

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

FINANCIAL STATEMENTS

MARCH 31, 2024

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Additional Information	12

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, 2024, 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, 2024, 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.

Marcil Lavallée

OTTAWA
400-1420 place Blair Towers Place
Ottawa ON K1J 9L8
T 613 745-8387
F 613 745-9584

Marcil-Lavallee.ca

Comptables professionnels agréés
Chartered Professional Accountants

MOORE
Un membre indépendant de
Moore North America, Inc.
An independent member
of Moore North America, Inc.

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 16, 2024

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2024

3

	2024	2023
REVENUES		
Grants and contributions (Schedule A)	\$ 5,766,562	\$ 6,754,070
In-kind	237,200	156,541
Interest	25,483	14,649
Other	17,142	170,102
Amortization of deferred contributions related to capital assets	3,366	4,810
	6,049,753	7,100,172
EXPENSES		
Projects expenses (Schedule B)	5,644,174	5,912,282
Salaries and benefits	541,135	543,943
Office and general overhead	142,219	138,592
Travel	139,651	134,663
Consultants	98,223	169,792
Rent	93,490	81,251
Telecommunications	32,068	30,284
Membership and subscriptions	12,267	5,352
Printing and publications	3,952	4,088
Leased equipment	-	907
Translation services	-	154
Professional fees	67,737	21,404
Amortization of capital assets	6,899	14,063
	6,781,815	7,056,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (732,062)	\$ 43,397

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2024

4

		Unrestricted	Invested in capital assets	2024 Total	2023 Total
BALANCE, BEGINNING OF YEAR	\$	2,092,472 \$	22,680 \$	2,115,152 \$	2,071,755
Excess (deficiency) of revenues over expenses		(718,495)	(13,567)	(732,062)	43,397
BALANCE, END OF YEAR	\$	1,373,977 \$	9,113 \$	1,383,090 \$	2,115,152

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2024

5

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 903,685	\$ 1,865,230
Term deposits, between 4.70% and 4.76%, maturing in May 2024	585,375	559,893
Grants and contributions receivable	471,659	518,537
Sales tax receivable	39,121	39,240
Program and travel advances	393,554	528,424
Prepaid expenses	-	33,597
	2,393,394	3,544,921
CAPITAL ASSETS (Note 4)	16,969	33,902
	\$ 2,410,363	\$ 3,578,823
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 524,499	\$ 459,746
Deferred grants and contributions (Note 5)	494,918	992,703
	1,019,417	1,452,449
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	7,856	11,222
	1,027,273	1,463,671
NET ASSETS		
Unrestricted	1,373,977	2,092,472
Internal restriction		
Invested in capital assets	9,113	22,680
	1,383,090	2,115,152
	\$ 2,410,363	\$ 3,578,823

ON BEHALF OF THE BOARD



, Director



, Director

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

6

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (732,062)	\$ 43,397
Adjustments for:		
Loss on disposal of capital assets	10,034	-
Amortization of capital assets	6,899	14,063
Amortization of deferred capital contributions related to capital assets	(3,366)	(4,810)
	(718,495)	52,650
Net change in non-cash items related to operating activities:		
Grants and contributions receivable	46,878	162,572
Sales tax receivable	119	(10,508)
Program and travel advances	134,870	288,191
Prepaid expenses	33,597	(32,068)
Accounts payable and accrued liabilities	64,753	(106,629)
Deferred grants and contributions	(497,785)	193,198
	(217,568)	494,756
	(936,063)	547,406
INVESTING ACTIVITY		
Net change in term deposits	(25,482)	(14,649)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(961,545)	532,757
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,865,230	1,332,473
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 903,685	\$ 1,865,230

Cash and cash equivalents consist of cash.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

7

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 they are 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, 2024

8

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:

	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 deposits, grants and contributions receivable as well as program and travel advances.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

9

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 \$72,510 (2023: \$91,178).

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

10

4. CAPITAL ASSETS

				2024	2023
	Cost	Accumulated amortization		Net book value	Net book value
Furniture and fixtures	\$ 47,498	\$ 45,409	\$ 2,089	\$ 2,611	
Computer hardware	30,839	30,839	-	-	
Vehicles	84,244	69,364	14,880	31,291	
	\$ 162,581	\$ 145,612	\$ 16,969	\$ 33,902	

5. DEFERRED GRANTS AND CONTRIBUTIONS

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

	2024	2023
Global Affairs Canada	\$ 139,913	\$ 227,936
Federal Democratic Republic of Ethiopia	122,743	138,165
Swiss Federal Department of Foreign Affairs	118,577	-
Department of Foreign Affairs and Trade Ireland	53,448	322,826
GIZ - Pakistan	45,808	271,639
Government of the Province of Quebec	14,429	32,137
	494,918	992,703

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

Balance, beginning of year	992,703	799,505
Plus: Amount received during the year	5,268,777	6,947,268
Less: Amount recognized as revenue during the year	(5,766,562)	(6,754,070)
Balance, end of year	\$ 494,918	\$ 992,703

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:

	2024	2023
Balance, beginning of year	\$ 11,222	\$ 16,032
Less: Amount recognized as revenue during the year	(3,366)	(4,810)
Balance, end of year	\$ 7,856	\$ 11,222

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

11

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 29% of the Organization's revenues are in foreign currency. Consequently, the Organization is exposed to foreign exchange fluctuations. As of March 31, 2023, assets include program advances of \$7,875 (2023: \$21,662) in U.S. dollars, 26,628 (2023: 44,191) in Jordanian dinar, 10,770 (2023: 15,666) in Tunisian dinar, 3,991,435 (2023: 8,188,338) in Ethiopian birr, K9,962,417 (2023: K71,882,429) in Myanmar kyat, 1,201,963 (2023: 1,482,276) in Thai Baht, 145,559 (2023: Nil) in Moroccan dirham, 836,200 (2023: Nil) in Pakistani rupee and 573,457 (2023: Nil) in Nepalese rupee which have been converted into Canadian dollars.

8. CONTRACTUAL OBLIGATIONS

The commitment of the Organization under a lease agreement aggregates to \$216,859. The instalments over the next three years are the following:

2025	\$	78,858
2026	\$	78,858
2027	\$	59,143

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.

FORUM OF FEDERATIONS / FORUM DES FÉDÉRATIONS

ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2024

12

	2024	2023
SCHEDULE A - GRANTS AND CONTRIBUTIONS		
Global Affairs Canada	\$ 4,005,694	\$ 5,246,633
Department of Foreign Affairs and Trade Ireland	621,932	502,179
Swiss Agency for Development and Cooperation	371,690	346,560
GIZ - Pakistan	225,832	64,943
Federal Republic of Germany	201,495	205,680
U.S. Agency for International Development	145,943	-
Federal Democratic Republic of Ethiopia	138,165	126,434
Federative Republic of Brazil	34,228	65,907
Government of the Province of Quebec	17,707	17,285
Swiss Federal Department of Foreign Affairs	3,876	-
UN Women	-	155,071
European Union	-	19,650
Other	-	3,728
	\$ 5,766,562	\$ 6,754,070

SCHEDULE B - PROJECTS EXPENSES

Salaries and benefits	\$ 1,242,651	\$ 1,174,176
Local staff	1,189,540	1,388,225
Travel	918,829	905,003
International consultants	756,034	774,147
In-kind - interns	302,752	203,826
Meeting facilities and hospitalities	289,763	221,859
Office and general overhead	230,694	158,994
Local consultants	204,977	317,105
Rent	149,650	106,381
Support services	145,667	320,455
Telecommunications	78,338	178,505
Translation services	75,854	85,462
Printing and publications	36,403	60,393
Professional fees	17,699	15,669
Distribution costs	5,047	1,233
Promotion	192	849
Membership and subscriptions	84	-
	\$ 5,644,174	\$ 5,912,282