

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

FINANCIAL STATEMENTS

MARCH 31, 2021

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Forum of Federations / Forum des Fédérations

Opinion

We have audited the financial statements of Forum of Federations / Forum des Fédérations (the Organization), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets 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 Organization as at March 31, 2021, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

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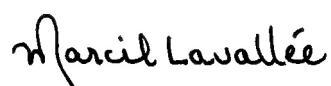
Cabinet indépendant affilié à
Independent firm affiliated to



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 Organization'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 Organization'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 Organization 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
September 10, 2021

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2021

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	2021	2020
REVENUES		
Grants and contributions		
Global Affairs Canada	\$ 5,151,503	\$ 4,650,973
Other partner countries	1,407,801	1,691,368
Government of Switzerland		
- Swiss Agency for Development and Cooperation	356,750	382,313
- Swiss Federal Office of Justice	28,281	26,014
- Conference of Cantonal Governments	-	66,126
Federal Republic of Germany	181,600	255,932
In-kind	69,696	58,972
Other	32,943	54,187
Interest	2,232	8,430
Gain (loss) on foreign exchange	(133)	3,160
Amortization of deferred contributions related to capital assets	9,815	14,023
	7,240,488	7,211,498
EXPENSES		
Projects (Schedule A)	6,038,286	6,188,506
Salaries and benefits	397,505	523,089
Rent	87,612	80,632
Consultants	82,704	112,550
Office and general overhead	75,123	71,928
Telecommunications	23,624	27,579
Membership and subscriptions	13,738	9,083
Travel	1,543	73,990
Leased equipment	623	1,114
Translation services	600	-
Printing and publications	-	3,866
Professional fees	20,421	19,968
Amortization of capital assets	29,260	16,497
	6,771,039	7,128,802
EXCESS OF REVENUES OVER EXPENSES	\$ 469,449	\$ 82,696

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2021

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	Unrestricted	Invested in capital assets	2021 Total	2020 Total
BALANCE, BEGINNING OF YEAR	\$ 1,539,561	\$ 8,435	\$ 1,547,996	1,465,300
Excess of revenues over expenses	488,894	(19,445)	469,449	82,696
Invested in capital assets	(58,507)	58,507	-	-
BALANCE, END OF YEAR	\$ 1,969,948	\$ 47,497	\$ 2,017,445	1,547,996

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2021

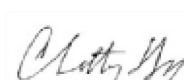
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	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 548,749	\$ 2,205,288
Term deposits, 0.2%, maturing in May 2021	544,298	542,066
Contributions receivable	935,376	85,666
Sales tax receivable	34,083	115,176
Program and travel advances	780,413	769,796
Prepaid expenses	1,529	7,554
	2,844,448	3,725,546
CAPITAL ASSETS (Note 4)	70,400	41,153
	\$ 2,914,848	\$ 3,766,699
LIABILITIES		
CURRENT LIABILITIES		
Accounts payables and accrued liabilities	\$ 566,548	\$ 272,351
Deferred contributions (Note 5)	307,952	1,913,634
	874,500	2,185,985
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	22,903	32,718
	897,403	2,218,703
NET ASSETS		
Unrestricted	1,969,948	1,539,561
Internal restriction		
Invested in capital assets	47,497	8,435
	2,017,445	1,547,996
	\$ 2,914,848	\$ 3,766,699

ON BEHALF OF THE BOARD



, Director



, Director

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

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	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 469,449	\$ 82,696
Adjustments for:		
Amortization of capital assets	29,260	16,497
Amortization of deferred capital contributions related to capital assets	(9,815)	(14,023)
	488,894	85,170
Net change in non-cash items related to operating activities:		
Contributions receivable	(849,710)	381,754
Sales tax receivable	81,093	(30,412)
Program and travel advances	(10,617)	(456,065)
Prepaid expenses	6,025	26,233
Accounts payable and accrued liabilities	294,197	103,375
Deferred contributions	(1,605,682)	(16,105)
	(2,084,694)	8,780
	(1,595,800)	93,950
INVESTING ACTIVITIES		
Net change in term deposits	(2,232)	(8,234)
Acquisition of capital assets	(58,507)	-
	(60,739)	(8,234)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,656,539)	85,716
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,205,288	2,119,572
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 548,749	\$ 2,205,288

Cash and cash equivalents consist of cash.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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1. STATUTE AND NATURE OF OPERATIONS

The Forum of Federations / Forum des Fédérations is an Organization that offers policy-makers and practitioners of federalism an arena in which to exchange information and compare experiences in managing federal systems. The Organization's head office is in Ottawa, Ontario but has operations in several international countries. The Organization is incorporated as a not-for-profit organization under the Canada Not-for-Profit Corporations Act, and is exempt from income taxes as a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

Revenue recognition

The Organization 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.

Contributions relating to capital assets are accounted for as deferred contributions and amortized on the same basis as the related capital assets.

Interest and other income are recognized in the period in which it is earned.

Contribution receivable

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Contributed services

Contributed materials and services which are used in the normal course of operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution if fair value can be reasonably estimated.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Organization's policy is to present bank balances, including bank indebtedness with balances that fluctuate frequently from being positive to overdrawn, under cash and cash equivalents.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated using the diminishing balance method at the following annual rates:

Furniture and fixtures	20%
Computer hardware	30%
Vehicles	30%

Write-down of capital assets

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Financial instruments

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, term deposits, contributions receivable as well as program and travel advances.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in operations in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in operations over the life of the instrument using the straight-line method.

Translation of foreign currency transactions and items

The Organization uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations, except for cost of inventories and depreciation translated at the historical rate, are translated at the average rate for the year. Exchange gains and losses are included in the statement of operations.

3. PENSION CONTRIBUTIONS

The Organization contributes to a defined contribution pension plan for employees. The employer's contribution for the year amounts to \$79,376 (2020: \$70,956).

4. CAPITAL ASSETS

			2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value		
Furniture and fixtures	\$ 47,498	\$ 42,398	\$ 5,100	\$ 6,375		
Computer hardware	30,839	29,398	1,441	2,059		
Vehicles	113,497	49,638	63,859	32,719		
	\$ 191,834	\$ 121,434	\$ 70,400	\$ 41,153		

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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5. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding that is related to the subsequent years and are detailed as follows:

	2021	2020
Global Affairs Canada	\$ 254,400	\$ 1,548,116
Other partner countries	53,552	365,518
	307,952	1,913,634

The change in deferred contributions during the year is as follows:

Balance, beginning of year	1,913,634	1,929,739
Plus: amount received during the year	5,520,253	7,056,621
Less: amount recognized as revenue during the year	(7,125,935)	(7,072,726)
Balance, end of year	\$ 307,952	\$ 1,913,634

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with which capital assets were acquired. The change in balance during the year is as follows:

	2021	2020
Balance, beginning of year	\$ 32,718	\$ 46,741
Less: amount recognized as revenue during the year	(9,815)	(14,023)
Balance, end of year	\$ 22,903	\$ 32,718

7. FINANCIAL INSTRUMENTS

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Approximately 19% of the Organization's revenues are in foreign currency. Consequently, the Organization is exposed to foreign exchange fluctuations. As of March 31, 2021, assets include cash of \$Nil (2020: \$415) and program advances of \$145,045 (2020: \$174,213) in U.S. dollars, 71,752 (2020: 114,444) in Jordanian dinar, 579,814 (2020: 546,975) in Moroccan dirham, 13,840 (2020: 18,296) in Tunisian dinar, 8,066,726 (2020: 3,270,003) in Ethiopian birr and K40,826,495 (2020: K52,761,432) in Myanmar kyat which have been converted into Canadian dollars.

8. CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Organization signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Organization to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

9. CORONAVIRUS PANDEMIC

The coronavirus pandemic (COVID-19) has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The financial impact on the Organization is dependent on the future course of events, including the duration of interruptions and trade restrictions imposed by the government, the rollout of the vaccination program among the general public and the effectiveness of measures taken in Canada and other countries to combat the virus. These events are highly uncertain and, as such, the Organization cannot determine the ultimate financial impacts at this time.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2021

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	2021	2020
SCHEDULE A - PROJECTS		
Local staff	\$ 1,229,375	\$ 1,160,745
Salaries and benefits	1,142,481	1,040,656
International consultants	939,506	883,520
Support services	903,460	205,855
Travel	555,897	1,480,603
Local consultants	299,621	334,210
Meeting facilities and hospitalities	290,806	509,240
Office and general overhead	177,371	199,090
Printing and publications	125,240	83,579
Rent	95,156	97,339
Promotion	77,761	42,556
Telecommunications	72,294	23,001
In-kind	69,696	58,972
Professional fees	38,599	16,002
Translation services	19,982	49,572
Distribution costs	1,041	2,268
Membership and subscriptions	-	1,298
	\$ 6,038,286	\$ 6,188,506