

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

Independent Auditor's Report
Statement of Operations
Statement of Changes in Net Assets
Statement of Financial Position
Schedule of Project Expenses
Statement of Cash Flows
Notes to Financial Statements



To
The Board of Directors of
Forum of Federations/ Forum des Fédérations

We have audited the accompanying financial statements of Forum of Federations/ Forum des Fédérations which comprise the statement of financial position as at March 31, 2013, and the statements of operations, changes in net assets 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 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 Forum of Federations/ Forum des Fédérations as at March 31, 2013, 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.



CONNELLY & KOSHY
PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANTS

Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that Forum of Federations/ Forum des Fédérations adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

The prior year figures were audited by another auditor who expressed an unmodified opinion on October 22, 2012.

Connelly & Koshy, CA, Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Ottawa, Ontario
September 24, 2013

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
	\$	\$
REVENUE		
Department of Foreign Affairs and International Trade		
Long term fund	735,077	871,544
Projects	1,195,314	671,465
Canadian Contribution	50,000	50,000
Other foreign country contributions	609,227	843,834
Federal Republic of Germany Project	420,578	1,196,147
Government of Switzerland Project	54,416	168,221
Government of Quebec	3,505	62,804
Other Projects	2,670	74,862
Other Income	11,446	30,997
Interest	17,606	2,406
	<u>3,099,839</u>	<u>3,972,280</u>
 EXPENSES		
Consultants	138,590	116,443
Foreign exchange gain	(2,847)	(10,144)
Leased equipment	4,234	6,122
Memberships and subscriptions	2,450	3,308
Office and general	46,353	48,831
Printing and publications	3,307	8,246
Project expenses (schedule of project expenses)	2,399,032	3,201,718
Professional fees	7,943	50,229
Rent	117,094	159,609
Salaries and employee benefits	253,960	317,028
Telecommunications	28,969	28,002
Translation services	7,275	0
Travel	40,531	642
	<u>3,046,891</u>	<u>3,930,034</u>
 Amortization - capital assets	(18,335)	(25,716)
Amortization of deferred contributions for capital assets	4,290	5,381
	<u>(14,045)</u>	<u>(20,335)</u>
 EXCESS OF REVENUES OVER EXPENSES	<u>38,903</u>	<u>21,911</u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2013

	Unrestricted	Invested in	Total	Total
	\$	Capital Assets	2013	2012
	\$	\$	\$	\$
NET ASSETS, beginning of year	1,173,060	42,294	1,215,354	1,193,443
Excess of revenues over expenses for the year	52,948	(14,045)	38,903	21,911
Acquisition of capital assets	<u>(2,724)</u>	<u>2,724</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>1,223,284</u>	<u>30,973</u>	<u>1,254,257</u>	<u>1,215,354</u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

**FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS
(A Not for Profit Corporation)**

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013

	March 31, 2013	March 31, 2012	April 1, 2011
	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash	418,704	1,083,910	1,419,556
Investments (Note 8)	835,915	569,615	773,385
Investments - restricted (Note 8)	0	1,050,000	952,671
Accounts receivable (Note 5)	352,909	199,409	272,857
Prepaid expenses (Note 6)	12,627	19,352	44,709
Program and travel advances (Note 2)	74,674	42,884	425,281
	<u>1,694,829</u>	<u>2,965,170</u>	<u>3,888,459</u>
NON-CURRENT			
Equipment (Note 4)	47,977	63,589	84,333
Investments	0	0	952,671
	<u>47,977</u>	<u>63,589</u>	<u>1,037,004</u>
TOTAL ASSETS	<u>1,742,806</u>	<u>3,028,759</u>	<u>4,925,463</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable and accrued liabilities (Note 7)	96,599	372,121	507,922
Deferred contributions (Note 9)	374,945	369,989	1,292,080
Deferred contributions - Long-term fund	0	1,050,000	952,671
	<u>471,544</u>	<u>1,792,110</u>	<u>2,752,673</u>
Deferred contributions for capital assets (Note 10)	17,005	21,295	26,676
Deferred contributions - Long-term fund	0	0	952,671
	<u>17,005</u>	<u>21,295</u>	<u>979,347</u>
NET ASSETS			
Invested in capital assets	30,973	42,294	57,657
Unrestricted net assets	1,223,284	1,173,060	1,135,786
	<u>1,254,257</u>	<u>1,215,354</u>	<u>1,193,443</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,742,806</u>	<u>3,028,759</u>	<u>4,925,463</u>
APPROVED ON BEHALF OF THE BOARD :			

Director _____

Director _____

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

**FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS
(A Not for Profit Corporation)**

SCHEDULE OF PROJECT EXPENSES

AS AT MARCH 31, 2013

	2013	2012
	\$	\$
Consultants	662,270	715,337
Distribution costs of publications	11,109	24,157
Grants and honorariums	96,725	239,151
Meeting facilities and hospitality	107,208	148,670
Memberships and subscriptions	382	2,405
Office	31,786	103,116
Printing and publications	40,781	114,639
Professional fees	0	14,974
Rent	32,463	41,053
Salaries and benefits	712,157	743,916
Support services	43,923	265,476
Telecommunications	43,958	54,711
Translation services	26,674	18,818
Travel	589,596	715,295
	<u>2,399,032</u>	<u>3,201,718</u>

**(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)**

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	38,903	21,911
Add: amortization	<u>14,045</u>	<u>20,335</u>
	52,948	42,246
Net change in accounts receivable	(153,500)	73,448
Net change in prepaid expenses	6,725	25,357
Net change in accounts payable and accrued liabilities	(275,521)	(135,801)
Net change in advances	<u>(31,790)</u>	<u>382,397</u>
	<u>(401,138)</u>	<u>387,647</u>
INVESTING ACTIVITIES		
Investment withdrawals	783,700	1,059,112
Acquisition of equipment	<u>(2,724)</u>	<u>(4,972)</u>
	<u>780,976</u>	<u>1,054,140</u>
FINANCING ACTIVITIES		
Deferred contributions	<u>(1,045,044)</u>	<u>(1,777,433)</u>
CHANGE IN CASH AND EQUIVALENTS	(665,206)	(335,646)
CASH AND EQUIVALENTS, beginning of year	<u>1,083,910</u>	<u>1,419,556</u>
CASH AND EQUIVALENTS, end of year	<u>418,704</u>	<u>1,083,910</u>
REPRESENTED BY:		
Cash	<u>418,704</u>	<u>1,083,910</u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

1. PURPOSE OF THE ORGANIZATION

The Forum of Federations/Forum de Fédérations (the "Forum") was incorporated without share capital by Letters Patent under the provisions of the Canada Corporations Act on August 25, 1998. The Forum offers to policy-makers and practitioners of federalism an arena in which to exchange information and compare experiences in managing federal systems.

The Forum is not subject to income taxes under the income tax act.

The Forum's head office is in Ottawa, Ontario but is present in several international countries.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies.

Revenue recognition

The Forum follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Long-term fund revenues are funds received under the terms and conditions of an agreement. These funds are recognized as revenue when used for the purpose for which the funds were received.

Property, plant and equipment

Property, plant and equipment are accounted for at cost. Amortization is based on their estimated useful life using the following methods and rates.

	Method	Rate
Vehicles	Diminishing balance	30%
Furniture and fixtures	Diminishing balance	20%
Computer hardware	Diminishing balance	30%
Computer software	Diminishing balance	100%

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred contributions for capital assets

Restricted contributions for the purchase of capital assets that are amortized, are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Restricted contributions for the purchase of capital assets that are not amortized (such as land) are recognized as a direct increase in net assets.

Program advances

Advances made to fund program expenses, which have not yet been incurred, are reported as an asset.

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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Financial instrument measurement

The Forum initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, investments, prepaid expenses, program advances and accounts receivable.

The financial liabilities measured at amortized cost include the accounts payable, accrued liabilities, and deferred contributions.

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These financial statements are the first financial statements for which the organization applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenses for the year ended March 31, 2012 or on net assets as at April 1, 2011, the date of transition.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2013	Net Book Value 2012
	\$	\$	\$	\$
Vehicles	9,740	(4,968)	4,772	6,818
Furniture and fixtures	47,498	(17,100)	30,398	38,278
Computer hardware	24,136	(11,329)	12,807	14,988
Computer software	8,572	(8,572)	0	2,544
Leasehold improvements	1,762	(1,762)	0	961
	<u>91,708</u>	<u>(43,731)</u>	<u>47,977</u>	<u>63,589</u>

5. ACCOUNTS RECEIVABLE

	2013	2012
	\$	\$
Restricted contributions receivable	160,592	93,878
Contributions receivable	103,720	54,436
GST/HST recoverable	88,597	51,095
	<u>352,909</u>	<u>199,409</u>

6. PREPAID EXPENSES

Prepaid expenses include a deposit with Hydro Ottawa, insurance premiums and rent.

7. ACCOUNTS PAYABLE

	2013	2012
	\$	\$
Trade and accrued liabilities	<u>96,599</u>	<u>372,121</u>

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

8. INVESTMENTS

	2013	2012
	\$	\$
Canadian bonds	0	692,163
Term Deposit	835,915	560,000
Cash for re-investment	<u>0</u>	<u>367,452</u>
	835,915	1,619,615
Less: Current unrestricted portion	835,915	569,615
Less: Current restricted portion	<u>0</u>	<u>1,050,000</u>
	<u>0</u>	<u>0</u>

9. DEFERRED CONTRIBUTIONS

	2013	2012
	\$	\$
Balance, beginning of year	369,989	1,292,080
Restricted contributions received during the year	2,286,820	1,366,647
Less amounts recognized as revenue in the year	(2,377,158)	(2,173,499)
Increase in restricted contributions receivable	90,423	42,088
Increase (decrease) in contributions receivable	<u>(4,871)</u>	<u>73,151</u>
Balance, end of year	<u>374,945</u>	<u>369,989</u>

10. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

Deferred contributions for capital assets represent restricted contributions with which capital assets were acquired.

	2013	2012
	\$	\$
Balance, beginning of year	21,295	26,676
Less amounts recognized in the year	<u>(4,290)</u>	<u>(5,381)</u>
Balance, end of year	<u>17,005</u>	<u>21,295</u>

11. FINANCIAL INSTRUMENTS

The Forums exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting date, i.e. March 31, 2013.

Credit risk

The Forum determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

11. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Interest rate risk

The Forum is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk. As at March 31, 2013, the organization had only its term deposits subject to interest rates. The interest rate risk is therefore minimal.

Market risk

The market risk associated with investments is reduced to zero as they hold no marketable securities.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is not exposed to this risk.

12. COMMITMENTS

The Forum is committed under an operating lease for an office facility that expires June 30, 2016. Annual payments are \$83,500.

13. PENSION CONTRIBUTIONS

The Forum contributes to a defined contribution pension plan for employees. The employer's contribution for the year was \$60,658 (2012 - \$ 84,795).

14. RELATED PARTY TRANSACTIONS

Related party transactions for services rendered with directors during the year at exchange amounts were as follows:

	2013	2012
	\$	\$
V. Kelkar	20,000	20,000
J. Poirier	12,600	4,900
	<u>32,600</u>	<u>24,900</u>

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

15. COMPARATIVE FIGURES FOR THE PRIOR YEAR

Certain figures for 2012 have been reclassified to make their presentation identical to that adopted in 2013.

The prior year figures were audited by another auditor who expressed an unmodified opinion on October 22, 2012.

(See attached Independent Auditor's Report)