

INTER PARES

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023, and the statements of changes in fund balances, 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, 2023, 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.

OHCS LLP

OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants

Ottawa, Ontario

March 28, 2024

INTER PARES

3.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 4,013,662	\$ 4,429,225
Short-term investments (note 4)	1,302,118	225,000
Accounts receivable	213,661	165,454
Program advances (note 5)	4,513,308	1,424,985
Prepaid expenses	79,925	23,894
	10,122,674	6,268,558
INVESTMENTS (note 4)	3,863,485	4,775,556
CAPITAL ASSETS (note 3)	513,215	496,349
	\$ 14,499,374	\$ 11,540,463
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 73,404	\$ 50,562
Deferred revenue (note 6)	7,439,532	4,620,979
	7,512,936	4,671,541
CEBA LOAN PAYABLE (note 10)	-	40,000
YEARS OF SERVICE BENEFITS PAYABLE (note 7)	169,682	176,540
	7,682,618	4,888,081
FUND BALANCES		
Unrestricted (deficit)	(12,312)	14,805
Invested in capital assets	513,215	496,349
Reserve Fund (note 8)	1,039,654	1,034,306
Margaret Fleming McKay Legacy Fund (note 9)	5,276,199	5,106,922
	6,816,756	6,652,382
	\$ 14,499,374	\$ 11,540,463

Approved on behalf of the Board:



INTER PARES

4.

**STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023**

					2023	2022
	Unrestricted Net Assets	Invested in Capital Assets	Reserve Fund	Margaret Fleming McKay Legacy Fund	Total	Total
FUND BALANCES - BEGINNING OF YEAR	\$ 14,805	\$ 496,349	\$ 1,034,306	\$ 5,106,922	\$ 6,652,382	\$ 6,591,678
Net revenue (expense) for the year	(10,251)	-	5,348	169,277	164,374	60,704
Fund transfer (note 9)	-	-	-	-	-	-
Purchase of capital assets	(54,398)	54,398	-	-	-	-
Amortization of capital assets	37,532	(37,532)	-	-	-	-
FUND BALANCES - END OF YEAR	\$ (12,312)	\$ 513,215	\$ 1,039,654	\$ 5,276,199	\$ 6,816,756	\$ 6,652,382



INTER PARES

5.

STATEMENT OF OPERATIONS DECEMBER 31, 2023

				2023	2022
	General Operations	Reserve Fund	Margaret Fleming McKay Legacy Fund	Total	Total
REVENUE					
Donations	\$ 1,859,430	\$ -	\$ 50,000	\$ 1,909,430	\$ 1,839,513
Global Affairs Canada					
Buil-Mo	812,973	-	-	812,973	1,563,479
ACTIF Columbia	150,694	-	-	150,694	149,050
SCSM Burma	3,181,009	-	-	3,181,009	2,857,942
COVID Philippines	-	-	-	-	113,008
WLA West Africa	1,087,974	-	-	1,087,974	724,491
ACF-AO West Africa	2,001,576	-	-	2,001,576	-
PSOP Sudan	43,304	-	-	43,304	596,156
Interest and other	481	5,348	119,277	125,106	67,623
	9,137,441	5,348	169,277	9,312,066	7,911,262
EXPENSE					
Program					
Projects	6,464,389	-	-	6,464,389	5,303,027
Operations	1,793,180	-	-	1,793,180	1,709,773
	8,257,569	-	-	8,257,569	7,012,800
Administration	292,898	-	-	292,898	272,149
Fundraising	597,225	-	-	597,225	565,609
	9,147,692	-	-	9,147,692	7,850,558
NET REVENUE (EXPENSE) FOR THE YEAR					
	\$ (10,251)	\$ 5,348	\$ 169,277	\$ 164,374	\$ 60,704

INTER PARES

6.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 164,374	\$ 60,704
Items not requiring cash:		
Amortization of capital assets	37,532	26,765
Change in operating components of working capital:		
Accounts receivable	(48,207)	(49,428)
Program advances	(3,088,323)	(1,042,462)
Prepaid expenses	(56,031)	(2,362)
Accounts payable and accrued liabilities	22,842	(4,207)
Deferred revenue	2,818,553	1,345,570
Years of service benefits payable	(6,858)	11,149
	(156,118)	345,729
FINANCING ACTIVITIES		
Disposal (purchase) of investments	(165,047)	282,571
CEBA loan repayment	(40,000)	-
Purchase of capital assets	(54,398)	(11,742)
	(259,445)	270,829
CHANGE IN CASH FOR THE YEAR	(415,563)	616,558
Cash beginning of the year	4,429,225	3,812,667
CASH END OF YEAR	\$ 4,013,662	\$ 4,429,225



INTER PARES

7.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.



INTER PARES

8.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. CAPITAL ASSETS

			2023	2022
	Cost	Accumulated Amortization	Net	Net
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Building	582,230	317,250	264,980	279,730
Computer and office equipment	291,344	243,109	48,235	16,619
	<u>\$1,073,574</u>	<u>\$ 560,359</u>	<u>\$ 513,215</u>	<u>\$ 496,349</u>

During the year, amortization of capital assets amounted to \$37,532 (2022 - 26,765).

4. INVESTMENTS

Investments consist primarily of bonds and GIC's earning interest at rates between 1.40% and 4.86% per year, with varying maturities from June 2024 to December 2028. The total fair value of short-term investments and long-term investments is \$5,013,079 (2022 - \$4,774,842).

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.

		2023	2022
Balance, beginning of year	\$	4,620,979	\$ 3,275,409
Less: amount recognized as revenue in the year		(4,238,034)	(3,275,409)
Plus: amount received related to the following year		7,056,587	4,620,979
Balance, end of year	\$	<u>7,439,532</u>	<u>\$ 4,620,979</u>

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



INTER PARES

9.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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. During the year Inter Pares transferred \$nil (2022 - \$77,469) from the Margaret Fleming McKay Legacy Fund to unrestricted net assets.

10. CEBA LOAN PAYABLE

Inter Pares received an interest-free loan in the amount of \$60,000 from the Government of Canada under the Canada Emergency Business Account (CEBA) program. The loan was 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 loan forgiveness of \$20,000. The forgiveness was recorded as revenue during previous years. The loan was repaid in the current fiscal year.