

**FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS**

FINANCIAL STATEMENTS

MARCH 31, 2020

## **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, 2020, 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, 2020, 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.

### *Other Matter*

The financial statements of the Organization for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 30, 2019.

### *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.

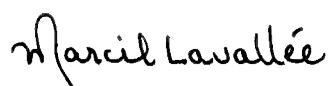
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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.

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 22, 2020

# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
<b>REVENUE</b>		
Contributions		
Global Affairs Canada	\$ 4,650,973	\$ 4,535,537
Other partner countries	1,691,368	693,506
Government of Switzerland		
- Swiss Agency for Development and Cooperation	382,313	263,900
- Conference of Cantonal Governments	66,126	65,865
- Swiss Federal Office of Justice	26,014	52,328
Federal Republic of Germany	255,932	195,000
In-kind	58,972	86,695
Other	54,187	16,093
Interest	8,430	6,540
Gain (loss) on foreign exchange	3,160	(1,003)
Amortization of deferred contributions related to capital assets	14,023	8,248
	<b>7,211,498</b>	<b>5,922,709</b>
<b>EXPENSES</b>		
Projects (Schedule A)	6,188,506	4,724,424
Salaries and benefits	523,089	478,383
Consultants	112,550	106,981
Rent	80,632	74,171
Travel	73,990	150,195
Office and general overhead	71,928	65,097
Telecommunications	27,579	25,259
Membership and subscriptions	9,083	11,577
Printing and publications	3,866	350
Leased equipment	1,114	1,532
Professional fees	19,968	67,378
Amortization of capital assets	16,497	11,501
	<b>7,128,802</b>	<b>5,716,848</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 82,696</b>	<b>\$ 205,861</b>

# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2020

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	Unrestricted	Invested in Capital Assets	2020 Total	2019 Total
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,407,650	\$ 57,650	\$ 1,465,300	\$ 1,259,439
Excess of revenue over expenses	131,911	(49,215)	82,696	205,861
<b>BALANCE, END OF YEAR</b>	\$ 1,539,561	\$ 8,435	\$ 1,547,996	\$ 1,465,300

# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

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	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,205,288	\$ 2,119,572
Term deposits, 1.65%, maturing in May 2020	542,066	533,832
Contributions receivable	85,666	467,420
Sales tax receivable	115,176	84,764
Program and travel advances	769,796	313,731
Prepaid expenses	7,554	33,787
	<b>3,725,546</b>	<b>3,553,106</b>
<b>CAPITAL ASSETS (Note 4)</b>	<b>41,153</b>	<b>57,650</b>
	<b>\$ 3,766,699</b>	<b>\$ 3,610,756</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payables and accrued liabilities	\$ 272,351	\$ 168,976
Deferred contributions (Note 5)	1,913,634	1,929,739
	<b>2,185,985</b>	<b>2,098,715</b>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)</b>	<b>32,718</b>	<b>46,741</b>
	<b>2,218,703</b>	<b>2,145,456</b>
<b>NET ASSETS</b>		
Unrestricted	1,539,561	1,407,650
Internal restriction		
Invested in capital assets	8,435	57,650
	<b>1,547,996</b>	<b>1,465,300</b>
	<b>\$ 3,766,699</b>	<b>\$ 3,610,756</b>

ON BEHALF OF THE BOARD

\_\_\_\_\_, Director

\_\_\_\_\_, Director

# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 82,696	\$ 205,861
<b>Adjustments for:</b>		
Amortization of capital assets	16,497	11,501
Amortization of deferred capital contributions related to capital assets	(14,023)	(8,248)
	<b>85,170</b>	<b>209,114</b>
<b>Net change in non-cash working capital items:</b>		
Contributions receivable	381,754	(151,788)
Sales tax receivable	(30,412)	(35,471)
Program and travel advances	(456,065)	300,837
Prepaid expenses	26,233	15,689
Accounts payables and accrued liabilities	103,375	(70,395)
Deferred contributions	(16,105)	(668,258)
	<b>8,780</b>	<b>(609,386)</b>
	<b>93,950</b>	<b>(400,272)</b>
<b>INVESTING ACTIVITIES</b>		
Net change in term deposits	(8,234)	193,460
Acquisition of capital assets	-	(54,990)
	<b>(8,234)</b>	<b>138,470</b>
<b>FINANCING ACTIVITY</b>		
Capital contributions related to capital assets received	-	54,989
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>85,716</b>	<b>(206,813)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,119,572</b>	<b>2,326,385</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,205,288</b>	<b>\$ 2,119,572</b>

Cash and cash equivalents consist of cash.



# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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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 Canadian accounting standards for not-for-profit organizations (ASNFPPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

#### **Use of estimates**

The preparation of financial statements in compliance with the ASNFPPO requires management to make estimates and assumptions that affect the reported amounts 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.

#### **Cash and cash equivalents**

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that can fluctuate from being positive to overdrawn.

# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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%
Vehicle	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

##### *Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at 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*

Financial assets measured at cost and amortized cost are tested for impairment when there are indicators of possible impairment. The Organization determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no 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, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Transaction costs*

Transaction costs related to financial instruments subsequently measured at amortized cost adjust the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

#### Translation of foreign currency transactions and financial statement 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 historic rate, are translated at average year rates. 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 \$70,956 (2019: \$66,444).

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020	2019
Furniture and fixtures	\$ 47,498	\$ 41,123	\$ 6,375	\$ 7,969
Computer hardware	30,839	28,780	2,059	2,939
Vehicle	54,990	22,271	32,719	46,742
	\$ 133,327	\$ 92,174	\$ 41,153	\$ 57,650

# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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### 5. DEFERRED CONTRIBUTIONS

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

	2020	2019
Global Affairs Canada	\$ 1,548,116	\$ 1,874,854
Other partner countries	365,518	54,885
	<b>1,913,634</b>	<b>1,929,739</b>

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

Balance, beginning of year	1,929,739	2,597,997
Plus: amount received during the year	7,056,621	5,192,867
Less: amount recognized as revenue during the year	(7,072,726)	(5,861,125)
Balance, end of year	<b>\$ 1,913,634</b>	<b>\$ 1,929,739</b>

### 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:

	2020	2019
Balance, beginning of year	\$ 46,741	\$ -
Plus: amount received during the year	-	54,990
Less: amount recognized as revenue during the year	(14,023)	(8,249)
Balance, end of year	<b>\$ 32,718</b>	<b>\$ 46,741</b>

### 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 31% of the Organization's revenues are in foreign currency. Consequently, the Organization is exposed to foreign exchange fluctuations. As at March 31, 2020, assets include cash of \$415 (2019: \$405) in U.S. dollars and program advances of \$174,213 (2019: \$97,961) in U.S. dollars, 114,444 (2019: 46,580) in Jordanian dinar, 546,975 (2019: 212,943) in Moroccan dirham, 18,296 (2019: 145,251) in Tunisian dinar, 3,270,003 (2019: 60,149) in Ethiopian birr and K52,761,432 (2019: K0) in Myanmar kyat which have been converted into Canadian dollars.

# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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### 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. SUBSEQUENT EVENT

The recent outbreak of the coronavirus, also known as 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 extent to which these events may impact the Organization's business activities will depend on future developments, such as the duration of the outbreak, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Organization cannot determine the ultimate financial impacts at this time.

### 10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

# FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

## ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
<b>SCHEDULE A - PROJECTS</b>		
Travel	\$ 1,480,603	\$ 980,157
Local staff	1,160,745	793,748
Salaries and benefits	1,040,656	877,087
International consultants	883,520	387,097
Meeting facilities and hospitalities	509,240	435,057
Local consultants	334,210	275,855
Support services	205,855	447,256
Office and general overhead	199,090	207,686
Rent	97,339	74,813
Printing and publications	83,579	74,431
In-kind	58,972	86,695
Translations services	49,572	29,970
Promotion	42,556	13,834
Telecommunications	23,001	21,016
Professional fees	16,002	16,965
Distribution costs	2,268	2,262
Membership and subscriptions	1,298	495
	<b>\$ 6,188,506</b>	<b>\$ 4,724,424</b>