



ASIA PACIFIC  
FOUNDATION  
OF CANADA

FONDATION  
ASIE PACIFIQUE  
DU CANADA

# Annual Report

2022 - 2023

*SEIZING  
CANADA'S  
OPPORTUNITY*

Year in review

Our impact

In the News

# SUPPORTERS

Who We Are

Annexes

Operational and grant funding support for the Asia Pacific Foundation of Canada is provided through an endowment fund established by the Government of Canada. We are also grateful to the individuals, corporations, foundations, and government agencies that have supported us this year in our mission to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada.

Below is a list of contributors who have helped make our FY22-23 research and activities possible – thank you.



**Export Development Canada**

*(Multi-year, multiple projects)*

**Federal Economic  
Development Agency,  
Southern Ontario**

*(Multi-year)*

**Global Affairs Canada**

*(Multi-year, multiple projects)*

**Government of British  
Columbia**

*(Multi-year)*

**Invest in Canada**

**Ministry of Foreign Affairs of  
Japan**

**Royal Bank of Canada**

**Sun Life**

*(Multi-year, multiple projects)*



**Air Canada**

*(Multi-year)*

**Canada's Digital Technology  
Supercluster**

*(Multi-year)*

**Department of Canadian  
Heritage – Canada History  
Fund**

**Department of National  
Defence – MINDS Program**

\$25,000 - \$49,999

BMO  
 Bombardier  
 Canadian Association of Petroleum Producers  
 Canadian Forest Products Ltd. (Canfor)  
*(Multi-year)*  
 CIBC  
 Government of Québec  
 Government of Saskatchewan  
 Invest Alberta Corporation  
 Investissement Québec  
 McGill University  
 Mosaic Forest Management  
*(Multi-year)*  
 Social Science and Humanities Research Council  
 Teck Resources Limited  
*(Multi-year)*  
 University of Alberta  
 University of British Columbia  
 University of Toronto  
 University of Waterloo  
 Western University  
 York University

\$10,000 - \$24,999

Business Council of Canada  
*(Multi-year)*  
 Caisse de dépôt et placement du Québec  
*(Multi-year)*  
 Canadian Commercial Corporation  
 CPP Investments  
*(Multi-year)*  
 Fasken  
 Fiera Corporation  
 Gowling WLG  
 International Academy Research and Training Centre  
 McCarthy Tétrault  
 McMillan LLP  
 Research Universities' Council of British Columbia  
 Shiseido (Canada) Inc.  
 University of Calgary  
 University of Ottawa  
 University of Saskatchewan

\$100 - \$9,999

Business Council of British Columbia  
 CanadaHelps Asian Solidarity Fund  
 DiliTrust Canada  
 ProAssist  
 Sasakawa Peace Foundation  
 Simon Fraser University

UNDER \$100

Two Lions Records  
 United Way East Ontario



India High Commissioner Sanjay Kumar Verma Event

Year in review

Our impact

In the News

Supporters

Who We Are

# ANNEXES

Financial Statements of

## **ASIA PACIFIC FOUNDATION OF CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2023



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Tel 604-691-3000  
Fax 604-691-3031

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Asia Pacific Foundation of Canada

### **Opinion**

We have audited the financial statements of Asia Pacific Foundation of Canada (the "Foundation"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, and its results of 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 auditor's report.

We are independent of the Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 the 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 Foundation'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 Foundation'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 Foundation 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
July 10, 2023

## ASIA PACIFIC FOUNDATION OF CANADA

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 2,007,655	\$ 1,612,224
Accounts receivable	666,257	235,140
Prepaid expenses	147,768	523,255
Investments at fair value (note 3(a))	80,616,830	81,696,973
	<u>83,438,510</u>	<u>84,067,592</u>
Property and equipment (note 4)	89,161	59,554
Deposits	37,821	37,821
	<u>\$ 83,565,492</u>	<u>\$ 84,164,967</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 871,366	\$ 490,501
Deferred revenue (note 5)	2,263,407	2,651,919
Subtenant deposit	47,749	73,100
	<u>3,182,522</u>	<u>3,215,520</u>
Accrued grant obligation (note 7(c)(i))	366,978	461,673
Deferred lease inducements	-	4,693
	<u>3,549,500</u>	<u>3,681,886</u>
Net assets:		
Restricted endowment fund (notes 1 and 7(c))	50,000,000	50,000,000
Unrestricted fund	30,015,992	30,483,081
	<u>80,015,992</u>	<u>80,483,081</u>
Commitments and guarantees (note 7)		
	<u>\$ 83,565,492</u>	<u>\$ 84,164,967</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

## ASIA PACIFIC FOUNDATION OF CANADA

### Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Investment income, net of investment fees of \$446,572 (2022 - \$448,692) (note 3(b))	\$ 2,344,751	\$ 1,758,833
Direct government funding	3,360,116	1,495,965
Private sector funding	748,656	336,659
Sponsored programs	77,583	77,577
	<u>6,531,106</u>	<u>3,669,034</u>
Operating expenses (note 9):		
Projects	2,715,927	2,216,815
Canada-in-Asia Conference	1,055,474	-
Kakehashi Program	1,188,146	405,496
APEC - Canada Growing Business Partners	315,333	261,923
McArthur Fellowship	49,858	104,336
Administration	772,462	871,348
Communication and public outreach	403,204	426,767
Facility and amortization	279,356	352,376
Grants	422,546	552,630
Secretariats	348,742	195,011
Board	134,785	135,097
	<u>7,685,833</u>	<u>5,521,799</u>
Deficiency of revenue over expenses before the undernoted	(1,154,727)	(1,852,765)
Realized gain on investments	2,953,042	4,564,097
Unrealized gain (loss) on investments	(2,265,404)	3,388,655
Excess (deficiency) of revenue over expenses	<u>\$ (467,089)</u>	<u>\$ 6,099,987</u>

See accompanying notes to financial statements.

## ASIA PACIFIC FOUNDATION OF CANADA

### Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Restricted endowment fund	Unrestricted fund	Total
Balance, March 31, 2021	\$ 50,000,000	\$ 24,383,094	\$ 74,383,094
Excess of revenue over expenses	-	6,099,987	6,099,987
Balance, March 31, 2022	50,000,000	30,483,081	80,483,081
Deficiency of revenue over expenses	-	(467,089)	(467,089)
Balance, March 31, 2023	<u>\$ 50,000,000</u>	<u>\$ 30,015,992</u>	<u>\$ 80,015,992</u>

See accompanying notes to financial statements.

# ASIA PACIFIC FOUNDATION OF CANADA

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (467,089)	\$ 6,099,987
Items not involving cash:		
Amortization	39,236	49,402
Amortization of deferred lease inducements	(4,693)	(9,386)
Unrealized loss (gain) on investments	2,265,404	(3,388,655)
	1,832,858	2,751,348
Changes in non-cash operating working capital:		
Accounts receivable	(431,117)	(156,894)
Prepaid expenses	375,487	(80,768)
Deposits	-	(10,187)
Accounts payable and accrued liabilities	380,865	(205,075)
Deferred revenue	(388,512)	192,947
Subtenant deposit	(25,351)	73,100
Accrued grant obligation	(94,695)	193,191
	1,649,535	2,757,662
Investing activities:		
Purchase of equipment	(68,843)	(8,422)
Purchase of investments, net of draw-downs or dispositions	(1,185,261)	(2,956,045)
	(1,254,104)	(2,964,467)
Increase (decrease) in cash	395,431	(206,805)
Cash, beginning of year	1,612,224	1,819,029
Cash, end of year	\$ 2,007,655	\$ 1,612,224

See accompanying notes to financial statements.

# ASIA PACIFIC FOUNDATION OF CANADA

## Notes to Financial Statements

Year ended March 31, 2023

### 1. Nature of operations:

The Asia Pacific Foundation of Canada (the "Foundation") is a not-for-profit organization focused on Canada's relations with Asia and established by an Act of Parliament in 1984. The mission is to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada. The Foundation is dedicated to strengthening ties between Canada and Asia with a focus on eight thematic areas: trade and investment, surveys and polling, regional security, digital technologies, domestic networks, sustainable development; building Asia Competency among Canadians, including young Canadians; and improving Canadians' general understanding of Asia and its growing global influence. Annual funding is provided by the income earned on a \$50 million endowment fund established by the federal government in November 2005, and from other sources. The principal endowment fund of \$50 million is to be maintained permanently.

The Foundation is registered with Canada Revenue Agency as a charitable organization and is exempt from income taxes.

### 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, under Part III of the CPA Canada Handbook - *Accounting* and reflect the following significant accounting policies:

#### (a) Revenue recognition:

- (i) The Foundation follows the deferral method of accounting for government and private sector funding and sponsorship contributions. Unrestricted contributions are recognized as revenue in the period in which they are received. Restricted contributions are recognized when spent on the purpose as specified.

The funds are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured and in the same year in which the related expenses are recognized.

Endowment contributions are recognized as direct increases in net assets.

- (ii) Investment income is recorded on an accrual basis and recognized as revenue when earned, other than the investment income earned on the McArthur Fellowship fund (notes 3 and 5) which is restricted and deferred as part of the fund until spent.

#### (b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value with changes in fair value recognized in the Statement of Operations.

# ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 2. Significant accounting policies (continued):

### (b) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (c) Property and equipment:

Property and equipment are originally recorded at cost. Repairs and maintenance costs are charged to expense. Amortization is provided on a straight-line basis based on the assets' estimated useful lives using the following rates:

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Computer equipment	3 years
Furniture and office equipment	4 - 6 years
Leasehold improvements	Lesser of useful life and remaining lease term

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When a capital asset no longer contributes to the Foundation's activity to provide services, its carrying amount is written down to its fair value or replacement cost.

### (d) Deferred lease inducements:

Deferred lease inducements consist of lease incentive funds received from landlords. These inducements are amortized over the term of the lease, as a reduction of rent expense.

### (e) Grants:

As part of the requirement of the restricted endowment fund, the Foundation makes commitments to provide funding to various research projects in disseminating information in the Asia Pacific region. These commitments are recorded as liabilities upon commencement of the term of the grants. Any shortages in actual grants made from the 25% annual grant funding obligation (note 7(c)) is accrued in the year the obligation pertains to.

# ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 2. Significant accounting policies (continued):

### (f) Allocation of expenses:

The Foundation incurs a number of general expenses that are common to the administration of the Foundation and each of its programs. The Foundation allocates its general expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year (note 9).

General expenses relate to human resources, information technology, finance and administration. Human resources and information technology are allocated based on time spent in relation to the programs. Finance and administration expenses are allocated based on actual usage and costs.

### (g) Employee future benefits:

The Foundation provides a defined contribution plan in the form of a match group registered retirement savings plan ("RRSP") contribution up to 5% of gross salary. Contributions toward the plan are expensed as incurred. During the fiscal 2023, the Foundation incurred \$93,616 (2022 - \$95,243) in contribution expense for RRSP benefits.

### (h) Contributed services and materials:

The Foundation may receive contributed services, including services from governance members, sponsors and volunteers each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Contributed materials are recorded at fair value at the date of contribution where such fair value is determinable, and the contributed materials would otherwise have been purchased.

### (i) Foreign currency translation:

Monetary items denominated in a foreign currency are adjusted at the statement of financial position date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired, or obligations incurred. Revenues and expenses are translated at average rates for the month in which they are incurred. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

### (j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items requiring the use of management estimates include the fair value of investments and provisions for contingencies. Actual results may differ from these estimates.

# ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 3. Investments and investment income, net:

(a) Investments, at fair value:

Investments are comprised of portfolios as at March 31 as follows:

	2023	2022
Endowment fund portfolio (i)	\$ 79,285,116	\$ 80,391,893
McArthur Fellowship portfolio (ii)	1,331,714	1,305,080
	<u>\$ 80,616,830</u>	<u>\$ 81,696,973</u>

(i) The endowment fund portfolio holds investments at fair value as follows:

	2023	2022
Phillips, Hager & North Funds Mortgage Pension Trust	\$ 3,472,588	\$ 3,467,384
Short Term Bond & Mortgage Fund	204,985	1,406,012
Canadian Money Market Fund	80,233	78,071
RBC QUBE Low Volatility Global Equity Fund	10,717,980	10,301,624
	<u>14,475,786</u>	<u>15,253,091</u>
Fiera Capital Corporation Funds:		
Short-term investments	33	2,234,354
Canadian equity fund	21,402,583	21,665,155
Global equity fund	19,671,930	18,460,526
	<u>41,074,546</u>	<u>42,360,035</u>
Romspen Investment Corporation Mortgage investment funds	8,054,052	7,780,434
Axium Infrastructure fund	8,089,000	7,664,000
Vancouver Foundation Asia Pacific Foundation of Canada Fund	11,562	12,068
CBRE GIP Global Alpha Fund:		
CBRE GIP Global Alpha Fund - Accumulation Units	3,950,158	3,734,380
CBRE GIP Global Alpha Fund - Distribution Units	3,630,012	3,579,532
	<u>7,580,170</u>	<u>7,313,912</u>
VPC	-	8,353
	<u>\$ 79,285,116</u>	<u>\$ 80,391,893</u>

# ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 3. Investments and investment income, net (continued):

(a) Investments (continued):

(ii) The McArthur Fellowship portfolio is invested with the funds belonging to the McArthur Fellowship program (note 5). It holds investments at fair value as follows:

	2023	2022
Fiera Capital Corporation - Balanced EFT fund	\$ 1,331,714	\$ 1,305,080

(b) Investment income, net:

Investment income is comprised of the following:

	2023	2022
Income and capital distributions	\$ 1,884,628	\$ 1,578,396
Dividend	669,962	482,388
Interest	236,733	146,741
	<u>2,791,323</u>	<u>2,207,525</u>
Less: investment management and custodian fees	(446,572)	(448,692)
	<u>\$ 2,344,751</u>	<u>\$ 1,758,833</u>

The income earned net of fees incurred related to the McArthur Fellowship investment portfolio are deferred and accounted for through the McArthur Fellowship program funds (note 5).

## 4. Property and equipment:

2023	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 75,297	\$ 61,074	\$ 14,223
Furniture and office equipment	276,033	252,288	23,745
Leasehold improvements	67,570	16,377	51,193
	<u>\$ 418,900</u>	<u>\$ 329,739</u>	<u>\$ 89,161</u>

# ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 4. Property and equipment (continued):

2022	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 133,200	\$ 112,846	\$ 20,354
Furniture and office equipment	267,883	240,350	27,533
Leasehold improvements	114,601	102,934	11,667
	\$ 515,684	\$ 456,130	\$ 59,554

## 5. Deferred revenue:

	McArthur Fellowship	Kakehashi Program	Other Programs	Total
Balance, beginning of year	\$ 1,422,894	\$ 822,257	\$ 406,768	\$ 2,651,919
Funds received	-	803,153	2,509,128	3,312,281
Funds receivable	-	-	472,911	472,912
Revenue recognized	(23,102)	(1,202,260)	(2,948,342)	(4,173,704)
Balance, end of year	\$ 1,399,792	\$ 423,150	\$ 440,465	\$ 2,263,407

As at March 31, 2023, the McArthur Fellowship deferred funds are held in investments of \$1,331,714 (2022 - \$1,305,080) (note 3(a)(ii)), and in cash for the remaining balance of \$68,078 (2022 - \$117,814).

As at March 31, 2023, the Kakehashi Program had funds unspent and deferred in the amount of \$423,150 (2022 - \$822,257). The Ministry of Foreign Affairs of Japan (the "Ministry") has confirmed extension of the program into the next fiscal year and has already disbursed additional funds for that purpose. The Foundation is awaiting confirmation from the Ministry regarding roll-over of unspent funds into fiscal 2024.

During 2023, the Foundation has charged administrative fees of \$14,114 (2022 - \$8,710) to the Kakehashi Program as allowed under the program agreement. These amounts have been included as revenues in the statement of operations.

## 6. Contributed materials:

During the years ended March 31, 2022 and March 31, 2023, the Foundation did not receive any contributed materials from sponsors that would be included in revenues in the Statement of Operations.

# ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 7. Commitments and guarantees:

- (a) As at March 31, 2023, the Foundation has three operating leases related to its office premises, which include two leases in Vancouver that expire in January 2027 and November 2031 and a Toronto lease that expires in May 2027. The future minimum lease payments in the next five years are as follows:

2024	\$ 303,319
2025	304,936
2026	307,099
2027	282,589
2028	120,907
Thereafter	432,432
	\$ 1,751,282

The Vancouver lease that expires in January 2027 has a monthly minimum lease payment of \$13,188 and has been subleased to a tenant at the same rate of \$13,188 per month. The sublease agreement also expires in January 2027.

- (b) The Foundation currently guarantees credit cards used by its employees for travel expenses with a total limit of up to \$190,000 (2022 - \$141,500).
- (c) The Foundation, under its endowment fund agreement, is:
- (i) Committed in any fiscal year to use minimum 25% of the rolling endowment fund income reported in the second prior year statement of operations to fund its grants program. Fund income includes investment interest and dividend and other similar income, less management fees charged. Realized gains or losses on dispositions or redemptions of investments and capital gains distributions are excluded from the calculation of fund income to be used in determining the grants.
- For the year ended March 31, 2023, the grant funding obligation was \$413,956 (2022 - \$547,999). This amount, in addition to the prior year grant funded underage of \$461,673 (2022 - net of \$268,482 prior year underage), resulted in a total obligation of \$875,629 (2022 - \$816,481). Total grants awarded for the year were \$508,651 (2022 - \$354,808), and there was an amount of \$366,978 accrued for the remaining obligation as at year-end (2022 - \$461,673).
- (ii) Committed to preserve the principal endowment fund of \$50 million over the long-term.

# ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 8. Financial risks:

### (a) Credit risk:

Credit risk represents the financial loss that the Foundation would suffer if the Foundation's counterparties to a financial instrument, in owing an amount to the Foundation, fail to meet or discharge their obligation to the Foundation. As at March 31, 2023, the Foundation is exposed to credit risk in connection with its cash, accounts receivable, investments and deposits.

The Foundation manages its credit risk by investing in instruments with reputable banks and investment managers in accordance with its Investment Policy. Exposure to credit risk in accounts receivable is reduced as the monies outstanding are due from multiple credit-worthy debtors.

### (b) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when they become due. Management forecasts cash flows periodically to ensure the Foundation has sufficient cash available on demand to meet expected operational expenses and committed grant obligations for one year.

### (c) 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 risks include currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimizing returns. This risk is managed through a diversified portfolio in accordance with the Foundation's Investment Policy approved by its Board, and monitoring of the market capitalization and trading liquidity of each holding.

#### (i) Interest rate risk:

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Foundation's investments in bond, mortgage and money market funds are subject to interest rate risks.

#### (ii) Currency risk:

Currency risk is the risk that the fair value and/or cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has transactions in foreign currencies as part of its mandate. Fluctuations in the foreign exchange rate give rise to a risk that revenues over expenditures and cash flows may be negatively impacted.

The Foundation does not enter into foreign exchange contracts to manage the effect of currency risk.

# ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 8. Financial risks (continued):

### (c) Market risk (continued):

#### (iii) Other price risk:

The Foundation's exposure to other price risk is primarily attributable to fluctuations in quoted market prices of listed investments. The exposure to price changes is managed by monitoring the changes in market conditions that may have an impact on the market prices or factors affecting the value of these investments.

There have been no significant changes to the Foundation's exposure to the above financial risks from the prior year.

## 9. Allocation of expenses:

Human resources, information technology and finance and administration expenses have been allocated to programs as follows:

	2023	2022
Projects	\$ 1,865,259	\$ 1,916,139
Canada-in-Asia Conference	280,280	-
Takehashi Program	104,917	103,005
Communication and public outreach	334,329	337,765
Grants program	8,590	4,632
Secretariats	108,708	100,548
Board	66,283	95,192
APEC - Canada Growing Business Partnership	267,270	157,762
McArthur Fellowship	214	384
	<b>\$ 3,035,850</b>	<b>\$ 2,715,427</b>

