
**THE PRIMATE'S WORLD RELIEF AND
DEVELOPMENT FUND / LE FONDS
DU PRIMAT POUR LE SECOURS ET
LE DÉVELOPPEMENT MONDIAL**

FINANCIAL STATEMENTS

MARCH 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members,
The Primate's World Relief and Development Fund

We have audited the accompanying financial statements of The Primate's World Relief and Development Fund / Le Fonds du Primat Pour le Secours et le Développement Mondial (the organization), which comprise the statement of financial position as at March 31, 2017, and the statements of changes in net assets, 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.

Auditor's 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 organization'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 organization'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses for the year, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Primate's World Relief and Development Fund / Le Fonds du Primat Pour le Secours et le Développement Mondial as at March 31, 2017, 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.



Chartered Professional Accountants
Licensed Public Accountants

July 26, 2017
Toronto, Ontario

THE PRIMATE'S WORLD RELIEF AND DEVELOPMENT FUND / LE FONDS DU PRIMAT POUR LE SECOURS ET LE DÉVELOPPEMENT MONDIAL

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,474,159	\$ 3,551,357
Marketable securities (note 2)	6,087,059	5,757,903
HST rebate recoverable	38,771	76,042
Grants receivable	359,802	
Interest receivable		6,817
Prepaid expenses	<u>2,776</u>	<u>-</u>
	<u>\$ 7,962,567</u>	<u>\$ 9,392,119</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 26,189	\$ 23,797
Deferred contributions from Global Affairs Canada (note 4)	405,917	1,900,913
Deferred contributions (notes 5 and 9)	<u>988,742</u>	<u>628,357</u>
	<u>1,420,848</u>	<u>2,553,067</u>
Net assets		
Unrestricted (note 9)	3,316,169	3,730,574
Designated (note 7)	<u>3,225,550</u>	<u>3,108,478</u>
	<u>6,541,719</u>	<u>6,839,052</u>
	<u>\$ 7,962,567</u>	<u>\$ 9,392,119</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

**THE PRIMATE'S WORLD RELIEF AND DEVELOPMENT FUND / LE FONDS DU
PRIMAT POUR LE SECOURS ET LE DÉVELOPPEMENT MONDIAL**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

	2017			2016
	Unrestricted	Designated	Total	Total (note 9)
Net assets, beginning of year	\$ 3,730,574	\$ 3,108,478	\$ 6,839,052	\$ 5,446,661
Net transfer to designated	(117,072)	117,072	-	-
Excess of revenue over expenses for the year (note 9)	<u>(297,333)</u>	<u>-</u>	<u>(297,333)</u>	<u>1,392,391</u>
NET ASSETS, END OF YEAR	<u>\$ 3,316,169</u>	<u>\$ 3,225,550</u>	<u>\$ 6,541,719</u>	<u>\$ 6,839,052</u>

see accompanying notes

THE PRIMATE'S WORLD RELIEF AND DEVELOPMENT FUND / LE FONDS DU PRIMAT POUR LE SECOURS ET LE DÉVELOPPEMENT MONDIAL

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
		(note 9)
REVENUE		
Global Affairs Canada (note 4)	\$ 6,326,165	\$ 2,372,557
Parish and individual donations	3,831,108	4,583,127
Bequests	406,938	1,876,717
Realized gain on sale of marketable securities	233,955	63,427
Interest and dividends	196,714	197,301
Other	<u>559,515</u>	<u>546,934</u>
	<u>11,554,395</u>	<u>9,640,063</u>
EXPENSES		
Program		
Development and relief		
Global Affairs Canada	6,880,314	2,628,758
Relief and refugees	904,204	1,407,919
Indigenous People Canada	430,500	47,550
Africa and the Middle East	370,261	629,396
Latin America and the Caribbean	294,377	386,155
Asia and the Pacific	222,391	274,611
Canadian Anglican Partnership Program (CAPP)	196,504	186,213
KAIROS Canada and Ecumenical Relations	<u>165,182</u>	<u>162,355</u>
	9,463,733	5,722,957
Personnel	1,445,388	1,155,121
Occupancy and office	138,271	135,607
Travel, monitoring and evaluation	<u>87,750</u>	<u>90,506</u>
Total program	<u>11,135,142</u>	<u>7,104,191</u>
Administration		
Personnel	492,921	451,219
Occupancy and office	95,739	108,194
Governance	33,876	43,652
Professional fees	34,958	23,402
Travel	<u>16,710</u>	<u>7,319</u>
Total administration	<u>674,204</u>	<u>633,786</u>
Fundraising	<u>191,667</u>	<u>243,926</u>
Total expenses	<u>12,001,013</u>	<u>7,981,903</u>
Excess (deficiency) of revenue over expenses for the year from operations	(446,618)	1,658,160
Increase (decrease) in fair market value of marketable securities	<u>149,285</u>	<u>(265,769)</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (297,333)</u>	<u>\$ 1,392,391</u>

THE PRIMATE'S WORLD RELIEF AND DEVELOPMENT FUND / LE FONDS DU PRIMAT POUR LE SECOURS ET LE DÉVELOPPEMENT MONDIAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
Operating Activities		
Excess of revenue over expenses for the year	\$ (297,333)	\$ 1,392,391
Items not involving the use of cash:		
Realized and unrealized gains on marketable securities	(383,240)	202,342
Net change in non-cash working capital items (see below)	<u>(1,450,709)</u>	<u>2,353,186</u>
Cash and cash equivalents generated from (used for) operating activities	<u>(2,131,282)</u>	<u>3,947,919</u>
Investing Activities		
Purchase of marketable securities	(3,721,675)	(2,025,079)
Proceeds from sale of marketable securities	<u>3,775,759</u>	<u>455,146</u>
Cash and cash equivalents generated from (used for) investing activities	<u>54,084</u>	<u>(1,569,933)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR	(2,077,198)	2,377,986
Cash and cash equivalents, beginning of year	<u>3,551,357</u>	<u>1,173,371</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,474,159</u>	<u>\$ 3,551,357</u>
Decrease (increase) in current assets-		
HST rebate recoverable	\$ 37,271	\$ (26,276)
Interest receivable	6,817	(3,908)
Prepaid expenses	(2,776)	23,275
Grants receivable	(359,802)	-
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	2,392	(25,158)
Deferred contributions from Global Affairs Canada	(1,494,996)	1,900,913
Deferred contributions	<u>360,385</u>	<u>484,340</u>
	<u>\$(1,450,709)</u>	<u>\$ 2,353,186</u>

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NOTES TO THE FINANCIAL STATEMENTS

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The Primate's World Relief and Development Fund/Le Fonds du Primat Pour le Secours et le Développement Mondial (PWRDF, the organization) is incorporated without share capital under the provisions of Part II of the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

PWRDF is a Christian organization committed to a vision of international development and global justice founded on theological reflection and faith-based analysis. The organization engages in development work, responding to emergencies, working to protect refugees, and educating and advocating for change on a non-partisan basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The organization follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including project grants and donor restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Contributed materials and services

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

Investment income

Investment income comprises interest from cash, interest and dividends from fixed income and equity securities respectively, reinvested distributions from index pooled funds and unrealized and realized gains and losses on the sale of marketable securities. Interest on fixed income investments is recognized over the terms of these investments. Transaction costs associated with the acquisition and disposal of marketable securities are expensed as incurred.

Cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the date of the statement of financial position. Exchange gains and losses are included in the statement of operations.

Allocation of expenses

Personnel, occupancy and other expenses are allocated to programs based on the proportional hours spent on each.

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2. MARKETABLE SECURITIES

Marketable securities as at March 31 were as follows:

	2017	2016
Equities	\$ 3,132,153	\$ 3,319,311
Fixed income securities	<u>2,954,906</u>	<u>2,438,592</u>
	<u>\$ 6,087,059</u>	<u>\$ 5,757,903</u>

Included in equities is a \$239,552 investment in Oikocredit (\$229,389 as at March 31, 2016). Oikocredit is a world-wide ecumenical co-operative society of churches and individuals whose purpose is to mobilize financial resources for further development of poor areas of the world.

3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, marketable securities, interest receivable, grants receivable, accounts payable and accrued liabilities.

Marketable securities, which comprise fixed income securities and equities are measured at fair market value, determined by reference to published price quotations in an active market at year end. Interest receivable, grants receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

The organization regularly monitors the prevailing market rates for foreign exchange. Management attempts to mitigate fluctuations in cash flows resulting from changes in foreign exchange rates for amounts received from foreign funders and amounts paid to foreign suppliers. Management does this by maintaining sufficient currency on hand to meet financial liabilities such that it is not necessary to convert currency when conditions are unfavourable.

The organization is exposed to other price risk through changes in market prices (other than changes arising from interest rate risks) in connection with investments in equities. This risk can be caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in the market.

It is management's opinion that the organization's existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities and that the organization's financial instruments are not exposed to significant financial risks.

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4. DEFERRED CONTRIBUTIONS FROM GLOBAL AFFAIRS CANADA

Continuity of deferred contributions from Global Affairs Canada (GAC) for the year is as follows:

	2017	2016
Deferred contributions from GAC, beginning of year	\$ 1,900,913	\$ -
Add cash received from GAC	4,831,169	4,273,470
Less GAC contribution revenue recognized	<u>(6,326,165)</u>	<u>(2,372,557)</u>
Deferred contributions from GAC, end of year	<u>\$ 405,917</u>	<u>\$ 1,900,913</u>

5. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2017	2016
Deferred contributions, beginning of year	\$ 628,357	\$ 144,017
Add cash received from donor restricted donations	1,061,930	1,694,353
Less donor restricted donation revenue recognized	<u>(701,545)</u>	<u>(1,210,013)</u>
Deferred contributions, end of year	<u>\$ 988,742</u>	<u>\$ 628,357</u>

6. SHARED PREMISES COSTS

The organization has an arrangement with The General Synod of the Anglican Church of Canada (General Synod) to share operating and occupancy costs at 80 Hayden Street, Toronto where the organization's offices are located. The office premises are owned by General Synod. During the year, the organization made payments to the General Synod in respect of this arrangement amounting to \$94,212 (\$95,740 in 2016).

7. DESIGNATED NET ASSETS

Designated net assets as at March 31 are as follows:

	2017	2016
Contingency fund	\$ 3,000,000	\$ 3,000,000
Funds committed for project grants	<u>225,550</u>	<u>108,478</u>
	<u>\$ 3,225,550</u>	<u>\$ 3,108,478</u>

Designated Funds are amounts set aside for various special purposes based on decisions of the Board of Directors. As at March 31, the amounts designated are for the following purposes;

The Board of Directors of the organization has designated net assets of \$3,000,000 to provide for a responsible wind-down of projects in progress and other related expenses in the event of an unexpected cessation of funding (\$3,000,000 as at March 31, 2016).

The Board of Directors has designated net assets of \$225,550 as at March 31, 2017 for commitments made during the year to fund projects in the following year (\$108,478 as at March 31, 2016).

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8. GLOBAL AFFAIRS CANADA (GAC) FUNDS

In June 2013, the Canadian International Development Agency (CIDA) and the Department of Foreign Affairs and International Trade (DFAIT) merged to form a new department known as the Department of Foreign Affairs, Trade and Development (DFATD). In June 2015, DFATD was renamed Global Affairs Canada (GAC).

The following is a continuity of GAC funds transferred by PWRDF to the implementing partners and not yet disbursed by the implementing partners to projects at year end:

	2017	2016
Undisbursed GAC cash, beginning of year	\$ 283,031	\$ 55,993
Add GAC cash transferred by PWRDF to the implementing partners in the year	5,648,362	1,962,832
Less GAC cash disbursed by the implementing partners to projects in the year	<u>(4,874,143)</u>	<u>(1,735,794)</u>
Undisbursed GAC cash, end of year	<u>\$ 1,057,250</u>	<u>\$ 283,031</u>

9. CORRECTION OF A PRIOR PERIOD ERROR

For the year ended March 31, 2016, the organization recorded a \$300,000 contribution received in the year as revenue in the statement of operations. The contribution should have been deferred in the statement of financial position.

The error, corrected in the comparative statements presented for the year ended March 31, 2016, resulted in the following changes:

- Revenue, the excess of revenue over expenses for the year, and unrestricted net assets were all reduced by \$300,000;
- Deferred contributions was increased by \$300,000.