482,660	1,675,013
Balance, end of year	\$ 2,482,660	\$ 1,675,013

#### 6. 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.



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### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015**

#### **7. BEQUEST FUND**

During 2004 a bequest fund was established. Bequests received are recorded as revenue in this fund.

#### **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 MCKAY FUND**

The Margaret McKay Fund receives gifts whose principal is invested and held for a minimum of ten years. These donations are recognized as revenue in this fund when received. In addition to such externally restricted gifts, the Fund contains transfers from Inter Pares which are subject to the same restrictions. As at the year end, the Margaret McKay Fund includes \$147,869 (2014 - \$147,569) in externally restricted gifts.