



ASIA PACIFIC
FOUNDATION
OF CANADA

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DU CANADA

2024-25

ANNUAL REPORT

CANADA & ASIA IN A WORLD

DISRUPTED





Financial Statements of

**ASIA PACIFIC FOUNDATION
OF CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2025

**KPMG LLP**

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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, 2025
- 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, 2025, 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.



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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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Vancouver, Canada
July 21, 2025

ASIA PACIFIC FOUNDATION OF CANADA

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 4,366,350	\$ 1,306,456
Accounts receivable	362,030	753,005
Prepaid expenses	144,513	137,219
Investments at fair value (note 3(a))	87,375,475	84,219,568
	<u>92,248,368</u>	<u>86,416,248</u>
Property and equipment (note 4)	67,589	86,368
Deposits	37,821	37,821
	<u>\$ 92,353,778</u>	<u>\$ 86,540,437</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 901,828	\$ 693,324
Deferred revenue (note 5)	4,381,756	1,767,443
Subtenant deposit	47,749	47,749
	<u>5,331,333</u>	<u>2,508,516</u>
Accrued grant obligation (note 7(c))	-	251,356
	<u>5,331,333</u>	<u>2,759,872</u>
Net assets:		
Restricted endowment fund (note 7(c))	-	50,000,000
Unrestricted fund	87,022,445	33,780,565
	<u>87,022,445</u>	<u>83,780,565</u>
Commitments and guarantees (note 7)		
	<u>\$ 92,353,778</u>	<u>\$ 86,540,437</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, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Investment income, net of investment fees of \$479,891 (2024 - \$461,682) (note 3(b))	\$ 1,809,094	\$ 1,755,899
Public sector funding	4,926,068	3,097,696
Private sector funding	501,440	362,302
Sponsored programs	21,252	7,592
	7,257,854	5,223,489
Operating expenses (note 9):		
Projects	2,895,081	2,874,019
Canada-in-Asia Conference	831,589	1,151,129
Kakehashi Program	281,197	554,305
APEC - Canada Growing Business Partners	315,151	295,632
Indo-Pacific initiative ("IPI") Grant Agreement (note 5)	2,335,010	-
Indo-Pacific initiative ("IPI") Contribution Agreement (note 5)	125,838	-
McArthur Fellowship	8,936	34,798
Administration	1,204,564	1,164,971
Communication and public outreach	516,408	401,082
Facility and amortization	218,329	220,857
Grants	288,723	455,096
Secretariats	375,740	278,594
Board	159,049	118,124
	9,555,615	7,548,607
Deficiency of revenue over expenses before the undernoted	(2,297,761)	(2,325,118)
Realized gain on investments	3,384,846	4,706,045
Unrealized gain on investments	2,154,795	1,383,646
Excess of revenue over expenses	\$ 3,241,880	\$ 3,764,573

See accompanying notes to financial statements.

ASIA PACIFIC FOUNDATION OF CANADA

Statement of Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024

	Restricted endowment fund	Unrestricted fund	Total
Balance, March 31, 2023	\$ 50,000,000	\$ 30,015,992	\$ 80,015,992
Excess of revenue over expenses	-	3,764,573	3,764,573
Balance, March 31, 2024	50,000,000	33,780,565	83,780,565
Excess of revenue over expenses	-	3,241,880	3,241,880
Interfund transfer (note 7(c))	(50,000,000)	50,000,000	-
Balance, March 31, 2025	\$ -	\$ 87,022,445	\$ 87,022,445

See accompanying notes to financial statements.

ASIA PACIFIC FOUNDATION OF CANADA

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 3,241,880	\$ 3,764,573
Items not involving cash:		
Amortization	30,600	33,299
Unrealized gain on investments	(2,154,795)	(1,383,646)
	1,117,685	2,414,226
Changes in non-cash operating working capital:		
Accounts receivable	390,975	(86,748)
Prepaid expenses	(7,294)	10,549
Accounts payable and accrued liabilities	208,504	(178,042)
Deferred revenue	2,614,313	(495,964)
Accrued grant obligation	(251,356)	(115,622)
	4,072,827	1,548,399
Investing activities:		
Purchase of equipment	(11,821)	(30,506)
Purchase of investments, net of drawdowns or dispositions	(1,001,112)	(2,219,092)
	(1,012,933)	(2,249,598)
Increase (decrease) in cash	3,059,894	(701,199)
Cash, beginning of year	1,306,456	2,007,655
Cash, end of year	\$ 4,366,350	\$ 1,306,456

See accompanying notes to financial statements.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements

Year ended March 31, 2025

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.

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) Basis of accounting and presentation:

In fiscal 2025, a separate legal entity, Asia Pacific Foundation of Canada (Singapore) Limited ("APFCS"), was established under The Companies Act (1967) (Singapore) as a Public Company Limited by Guarantee carrying out non-profit making activities as a regional office of the Foundation (note 5). APFCS is controlled by the Foundation, which has the sole right to direct the financial and operating policies of the entity. APFCS has been granted tax exempt status for the period July 1, 2025 to June 30, 2030 by the Inland Revenue Authority of Singapore.

The Foundation has elected not to consolidate the financial statements of its controlled entity. These financial statements present the financial position and results of operations of the Foundation on a non-consolidated basis. Summary financial information of the controlled entity and details of any inter-entity transactions and balances are disclosed in the notes to the financial statements (note 10).

(b) Revenue recognition:

- (i) The Foundation follows the deferral method of accounting for public 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.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

- (ii) Investment income is recorded on an accrual basis and recognized as revenue when earned, other than the investment and interest income earned on the McArthur Fellowship fund as well as on the Indo-Pacific Initiative ("IPI") Grant and Contribution funds, which are restricted and deferred as part of deferred revenue until spent (notes 3 and 5).

(c) 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.

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.

(d) 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:

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

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.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(e) 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.

(f) 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 2025, the Foundation incurred \$119,580 (2024 - \$93,736) in contribution expense for RRSP benefits.

(g) 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.

(h) 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.

(i) 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. Actual results may differ from these estimates.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

3. Investments and investment income, net:

(a) Investments at fair value:

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

	2025	2024
Endowment fund portfolio (i)	\$ 85,784,947	\$ 82,752,958
McArthur Fellowship portfolio (ii)	1,590,528	1,466,610
	\$ 87,375,475	\$ 84,219,568

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

	2025	2024
Phillips, Hager & North Funds Mortgage Pension Trust	\$ 3,936,191	\$ 3,635,217
Short-Term Bond & Mortgage Fund	4,299,436	5,239,835
Canadian Money Market Fund	71,667	81,076
RBC QUBE Low Volatility Global Equity Fund	11,312,644	10,050,919
	19,619,938	19,007,047
Fiera Capital Corporation Funds:		
Short-term investments	37	35
Canadian equity fund	22,124,852	20,626,662
Global equity fund	20,399,697	19,712,220
	42,524,586	40,338,917
Romspen Investment Corporation Mortgage investment funds	7,516,065	8,012,800
Axiom Infrastructure fund	8,962,000	8,463,000
Vancouver Foundation Asia Pacific Foundation of Canada Fund	12,584	12,231
CBRE GIP Global Alpha Fund - Distribution Units	7,149,774	6,918,963
	\$ 85,784,947	\$ 82,752,958

(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:

	2025	2024
Fiera Capital Corporation - Balanced EFT Fund	\$ 1,590,528	\$ 1,466,610

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

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

(b) Investment income, net:

Investment income is comprised of the following:

	2025	2024
Income and capital distributions	\$ 1,926,118	\$ 1,371,314
Dividend	48,333	605,283
Interest	314,534	240,984
	2,288,985	2,217,581
Less: investment management and custodian fees	(479,891)	(461,682)
	\$ 1,809,094	\$ 1,755,899

The investment 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:

2025	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 100,882	\$ 84,339	\$ 16,543
Furniture and office equipment	292,774	269,500	23,274
Leasehold improvements	67,571	39,799	27,772
	\$ 461,227	\$ 393,638	\$ 67,589

2024	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 94,462	\$ 73,663	\$ 20,799
Furniture and office equipment	287,374	261,288	26,086
Leasehold improvements	67,570	28,087	39,483
	\$ 449,406	\$ 363,038	\$ 86,368

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

5. Deferred revenue:

	McArthur Fellowship	Kakehashi Program	IPI Grant	Other Programs	Total
Balance, beginning of year	\$ 1,499,886	\$ 44,000	\$ -	\$ 223,557	\$ 1,767,443
Funds received	-	489,089	4,191,081	2,928,038	7,608,208
Funds receivable	-	-	-	200,000	200,000
Investment income earned	137,818	-	-	-	137,818
Change in fair value of investment	(13,870)	-	-	-	(13,870)
Revenue recognized	(8,936)	(290,617)	(2,335,010)	(2,683,280)	(5,317,843)
Balance, end of year	\$ 1,614,898	\$ 242,472	\$ 1,856,071	\$ 668,315	\$ 4,381,756

As at March 31, 2025, the McArthur Fellowship deferred funds are held in investments of \$1,590,528 (2024 - \$1,466,610) (note 3(a)(ii)), and in cash for the remaining balance of \$24,370 (2024 - \$33,276).

As at March 31, 2025, the Kakehashi Program had funds unspent and deferred in the amount of \$242,472 (2024 - \$44,000). 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 2026.

During fiscal 2025, the Foundation has charged administrative fees of \$9,430 (2024 - \$9,519) to the Kakehashi Program as allowed under the program agreement. These amounts have been included as revenues in the statement of operations.

During fiscal 2025, the Minister of Foreign Affairs, acting through the Department of Foreign Affairs, Trade and Development ("DFATD") committed \$24,500,000 to be provided over five years for the Foundation to establish and staff a new regional office in Singapore and launch a suite of new programs in the region, in what the Foundation refers to as APF Canada's Indo-Pacific Initiative ("IPI"). The funding is split between a grant agreement ("IPI Grant") and a contribution agreement ("IPI Contribution"). The IPI Grant funding is to support the operations of a regional office in Singapore ("Asia Regional Office/ARO") and to support programming and research aligned with Canada's Indo-Pacific Strategy over five years. The IPI Contribution funding is to cover program and personnel costs for three programs (Canada-Asia Joint Research Grants, Next Generation of Indo-Pacific Policy Leaders, and Canada-Asia Media Fellowship).

During fiscal 2025, the Foundation received \$4,439,540 (2024 - nil) of which \$4,191,081 (2024 - nil) was from the IPI Grant and \$248,459 (2024 - nil) was from the IPI Contribution. Of the funding received, the Foundation recognized \$2,335,010 (2024 - nil) in revenues from the IPI Grant, where \$981,130 (2024 - nil) was for grants issued to APFCS (note 10). The Foundation also recognized \$125,838 (2024 - nil) in revenues from the IPI Contribution during the year.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

5. Deferred revenue (continued):

As at March 31, 2025, the IPI Grant has unspent funds and deferred in the amount of \$1,856,071 (2024 - nil).

As at March 31, 2025, the IPI Contribution has unspent funds and deferred in the amount of \$122,621 (2024 - nil). This amount is recorded as part of Other Programs deferred revenue.

6. Contributed materials:

During the year ended March 31, 2025, the Foundation received \$48,000 (2024 - nil) in contributed materials from sponsors that was included in revenues in the Statement of Operations.

7. Commitments and guarantees:

- (a) As at March 31, 2025, 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:

2026	\$	307,099
2027		282,589
2028		120,907
2029		116,424
2030 and thereafter		316,008
	\$	1,143,027

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 total annual lease payment is recorded net of sublease revenue. 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 \$195,000 (2024 - \$194,500).
- (c) The Foundation, under its 2005 endowment fund Conditional Grant Agreement ("CGA"), was 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. In fiscal 2025, the CGA was terminated and the grant obligations were relieved in the current year and going forward.

The termination has removed requirement to hold the funds as restricted endowment funds; thus the \$50,000,000 endowment fund has been transferred from the externally restricted fund to the unrestricted fund.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

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, 2025, 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, 2025

8. Financial risks (continued):

(c) Market risk (continued):

(iii) 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. Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk on its investments in its equity fund holdings. 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:

	2025	2024
Projects	\$ 1,786,241	\$ 1,724,925
Canada-in-Asia Conference	297,330	283,271
Kakehashi Program	124,363	112,506
Communication and public outreach	399,919	323,558
Grants program	7,810	15,388
Secretariats	191,596	96,969
Board	90,931	84,044
APEC - Canada Growing Business Partnership	222,204	281,488
McArthur Fellowship	72	167
IPI Contribution Agreement	25,784	-
IPI Grant Agreement	292,961	-
	<u>\$ 3,439,211</u>	<u>\$ 2,922,316</u>

10. Controlled entity and related party transactions:

The Foundation established a wholly controlled non-profit entity, APFCS, during the year ended March 31, 2025.

During the year, the Foundation provided grant funding of \$981,130 (2024 - nil) to APFCS to support its programs and operations as part of the IPI Grant Agreement (note 5). These transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

10. Controlled entity and related party transactions (continued):

The net assets, revenues and expenses of APFCS are not consolidated in the Foundation's financial statements.

The financial summary of results of APFCS as at March 31, 2025 and for the year then ended presented in Canadian dollars is as follows:

	2025
Financial position:	
Total assets	\$ 1,753,658
Total liabilities	(1,802,653)
Net assets (deficiencies)	\$ (48,995)
Revenues and expenses:	
Revenues	\$ 205,693
Expenses	(254,018)
Excess (deficiency) of revenue over expenses	\$ (48,325)
Other comprehensive loss:	
Exchange differences on translation	\$ (669)
Other comprehensive gain (loss)	\$ (669)
Cash flows:	
Cash flows from operating activities	\$ (217,851)
Cash flows from financing activities	217,851

APFCS financial statements are prepared in accordance with Financial Reporting Standards ("FRS") and the related interpretations to FRS as issued by the Accounting Standards Committee under Accounting and Corporate Regulatory Authority ("ACRA") in Singapore. The accounting policies applied under this accounting framework differ most significantly from the Canadian accounting standards for not-for-profit organizations ("ASNPO") under which the Foundation financial statements are prepared in how operating leases are accounted for whereby under FRS, an asset and liability are initially set up equal to the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability. Finance charges are recorded as an expense and the related right of use asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. As at March 31, 2025, the presented financial position include balances of \$1,008,289 in right of use asset and \$916,729 in lease liability.

Under ASNPO, operating lease payments are generally recognized as expenses on a straight-line basis over the lease term.



