

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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



CONNELLY & KOSHY
PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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, 2015, 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, 2015, 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, CA, Professional Corporation

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

Ottawa, Ontario
July 30, 2015

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	\$	\$
REVENUE		
Department of Foreign Affairs and International Trade		
Long term fund	0	65,500
Projects	198,366	2,951,621
Canadian Contribution	50,000	50,000
Other foreign country contributions	949,848	838,241
Contribution of excess funds from CANEOM project	534,046	0
Federal Republic of Germany Project	208,912	439,726
Foreign exchange gain	26,530	4,116
Government of Switzerland Project	65,247	39,945
U.S. State Department	0	279,882
Government of Quebec	0	11,705
Other Projects	0	84,132
Other Income	12,756	19,500
Interest	9,811	9,115
	<u>2,055,516</u>	<u>4,793,483</u>
 EXPENSES		
Consultants	77,975	92,960
Leased equipment	2,467	2,263
Memberships and subscriptions	3,116	1,898
Office and general	43,934	22,188
Printing and publications	2,105	1,182
Project expenses (schedule of project expenses)	1,170,907	4,237,184
Professional fees	27,826	11,262
Rent	70,545	69,007
Salaries and employee benefits	457,637	254,518
Telecommunications	30,830	28,359
Travel	56,314	64,126
	<u>1,943,656</u>	<u>4,784,947</u>
 EXCESS OF REVENUES OVER EXPENSES	<u>111,860</u>	<u>8,536</u>
 Amortization - capital assets	(9,446)	(11,877)
Amortization of deferred contributions for capital assets	2,732	3,423
	<u>(6,714)</u>	<u>(8,454)</u>
 EXCESS OF REVENUES OVER EXPENSES	<u>105,146</u>	<u>82</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, 2015

	Unrestricted	Invested in	Total	Total
	\$	Capital Assets	2015	2014
	\$	\$	\$	\$
NET ASSETS , beginning of year	1,228,329	26,010	1,254,339	1,254,257
Excess of revenues over expenses for the year	<u>111,860</u>	<u>(6,714)</u>	<u>105,146</u>	<u>82</u>
NET ASSETS , end of year	<u>1,340,189</u>	<u>19,296</u>	<u>1,359,485</u>	<u>1,254,339</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, 2015

	2015	2014
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	703,449	802,518
Investments (Note 7)	862,592	852,780
Accounts receivable (Note 4)	337,948	266,703
Due from related party (Note 16)	334,655	0
Prepaid expenses (Note 5)	38,298	7,330
Program and travel advances (Note 15)	<u>119,885</u>	<u>38,388</u>
	<u>2,396,827</u>	<u>1,967,719</u>
NON-CURRENT		
Equipment (Note 3)	<u>30,146</u>	<u>39,593</u>
TOTAL ASSETS	<u>2,426,973</u>	<u>2,007,312</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	186,032	354,944
Deferred contributions (Note 8)	870,606	384,447
Deferred contributions for capital assets (Note 9)	<u>10,850</u>	<u>13,582</u>
	<u>1,067,488</u>	<u>752,973</u>
NET ASSETS		
Invested in capital assets	19,296	39,592
Unrestricted net assets	<u>1,340,189</u>	<u>1,214,747</u>
	<u>1,359,485</u>	<u>1,254,339</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2,426,973</u>	<u>2,007,312</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, 2015

	2015	2014
	\$	\$
Consultants	257,419	1,905,550
Distribution costs of publications	3,353	8,023
Grants and honorariums	157,251	192,166
Meeting facilities and hospitality	48,672	233,637
Office	45,704	52,378
Printing and publications	36,753	75,317
Rent	11,517	23,615
Salaries and benefits	221,447	657,945
Support services	21,335	27,583
Telecommunications	12,638	23,825
Translation services	10,207	81,538
Travel	344,611	955,607
	<u>1,170,907</u>	<u>4,237,184</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, 2015

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	105,146	82
Add: amortization	<u>6,714</u>	<u>8,454</u>
	111,860	8,536
Net change in accounts receivable	(71,245)	86,205
Net change in prepaid expenses	(30,967)	5,297
Net change in accounts payable and accrued liabilities	(168,912)	258,345
Net change in amounts due from related parties	(334,655)	0
Net change in advances	<u>(81,497)</u>	<u>36,286</u>
	<u>(575,416)</u>	<u>394,669</u>
INVESTING ACTIVITIES		
Acquisition of equipment	<u>0</u>	<u>(3,492)</u>
FINANCING ACTIVITIES		
Deferred contributions	<u>486,159</u>	<u>9,502</u>
CHANGE IN CASH AND EQUIVALENTS	(89,257)	400,679
CASH AND EQUIVALENTS, beginning of year	<u>1,655,298</u>	<u>1,254,619</u>
CASH AND EQUIVALENTS, end of year	<u>1,566,041</u>	<u>1,655,298</u>
REPRESENTED BY:		
Cash	703,449	802,518
Term deposits	<u>862,592</u>	<u>852,780</u>
	<u>1,566,041</u>	<u>1,655,298</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, 2015

1. PURPOSE OF THE ORGANIZATION

The Forum of Federations/Forum de Fédérations (the "Forum") is a non-profit, registered charity and 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 CPA 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.

Interest income is recognized in the period in which it is earned.

Equipment

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%

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

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.

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, accounts receivable and related party loans.

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

Assets measured at fair market value (FMV) are investments.

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2015	Net Book Value 2014
	\$	\$	\$	\$
Vehicles	9,740	(7,402)	2,338	3,340
Furniture and fixtures	47,498	(28,043)	19,455	24,319
Computer hardware	<u>27,628</u>	<u>(19,275)</u>	<u>8,353</u>	<u>11,934</u>
	<u>84,866</u>	<u>(54,720)</u>	<u>30,146</u>	<u>39,593</u>

4. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Restricted contributions receivable	142,154	91,521
Contributions receivable	170,707	138,491
GST/HST recoverable	<u>25,087</u>	<u>36,691</u>
	<u>337,948</u>	<u>266,703</u>

5. PREPAID EXPENSES

Prepaid expenses include a deposit with insurance premiums and rent.

6. ACCOUNTS PAYABLE

	2015	2014
	\$	\$
Trade and accrued liabilities	178,934	348,698
Source deductions payable	<u>7,098</u>	<u>6,246</u>
	<u>186,032</u>	<u>354,944</u>

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

7. INVESTMENTS

	2015	2014
	\$	\$
Term deposit	<u>862,592</u>	<u>852,780</u>

8. DEFERRED CONTRIBUTIONS

	2015	2014
	\$	\$
Balance, beginning of year	384,447	374,945
Restricted contributions received during the year	1,833,983	3,977,420
Less amounts recognized as revenue in the year	(1,472,374)	(4,033,620)
Increase (decrease) in restricted contributions receivable	(46,157)	79,874
Increase (decrease) in contributions receivable	<u>170,707</u>	<u>14,172</u>
Balance, end of year	<u>870,606</u>	<u>384,447</u>

9. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

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

	2015	2014
	\$	\$
Balance, beginning of year	13,582	17,005
Less amounts recognized in the year	<u>(2,732)</u>	<u>(3,423)</u>
Balance, end of year	<u>10,850</u>	<u>13,582</u>

10. 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, 2015.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's main credit risks relate to its accounts receivable. The company provides credit to its clients in the normal course of its operations.

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, 2015

10. FINANCIAL INSTRUMENTS (CONTINUED)

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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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 33% of the organization's revenues are in foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations. As at March 31, 2015, cash and accounts receivable balances of \$245,638 and \$120,707 respectively (\$591,616 and \$228,397 in 2014) are foreign currency amounts which were converted into Canadian dollars at the appropriate exchange rate.

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, 2015, the organization had only its term deposits subject to interest rates. The interest rate risk is therefore minimal.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization had only its term deposits subject to interest rates. The other price risk is therefore minimal.

11. COMMITMENTS

The Forum is committed under an operating lease for an office facility that expires June 30, 2016. Annual payments are \$69,000.

(See attached Independent Auditor's Report)

FORUM OF FEDERATIONS/ FORUM DES FÉDÉRATIONS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

12. PENSION CONTRIBUTIONS

The Forum contributes to a defined contribution pension plan for employees. The employer's contribution for the year was \$97,338 (2014 - \$ 66,147).

13. RELATED PARTY TRANSACTIONS

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

	2015	2014
	\$	\$
V. Kelkar	0	0
J. Poirier	<u>0</u>	<u>7,650</u>
	<u>0</u>	<u>7,650</u>

All these transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

14. COMPARATIVE FIGURES FOR THE PRIOR YEAR

Certain figures for 2014 have been reclassified to make their presentation identical to that adopted in 2015.

15. PROGRAM ADVANCES

Program advances include amounts that were advanced to certain countries for specific projects. If the funds are not spent, they are returned to the Forum.

16. DUE FROM RELATED PARTY

Due from related party includes amounts that were advanced to the Canadian Election Observation Missions (CANEOM) project by Forum of Federations. All these transactions were carried out in the normal course of operations and are recorded at the exchange value.

(See attached Independent Auditor's Report)