

Financial Statements of

**EQUITAS - INTERNATIONAL CENTRE  
FOR HUMAN RIGHTS EDUCATION**

Year ended March 31, 2021

# **EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Equitas - International Centre for Human Rights Education

### ***Opinion***

We have audited the financial statements of Equitas - International Centre for Human Rights Education (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 the 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.

### ***Auditors' 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 auditors' 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty about 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 the attention of the readers of our auditors' report to the disclosures in the financial statements about that uncertainty or, if those disclosures are not adequate, to express a modified opinion. Our conclusions are based on evidence obtained up to the date of our auditors' report. Future events or circumstances may cause the entity to cease operations.
- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a stylized flourish underneath.

Montréal, Canada

June 23, 2021

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

## Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 2,610,554	\$ 613,175
Short-term deposits (note 2)	309,269	310,132
Accounts receivable (note 3)	243,315	458,249
Prepaid expenses	48,721	33,315
	3,211,859	1,414,871
Capital assets (note 4)	30,375	24,452
	\$ 3,242,234	\$ 1,439,323

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 192,213	\$ 145,722
Deferred contributions (note 6)	2,699,786	955,486
	2,891,999	1,101,208
Net assets:		
Invested in capital assets	30,375	24,452
Restricted for endowment purposes (note 7)	8,650	8,650
Unrestricted net assets	311,210	305,013
	350,235	338,115
Commitments (note 11)		
	\$ 3,242,234	\$ 1,439,323

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

## Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Federal government:		
Contributions from Global Affairs Canada (note 8)	\$ 3,870,020	\$ 3,304,338
Other federal government sources	460,024	250,000
	4,330,044	3,554,338
Other governmental and private sources	972,921	1,118,576
	5,302,965	4,672,914
Tuition fees and contributions	—	332,455
Donations	154,761	171,453
Interest	2,495	3,150
	5,460,221	5,179,972
Expenses:		
Projects	4,728,554	4,423,188
Administrative and general expenses (including foreign exchange loss of \$15,036; 2020 - gain of \$12,030) (note 12)	705,426	703,330
Amortization of capital assets	14,120	13,746
	5,448,101	5,140,264
Excess of revenues over expenses	\$ 12,120	\$ 39,708

See accompanying notes to financial statements.

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

## Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

2021				
	Invested in capital assets	Restricted for endowment purposes	Unrestricted	Total
Balance, beginning of year	\$ 24,452	\$ 8,650	\$ 305,013	\$ 338,115
Excess of revenues over expenses	(14,120) <sup>(i)</sup>	—	26,240	12,120
Acquisition of capital assets	20,043	—	(20,043)	—
Balance, end of year	\$ 30,375	\$ 8,650	\$ 311,210	\$ 350,235

  

2020				
	Invested in capital assets	Restricted for endowment purposes	Unrestricted	Total
Balance, beginning of year	\$ 33,990	\$ 8,650	\$ 255,767	\$ 298,407
Excess of revenues over expenses	(13,746) <sup>(i)</sup>	—	53,454	39,708
Acquisition of capital assets	4,208	—	(4,208)	—
Balance, end of year	\$ 24,452	\$ 8,650	\$ 305,013	\$ 338,115

<sup>(i)</sup> Represents amortization of capital assets.

See accompanying notes to financial statements.



# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating:		
Excess of revenues over expenses	\$ 12,120	\$ 39,708
Adjustments for:		
Deferred contributions from prior year recognized as revenues (note 6)	(955,486)	(768,800)
Amortization of capital assets	14,120	13,746
	(929,246)	(715,346)
Changes in non-cash working capital items (note 9)	246,019	10,684
Receipt of deferred contributions related to the following year (note 6)	2,699,786	955,486
	2,016,559	250,824
Investing:		
Decrease (increase) in short-term deposits	863	(301,482)
Acquisition of capital assets	(20,043)	(4,208)
	(19,180)	(305,690)
Net increase (decrease) in cash	1,997,379	(54,866)
Cash, beginning of year	613,175	668,041
Cash, end of year	\$ 2,610,554	\$ 613,175

See accompanying notes to financial statements.

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

Notes to Financial Statements

Year ended March 31, 2021

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Equitas - International Centre for Human Rights Education ("Equitas") is incorporated by letters of patent under Part II of the *Canada Corporations Act*. On March 12, 2015, Equitas obtained its articles of continuance under Section 211 of the *Not-For-Profit Corporations Act*. It is a charitable organization and therefore is not subject to income taxes. Its objectives are to provide education and conferences on human rights.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook - Accounting*, and include the following significant accounting policies:

### (a) Revenue recognition:

Equitas follows the deferral method of accounting for contributions, which include donations and grants. Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or as receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets.

Revenue related to courses is recognized when the services are provided.

Unrestricted investment income is recognized as revenue when earned.

### (b) Capital assets:

Purchased capital assets are stated at cost less accumulated amortization.

Amortization of capital assets is provided using the rates and methods indicated over their estimated useful life as follows:

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Asset	Method	Rate
Computer equipment	Straight-line	30%
Office equipment	Diminishing balance	20%

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Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to Equitas' ability to provide services, its carrying amount is written down to its residual value.

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (c) Contributed services:

Volunteers contribute many hours each year to assist Equitas in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

### (d) Foreign exchange:

Monetary asset and liability items denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at the rate of exchange in effect on the date they occur. Gains or losses from these translations are reflected in the statement of operations.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Equitas has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Equitas determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Equitas expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Use of estimates:

Financial statement presentation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (f) Use of estimates (continued):

The COVID-19 outbreak was declared a pandemic by the World Health Organization during the month of March 2020. The situation is constantly evolving, and the measures put in place have many economic implications at the global, national, provincial and local levels. These measures, which include travel bans, voluntary and involuntary isolation or quarantine, and social distancing, have caused significant disruption to businesses globally and in Canada due to the economic downturn. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; however, the current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which could have a direct impact on the company's profitability and future financial position.

### (g) Government assistance:

Government assistance related to current expenses and revenues is included in the determination of excess of the revenues over expenses for the year. Government assistance related to capital expenditures is recorded as a reduction of the cost of the related item of capital assets.

## 2. Short-term deposits:

	2021	2020
Bearing interest at 0.30%, maturing in July 2021	\$ 300,667	\$ —
Bearing interest at 0.60%, matured in July 2020	—	301,482
Bearing interest at 0.20%, maturing in May 2021	8,602	—
Bearing interest at 1.45%, matured in May 2020	—	8,650
	<hr/> \$ 309,269	<hr/> \$ 310,132

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 3. Accounts receivable:

	2021	2020
Advances to partners	\$ 171,793	\$ 206,724
Grants receivable	36,960	179,210
Sales and other taxes receivable	24,813	51,265
Sponsorship receivable	—	14,654
Advances to employees	935	6,396
Advances to suppliers	8,814	—
	<b>\$ 243,315</b>	<b>\$ 458,249</b>

## 4. Capital assets:

			2021
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 174,897	\$ 159,294	\$ 15,603
Office equipment	87,777	73,005	14,772
	<b>\$ 262,674</b>	<b>\$ 232,299</b>	<b>\$ 30,375</b>

			2020
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 154,854	\$ 148,867	\$ 5,987
Office equipment	87,777	69,312	18,465
	<b>\$ 242,631</b>	<b>\$ 218,179</b>	<b>\$ 24,452</b>

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$64,976 (2020 - \$4,670), which include payroll-related taxes.

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 6. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for future expenses related to uncompleted projects at year-end. Changes in the deferred contributions' balance are as follows:

	2021	2020
Balance, beginning of year	\$ 955,486	\$ 768,800
Amount recognized as revenue	(955,486)	(768,800)
Amount received related to the following year	2,699,786	955,486
Balance, end of year	\$ 2,699,786	\$ 955,486

## 7. Endowments:

The externally restricted endowments must be kept permanently by Equitas; however, the revenue relating to the endowments is not restricted and is therefore accounted for in the statement of operations.

## 8. Contribution agreements:

### (a) MENA Programs

On July 21, 2017, Equitas and GAC signed a contribution agreement ending March 30, 2020, for a total of \$2,841,864. The purpose of this contribution is to implement the initiative to strengthen democracy and human rights through the use of technology for youth, women, and visible minorities, specifically people living with disabilities, in Jordan, Tunisia, Egypt, and Morocco. An amount of \$593,768 (2020 - \$706,078) was received during the year, of which a balance of \$35,470 (2020 - \$96,517) is included in deferred contributions as of March 31, 2021. Of the total \$2,841,864, \$2,785,027 has been received since the beginning of the contribution agreement.

### (b) AETHRE Programs

On April 18, 2019, Equitas and GAC signed a contribution agreement ending March 31, 2024, for a total amount of \$17,680,395. The purpose of this contribution is to implement a program to support women by providing them with the knowledge, skills, and effective tools to assume leadership and promote gender equality in their respective communities. Programs will take place in five countries: Senegal, Burkina Faso, Tanzania, Kenya and Haiti. An amount of \$3,080,000 was received during the year, with a balance of \$97,571 included in deferred contributions as of March 31, 2021. Of the total \$17,680,395, a total of \$5,404,193 has been received since the beginning of the contribution agreement.

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 8. Contribution agreements (continued):

### (c) ACTIF Programs

On May 27, 2020, Equitas and GAC signed a contribution agreement ending May 31, 2027, in the amount of \$16,713,287. The purpose of this contribution is to implement a program to support LGBTQ2I members globally by providing the tools to build support for Canadian organizations and the funds to support the implementation of projects in other countries. Equitas will be responsible for managing the contribution agreement with GAC and will be responsible for managing other agreements signed with other Canadian organizations.

An amount of \$1,035,277 was received during the year, of which a balance of \$736,520 is included in deferred contributions at March 31, 2021. Of the total \$16,713,287, \$1,035,277 has been received since the beginning of the contribution agreement.

### (d) LGBT Haiti Program

On December 14, 2017, the European Union represented by the European Commission signed a contribution contract whose implementation of the action began on January 1, 2021 and will extend over a period of 24 months (December 31, 2022) for a total amount of 506,250 euros (or \$779,625). The objective of this contribution is to finance actions for the increased participation of Haitian youth in the promotion of human rights and in particular LGBTI rights.

On December 2, 2020, Equitas and the Ministry of International Relations and La Francophonie (MIRF) signed an exceptional funding agreement as part of the support plan in response to COVID-19 for a total amount of \$275,000. The first installment of 80% of the total grant, or \$220,000, was received on December 18, 2020.

A total of \$611,117 was received during the year (\$220,000 from MIRF and \$391,117 from the European Union), of which a balance of \$551,966 is included in deferred contributions at March 31, 2021.

### (e) Sustainable Development Goals (SDG) Program

On March 8, 2021, Equitas and GAC signed a funding agreement ending May 15, 2022 for a grant in the amount of \$100,000. The goal of the contribution is to build more inclusive and resilient communities by promoting partnerships and connecting efforts across sectors in support of the 2030 Agenda.

# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 9. Statement of cash flows:

	2021	2020
Changes in non-cash working capital items:		
Accounts receivable	\$ 214,934	\$ 13,716
Prepaid expenses	(15,406)	(1,770)
Accounts payable and accrued liabilities	46,491	(1,262)
	<b>\$ 246,019</b>	<b>\$ 10,684</b>

## 10. Financial risks and concentration of credit risk:

### (a) Liquidity risk:

Liquidity risk is the risk that Equitas will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Equitas manages its liquidity risk by monitoring its operating requirements. Equitas prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. A portion of Equitas' revenues is derived from contributions agreements with GAC over periods up to May 2027. The contributions from GAC represent 70% of revenues in 2021 (2020 - 64% of revenues). The loss of revenues from GAC would have a significant impact on Equitas' operations.

Equitas defines its capital as the amounts included in its net asset balances. Except for the endowments, Equitas' capital is not subject to external restrictions.

Equitas' objective when managing its capital is to safeguard its ability to continue as a going concern so it can continue to provide the appropriate level of benefits and services.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Equitas is exposed to credit risk with respect to the accounts receivable. Equitas assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposure from 2020.

### (c) Currency risk:

Equitas is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, Equitas receives grants in US dollars and euros and incurs expenses in US dollars. Equitas does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2020.



# EQUITAS - INTERNATIONAL CENTRE FOR HUMAN RIGHTS EDUCATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 10. Financial risks and concentration of credit risk (continued):

### (d) Interest rate risk:

Equitas is exposed to interest rate risk on its fixed interest rate financial instruments. Consequently, a change in the market interest rate would have an impact on the fair value of the investments. There has been no change to the risk exposure from 2020.

## 11. Commitments:

Equitas' commitments, under long-term operating leases for premises and office equipment, amount to \$669,546. The annual rental payments for the next five years are as follows:

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2022	\$ 152,326
2023	156,182
2024	159,273
2025	160,834
2026	40,931

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## 12. Government assistance:

During the year, Equitas received the Canada Emergency Wage Subsidy (CEWS), as well as the temporary 10% Temporary Wage Subsidy for Employers (TWS) to assist Equitas in maintaining jobs during the COVID-19 pandemic. As at March 31, 2021, Equitas recognized an amount of \$86,359 for the CEWS, and an amount of \$22,357 for the TWS. The total amount of \$108,716 was recorded as a reduction of general and administrative expenses.