

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

FINANCIAL STATEMENTS

MARCH 31, 2022

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, 2022, 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, 2022, 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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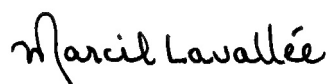
Cabinet indépendant affilié à
Independent firm affiliated to



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 11, 2022

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2022

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	2022	2021
REVENUES		
Grants and contributions (Schedule A)	\$ 7,076,913	\$ 7,125,935
In-kind	177,181	69,696
Other	62,329	32,943
Loss on foreign exchange	(26)	(133)
Interest	946	2,232
Amortization of deferred contributions related to capital assets	6,871	9,815
	7,324,214	7,240,488
EXPENSES		
Projects expenses (Schedule B)	6,570,154	6,038,286
Salaries and benefits	286,023	397,505
Office and general overhead	112,413	75,123
Consultants	128,393	82,704
Rent	77,363	87,612
Travel	25,316	1,543
Telecommunications	22,560	23,624
Membership and subscriptions	8,124	13,738
Leased equipment	623	623
Translation services	-	600
Professional fees	16,500	20,421
Amortization of capital assets	22,435	29,260
	7,269,904	6,771,039
EXCESS OF REVENUES OVER EXPENSES	\$ 54,310	\$ 469,449

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2022

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	Unrestricted	Invested in capital assets	2022 Total	2021 Total
BALANCE, BEGINNING OF YEAR	\$ 1,969,948	\$ 47,497	2,017,445 \$	1,547,996
Excess of revenues over expenses	69,874	(15,564)	54,310	469,449
BALANCE, END OF YEAR	\$ 2,039,822	\$ 31,933	2,071,755 \$	2,017,445

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

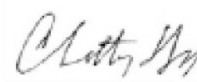
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	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,332,473	\$ 548,749
Term deposit, 0.25%, maturing in May 2022	545,244	544,298
Grants and contributions receivable	681,109	935,376
Sales tax receivable	28,732	34,083
Program and travel advances	816,615	780,413
Prepaid expenses	1,529	1,529
	3,405,702	2,844,448
CAPITAL ASSETS (Note 4)	47,965	70,400
	\$ 3,453,667	\$ 2,914,848
LIABILITIES		
CURRENT LIABILITIES		
Accounts payables and accrued liabilities	\$ 566,375	\$ 566,548
Deferred grants and contributions (Note 5)	799,505	307,952
	1,365,880	874,500
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	16,032	22,903
	1,381,912	897,403
NET ASSETS		
Unrestricted	2,039,822	1,969,948
Internal restriction		
Invested in capital assets	31,933	47,497
	2,071,755	2,017,445
	\$ 3,453,667	\$ 2,914,848

ON BEHALF OF THE BOARD



, Director



, Director

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

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	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 54,310	\$ 469,449
Adjustments for:		
Amortization of capital assets	22,435	29,260
Amortization of deferred capital contributions related to capital assets	(6,871)	(9,815)
	69,874	488,894
Net change in non-cash items related to operating activities:		
Grants and contributions receivable	254,267	(849,710)
Sales tax receivable	5,351	81,093
Program and travel advances	(36,202)	(10,617)
Prepaid expenses	-	6,025
Accounts payable and accrued liabilities	(173)	294,197
Deferred grants and contributions	491,553	(1,605,682)
	714,796	(2,084,694)
	784,670	(1,595,800)
INVESTING ACTIVITIES		
Net change in term deposit	(946)	(2,232)
Acquisition of capital assets	-	(58,507)
	(946)	(60,739)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	783,724	(1,656,539)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	548,749	2,205,288
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,332,473	\$ 548,749

Cash and cash equivalents consist of cash.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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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.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates.

Revenue recognition

The Organization follows the deferral method of accounting for grants and contributions. Restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and 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.

Grant and contribution receivable

A grant and 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, 2022

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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 can fluctuate 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 measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

Subsequent measurement

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

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

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, 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. If the indicators of impairment have decreased or no longer exist, the 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.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in operations in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are 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. Revenues and expenses are translated at the exchange rate in effect at the transaction date. 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 \$88,779 (2021: \$79,376).

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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4. CAPITAL ASSETS

			2022		2021	
	Cost	Accumulated amortization	Net book value		Net book value	
Furniture and fixtures	\$ 47,498	\$ 44,234	\$ 3,264	\$	5,100	
Computer hardware	30,839	30,839	-		1,441	
Vehicles	113,497	68,796	44,701		63,859	
	\$ 191,834	\$ 143,869	\$ 47,965	\$	70,400	

5. DEFERRED GRANTS AND CONTRIBUTIONS

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

	2022		2021	
Department of Foreign Affairs and Trade Ireland	\$ 450,082	\$	-	
Global Affairs Canada	166,337		254,400	
Federal Democratic Republic of Ethiopia	126,435		-	
Government of the Province of Quebec	49,421		49,421	
Others	7,230		4,131	
	799,505		307,952	

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

Balance, beginning of year	307,952	1,913,634
Plus: amount received during the year	7,568,466	5,520,253
Less: amount recognized as revenue during the year	(7,076,913)	(7,125,935)
Balance, end of year	\$ 799,505	\$ 307,952

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:

	2022		2021	
Balance, beginning of year	\$ 22,903	\$	32,718	
Less: amount recognized as revenue during the year	(6,871)		(9,815)	
Balance, end of year	\$ 16,032	\$	22,903	

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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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 12% of the Organization's revenues are in foreign currency. Consequently, the Organization is exposed to foreign exchange fluctuations. As of March 31, 2022, assets include program advances of \$77,619 (2021: \$145,045) in U.S. dollars, 59,605 (2021: 71,752) in Jordanian dinar, 215,041 (2021: 579,814) in Moroccan dirham, 69,304 (2021: 13,840) in Tunisian dinar, 10,248,020 (2021: 8,066,726) in Ethiopian birr, K119,420,365 (2021: K40,826,495) in Myanmar kyat and 610,867 (2021: Nil) in Thai Baht which have been converted into Canadian dollars.

8. CONTRACTUAL OBLIGATIONS

The commitment of the Organization under a lease agreement aggregates to \$367,123. The instalments over the next five years are the following:

2023	\$	77,289
2024	\$	77,289
2025	\$	77,289
2026	\$	77,289
2027	\$	57,967

9. 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.

10. COMPARATIVE FIGURES

Certain figures for 2021 have been reclassified to conform to the presentation adopted in 2022.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2022

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	2022	2021
SCHEDULE A - GRANTS AND CONTRIBUTIONS		
Global Affairs Canada	\$ 5,926,201	\$ 5,151,503
Swiss Agency for Development and Cooperation	344,425	356,750
Federal Republic of Germany	198,035	181,600
Department of Foreign Affairs and Trade Ireland	123,970	188,730
Federal Democratic Republic of Ethiopia	121,427	138,762
The Asia Foundation	87,796	359,173
The Ministry for Foreign Trade and Development Cooperation of the Netherlands	84,882	363,607
Federative Republic of Brazil	60,500	60,500
European Union	43,509	54,254
The Ministry of Foreign Affairs Denmark	-	235,912
Swiss Federal Office of Justice	-	28,281
Government of the Province of Quebec	-	6,863
Others	86,168	-
	\$ 7,076,913	\$ 7,125,935

SCHEDULE B - PROJECTS EXPENSES

Salaries and benefits	\$ 1,396,425	\$ 1,142,481
Local staff	1,248,367	1,229,375
International consultants	830,879	939,506
Travel	817,461	555,897
Local consultants	737,000	299,621
Support services	413,128	903,460
Meeting facilities and hospitalities	328,546	290,806
Office and general overhead	254,282	177,371
In-kind - interns	177,181	69,696
Rent	114,720	95,156
Printing and publications	72,429	125,240
Telecommunications	63,833	72,294
Promotion	43,577	77,761
Translation services	40,943	19,982
Professional fees	29,875	38,599
Membership and subscriptions	1,069	-
Distribution costs	439	1,041
	\$ 6,570,154	\$ 6,038,286