

Draft - For Management Purposes Only

International Fiscal Association
Financial Statements
December 31, 2022

International Fiscal Association Contents

For the year ended December 31, 2022

	<i>Page</i>
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	3
Statement of Operations and Fund Balances.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements	6
Schedule 1 - General and Research Funds Expenditures.....	8

Draft - For Management Purposes Only

Independent Auditor's Report

To the Members of International Fiscal Association:

Opinion

We have audited the financial statements of International Fiscal Association (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in fund balances 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 Association as at December 31, 2022, 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Draft - For Management Purposes Only

- 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 Association'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 Association'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 Association 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.

Kingston, Ontario

Chartered Professional Accountants

Licensed Public Accountants

Draft - For Management Purposes Only

International Fiscal Association (Canadian Branch) Statement of Financial Position

As at December 31, 2022

	2022			2021		
	General Fund	Research Fund	Total	General Fund	Research Fund	Total
Assets						
Current						
Cash	197,431	-	197,431	43,398	-	43,398
Accounts receivable		-	-	42,743	-	42,743
Prepaid expenses	15,743	-	15,743	21,488	-	21,488
HST/QST recoverable	482	-	482	5,996	-	5,996
	213,656	-	213,656	113,625	-	113,625
Long-term investments (Note 2)	1,547,516	799,753	2,347,269	1,706,615	881,976	2,588,591
	1,761,172	799,753	2,560,925	1,820,240	881,976	2,702,216
Liabilities and Fund Balances						
Current						
Accounts payable and accrued liabilities	63,685	-	63,685	6,700	-	6,700
Deferred revenue	11,395	-	11,395	36,282	-	36,282
	75,080	-	75,080	42,982	-	42,982
Fund balances						
Unrestricted	1,686,092	-	1,686,092	1,777,258	-	1,777,258
Internally restricted	-	799,753	799,753	-	881,976	881,976
	1,761,172	799,753	2,560,925	1,820,240	881,976	2,702,216

The accompanying notes are an integral part of these financial statements

Draft - For Management Purposes Only

International Fiscal Association (Canadian Branch) Statement of Operations and Fund Balances

For the year ended December 31, 2022

	<i>General Fund</i>		<i>Research Fund</i>	
	2022	2021	2022	2021
Membership				
Memberships	86,695	89,152	-	-
Membership to Central IFA	(43,612)	(51,879)	-	-
Seminar				
Revenue	267,817	131,785	-	-
Expenses	(154,912)	(47,959)	-	-
Other revenue				
Investment income	92,782	93,356	47,949	48,246
Unrealized gain(loss) on investments	(251,881)	64,740	(130,172)	33,458
Expenditures (Schedule 1)	88,055	83,653	-	-
Excess(deficiency) of revenue over expenditures	(91,166)	195,542	(82,223)	81,704
Fund balances, beginning of year	1,686,092	1,777,258	881,976	800,272
Fund balances, end of year	1,686,092	1,777,258	799,753	881,976

The accompanying notes are an integral part of these financial statements

Draft - For Management Purposes Only

International Fiscal Association (Canadian Branch) Statement of Cash Flows

For the year ended December 31, 2022

	<i>General Fund</i>		<i>Research Fund</i>	
	2022	2021	2022	2021
Cash provided by (used for) the following activities				
Operating				
Excess of revenue over expenditures	(91,166)	195,542	(82,223)	81,704
Unrealized gain(loss) on investments	251,881	(64,740)	130,172	(33,458)
	160,715	130,802	47,949	48,246
Changes in working capital accounts				
Accounts receivable	42,743	43,211	-	-
HST/QST recoverable/payable	5,514	(9,296)	-	-
Prepaid expenses	5,745	(7,302)	-	-
Accounts payable and accrued liabilities	56,985	(244)	-	-
Deferred revenue	(24,887)	(41,674)	-	-
+	246,815	115,497	47,949	48,246
Cash flows from investing activities				
Net increase in long-term investments	(92,782)	(93,356)	(47,949)	(48,246)
Increase in cash and cash equivalents, during the year	154,033	22,141	-	-
Cash resources, beginning of year	43,398	21,257	-	-
Cash resources, end of year	197,431	43,398	-	-

The accompanying notes are an integral part of these financial statements

1. Nature of Business

The International Fiscal Association (Canadian Branch) (the "association"), is incorporated under Part III of the Quebec Companies Act, operates as a not-for-profit organization specializing in the study of international tax laws.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Investments

Long-term investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and costs less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

Fund Accounting

The association follows the restricted fund method of accounting for contributions.

General Fund

The General Fund was established to fund general activities of the association.

Research Fund

The Research Fund was established to make contributions towards and to fund research projects in international taxation. These funds are available for unrestricted purposes with the approval of the Board of Directors.

Income Taxes

The association is a not-for-profit organization and is exempt from income tax under Paragraph 149(1)(l) of the Canadian Income Tax Act.

Revenue Recognition

Membership fees are recognized in the fiscal year to which they pertain.

Seminar and lecture fees are recognized in the year of the event.

Investment income and other income are recorded when earned.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short maturity of approximately three months or less from the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Measurement Uncertainty (use of estimates)

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Estimates have been made by the coordinating council within these financial statements primarily in relation to accounts receivable, prepaid expenses and accounts payable and accrued liabilities.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in the periods in which they become known.

International Fiscal Association Notes to the Financial Statements

For the year ended December 31, 2022

1. **Nature of Business (continued)**

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

2. **Long-term Investments**

	2022	2021
Investments	2,347,269	2,588,591

Portfolio includes fixed income and equity funds.

3. **Commitments**

During the year, the association entered into an agreement to secure space at the Calgary Telus Convention Centre requiring four payments towards a non-refundable deposit. A non refundable deposit has been made in the current year totaling \$7,705 with three additional deposits for \$23,710 to be paid in 2023.

4. **Financial Instruments**

Financial instruments are financial assets or liabilities of the association where, in general, the association has the right to receive cash or another financial asset from another party or the association has the obligation to pay another party cash or other financial assets.

Financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities.

The association initially recognized its financial instruments at fair value and subsequently measure them at amortized cost.

Financial assets measured at cost or amortized costs are tested for impairment at the end of each year and the amount of any write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost.

Draft - For Management Purposes Only

International Fiscal Association (Canadian Branch) Schedule 1 - General and Research Funds Expenditures

For the year ended December 31, 2022

	<i>General Fund</i>		<i>Research Fund</i>	
	2022	2021	2022	2021
Professional fees	18,465	6,800	-	-
Bank charges	8,631	2,775	-	-
Insurance	4,345	4,218	-	-
Printing, postage and administration	1,071	764	-	-
Management fees	45,000	45,000	-	-
Meetings	4,152	-	-	-
Website expenses	6,391	24,096	-	-
Total expenditures	88,055	83,653	-	-

The accompanying notes are an integral part of these financial statements