

Financial Statements of

**EQUALITY FUND/
FONDS ÉGALITÉ**

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Equality Fund/Fonds Égalité

Opinion

We have audited the financial statements of Equality Fund/Fonds Égalité (the Organization), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and 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 Organization as at March 31, 2024, and its results of operations, changes in net assets 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Page 2

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and extends to the right, ending under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 25, 2024

EQUALITY FUND/FONDS ÉGALITÉ

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	Equality Fund Initiative	Women's Voice and Leadership	Innovation	2024 Total	2023 Total
Assets					
Current assets:					
Cash	\$ 274,937	\$ 217,763	\$ 2,258,762	\$ 2,751,462	\$ 5,284,884
Short-term investments (note 4)	3,633,156	–	12,278,606	15,911,762	1,637,751
Accounts receivable	133,600	291	12,678	146,569	92,137
Prepaid expenses	320,950	–	–	320,950	247,954
	<u>\$ 4,362,643</u>	<u>\$ 218,054</u>	<u>\$ 14,550,046</u>	<u>\$ 19,130,743</u>	<u>\$ 7,262,726</u>

Liabilities and Net Assets

Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,109,220	\$ 2,679	\$ –	\$ 1,111,899	\$ 945,578
Deferred contributions (note 6)	835,060	205,281	–	1,040,341	2,137,054
	<u>1,944,280</u>	<u>207,960</u>	<u>–</u>	<u>2,152,240</u>	<u>3,082,632</u>
Net assets:					
Unrestricted	–	–	12,744,810	12,744,810	377,650
Restricted (note 7)	2,418,363	10,094	1,805,236	4,233,693	3,802,444
	<u>2,418,363</u>	<u>10,094</u>	<u>14,550,046</u>	<u>16,978,503</u>	<u>4,180,094</u>
	<u>\$ 4,362,643</u>	<u>\$ 218,054</u>	<u>\$ 14,550,046</u>	<u>\$ 19,130,743</u>	<u>\$ 7,262,726</u>

See accompanying notes to financial statements.

On behalf of the Board:

DocuSigned by:

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Theo Sowa, Co-Chair

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Lianne Hannaway, Treasurer

EQUALITY FUND/FONDS ÉGALITÉ

Statement of Operations and Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Equality Fund Initiative	Women's Voice and Leadership	Innovation	2024 Total	2023 Total
Revenue:					
Donation	\$ 2,737,578	\$ –	\$ 11,678,743	\$ 14,416,321	\$ 525,379
Government funding (note 6)	22,413,748	655,023	–	23,068,771	23,214,928
Investment and other income	249,555	–	503,114	752,669	89,705
Restricted grants (note 6)	9,074,618	–	–	9,074,618	10,558,233
	34,475,499	655,023	12,181,857	47,312,379	34,388,245
Expenses:					
Administration	553,047	107,157	134	660,338	905,869
Communications	231,227	–	–	231,227	283,440
Compensation	6,791,763	422,499	–	7,214,262	6,259,989
Foreign currency exchange loss (gain)	264,381	32	(185,437)	78,976	(76,522)
Grantmaking	22,039,374	–	–	22,039,374	21,245,363
Professional fees	3,464,802	100,088	–	3,564,890	4,153,096
Travel and meetings	700,160	24,743	–	724,903	670,182
	34,044,754	654,519	(185,303)	34,513,970	33,441,417
Excess of revenue over expenses	430,745	504	12,367,160	12,798,409	946,828
Net assets, beginning of year	1,987,618	9,590	2,182,886	4,180,094	3,233,266
Net assets, end of year	\$ 2,418,363	\$ 10,094	\$ 14,550,046	\$ 16,978,503	\$ 4,180,094

See accompanying notes to financial statements.

EQUALITY FUND/FONDS ÉGALITÉ

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 12,798,409	\$ 946,828
Change in non-cash operating working capital:		
Accounts receivable	(54,432)	(209)
Prepaid expenses	(72,996)	(113,036)
Accounts payable and accrued liabilities	166,321	168,216
Deferred contributions	(1,096,713)	(5,550,227)
	11,740,589	(4,548,428)
Investing activities:		
Net (purchase) redemption of short-term investments	(14,274,011)	4,380,996
Decrease in cash	(2,533,422)	(167,432)
Cash, beginning of year	5,284,884	5,452,316
Cash, end of year	\$ 2,751,462	\$ 5,284,884

EQUALITY FUND/FONDS ÉGALITÉ

Notes to Financial Statements

Year ended March 31, 2024

1. Purpose of the Organization:

On September 23, 2019, the Organization changed its name from MATCH International Centre to Equality Fund/Fonds Égalité.

Equality Fund/Fonds Égalité (the "Organization") was incorporated under the Canada Corporations Act in 1977. Effective July 8, 2014, the Organization continued its incorporation under the Canada Not-for-profit Corporations Act. It is a registered charity under Paragraph 149(1)(f) of the Income Tax Act (Canada) and as such, is exempt from income tax.

Equality Fund/Fonds Égalité provides support in the form of grants and other types of funding, technical assistance, institutional strengthening and network building to strengthen women's organizations and movements that advance women's rights, gender equality and the empowerment of women, girls and trans people in developing countries.

2. Fund accounting:

Background Information

Equality Fund/Fonds Égalité is made up of the three units, the Equality Fund Initiative (EFI), Women's Voice and Leadership (WVL) and other activities referred to as Innovation reflected as separate funds in the financial statements.

Equality Fund Initiative (EFI)

Equality Fund (EF), Toronto Foundation and World University Service of Canada (referred to collectively as the EF Consortium) signed a \$300M, 15-year Contribution Agreement (CA) with Global Affairs Canada (GAC) on August 29, 2019. The EF Consortium was selected through a competitive process to leverage private sector, philanthropic, and government funding, and implement a gender-lens investing strategy, to create a sustainable source of funding to support women's organizations and movements around the world (the Initiative). The members of the EF Consortium have signed a Multi-Party Agreement (MPA) which governs the roles, responsibilities and relationship across the organizations. The EF Consortium is not a legal entity, but rather a collaborative relationship amongst like-minded organizations. Each member of the Consortium is jointly and severally liable to GAC for the Initiative and for the fulfillment of all terms and conditions of the CA. The role of the Equality Fund is overall leadership for the Initiative including feminist vision, strategy, fund mobilization, gender-lens investment expertise and grantmaking. As fiduciary partner, Toronto Foundation is accountable for the investment of the GAC contribution and joint control of philanthropic donations received for the Equality Fund Initiative. World University Service of Canada provides compliance, control and capacity building for grantmaking. The EFI CA with GAC expires on June 30, 2035.

EQUALITY FUND/FONDS ÉGALITÉ

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Fund accounting (continued):

Background information (continued)

Equality Fund Initiative (EFI) (continued)

Toronto Foundation has fiduciary responsibility for investing the \$300M provided by GAC and for ensuring the accounts are audited. The pool of investments is therefore reflected in the financial statements of Toronto Foundation. The first \$4M was transferred to the Equality Fund for startup costs in August 2019 at the time the CA agreement was signed. Each year the Equality Fund applies to the Toronto Foundation for an allocation from the investment pool (referred to as the GAC allocation) as part of the revenue required to fund the annual expenses of Equality Fund's activities in the role it plays within the EFI. The annual GAC allocation is recorded as revenue in the annual financial statements of the Equality Fund.

Charitable giving, namely donations from individual and institutional investors, provides the other source of revenue for the EFI.

The CA Agreement signed with GAC sets out eligible expenses and are expected to be recorded in prescribed categories at certain proportionality over time.

The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Foreign, Commonwealth & Development Office (FCDO) entered into a £33M (approximately \$55M), 5-year agreement with the Organization contributing to EFI, for the purpose of advancing gender equality through support to Women's Rights Organizations and Women's Movements globally. The funding agreement was signed on March 3, 2022 with the funding allowable expenses to occur after March 31, 2022.

Women's Voice and Leadership (WVL)

WVL-Caribbean is a five-year (2019-2024), \$4.8 million project, aimed at advancing women's rights and gender equality in Jamaica, Belize, Guyana, and other Official Development Assistance (ODA) eligible countries in the Caribbean Community (CARICOM), including Antigua and Barbuda, Dominica, Grenada, Saint Lucia, St. Vincent and the Grenadines, and Suriname, as part of Global Affairs Canada (GAC) broader WVL Program.

WVL-Caribbean has been designed to support the capacity, leadership, and agendas of grassroots WROs and LGBTIQ groups in advancing their own solutions to improve women's rights and gender equality in the region. The project is providing WROs and LGBTIQ groups with four key mutually reinforcing types of support:

1. Multi-year funding to support the design and implementation of social change programs and advocacy;
2. Responsive funding that will support strategic but unplanned program and advocacy ideas and opportunities;

EQUALITY FUND/FONDS ÉGALITÉ

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Fund accounting (continued):

Background information (continued)

Women's Voice and Leadership (WVL) (continued)

3. Capacity-building that addresses immediate needs as well as future sustainability; and
4. Network and alliance building for policy and social change.

The project is also assessing the viability of a locally-led funding mechanism to support WROs and LGBTIQ groups in the Caribbean over the longer term.

At the time of signing the WVL GAC agreement a decision was made that net assets carried forward from MATCH International would fund ineligible direct expenses not funded by GAC (certain compensation, travel, event human resource benefit costs). In addition, recognizing certain EF employees primarily focused on EFI would also spend some time on WVL, GAC agreed to fund the equivalent of a 12 percent overhead charge from EFI based on the level of expenditures of WVL.

Innovation

Activities outside EFI and WVL, including activity that transitioned from MATCH International Centre are captured under Innovation.

3. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

Although the Organization has adopted fund accounting presentation, it follows the deferral method of accounting for contributions, including grants and donations. 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.

Project management fee revenue is recognized when services are rendered.

All other revenue is recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

EQUALITY FUND/FONDS ÉGALITÉ

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Significant accounting policies (continued):

(b) Expenses:

In the statement of operations, the Organization presents its expenses by function. Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. The Organization does not allocate expenses between functions after initial recognition. The allocation of expenses that have been allocated by GAC category is shown in Schedule 1.

(c) Financial instruments:

The Organization's financial instruments are measured at fair value on initial recognition. At the year-end date, cash and investments are subsequently measured at fair value and all other financial instruments are subsequently measured at cost or amortized cost. Due to the short-term nature of the term deposits, fair value is determined to be the sum of cost and accrued interest revenue. Changes in fair value are recognized in the statement of operations in the year incurred. Transactions costs, if applicable, are expensed as incurred.

(d) Contributed services and materials:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

The Organization does not recognize contributed materials in the financial statements. There were no such items received in the year.

(e) Use of estimates:

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the determination of accrued liabilities. Actual results could differ from these estimates and adjustments are made to the statement of operations as appropriate in the year they become known.

EQUALITY FUND/FONDS ÉGALITÉ

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Short-term investments:

	2024 Fair value	2024 Cost	2023 Fair value	2023 Cost
GICs - Innovation Unrestricted	\$ 11,028,606	\$ 11,028,606	\$ –	\$ –
GICs - EFI	3,633,156	3,633,156	1,637,751	1,637,751
GICs - Innovation Restricted	1,250,000	1,250,000	–	–
	<u>\$15,911,762</u>	<u>\$15,911,762</u>	<u>\$ 1,637,751</u>	<u>\$ 1,637,751</u>

Investments include guaranteed investment certificates (GICs) bearing interest at rates ranging from 4.50% to 5.35% (2023 - 4.65% to 4.70%), maturing between April 4, 2024 and February 21, 2025 (2023 - May 1, 2023).

5. Financial instruments:

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations.

The Organization does not use derivative financial instruments to manage its risks.

(a) Credit risk:

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Organization's maximum exposure to credit risk represents the sum of the carrying value of its cash, short-term investments and its accounts receivable. The Organization's cash and short-term investments are deposited with a Canadian chartered bank and as a result, management believes the risk of loss on these items to be remote. The Organization manages its credit risk by reviewing accounts receivable aging monthly and following up on outstanding amounts. At year-end, there were no amounts allowed for in accounts receivable.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization cannot meet a demand for cash or fund its obligations as they become due. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipated investing and financing activities and holding assets that can be readily converted into cash.

EQUALITY FUND/FONDS ÉGALITÉ

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Financial instruments (continued):

(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 risk is comprised of currency risk, interest rate risk and other price risk.

(i) Currency risk:

The Organization's reporting currency is the Canadian dollar. Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Organization's financial instruments are mostly denominated in Canadian dollars and it transacts primarily in Canadian dollars. As at March 31, 2024 approximately \$908,305 (2023 - \$1,840,553) of the Organization's cash, \$12,501,524 (2023 - \$637,751) of its short-term investments and \$38,984 (2023 - \$38,801) of its accounts payable are exposed to fluctuations in the US dollar. The Organization uses forecasting techniques to mitigate this currency risk and has chosen not to enter into derivatives.

(ii) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization's exposure to interest rate risk arises from its short-term investments as disclosed in note 4.

(iii) Other price risk:

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of the changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Organization is not exposed to other price risk.

It is management's opinion that the Organization is not exposed to significant market, credit, or liquidity risks arising from these instruments. These risks have increased in 2023 due to market fluctuations in interest rates and market prices. Aside from the changes in interest and market risk, there have been no changes from the prior year in the Organization's risk exposures from its financial instruments or the policies, procedures and methods used to manage these risks.

EQUALITY FUND/FONDS ÉGALITÉ

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Deferred contributions:

	2024	2023
Balance, beginning of year	\$ 2,137,054	\$ 7,687,281
Contributions received in year	31,040,067	28,231,212
	33,177,121	35,918,493
Contributions recognized as revenue in the year:		
GAC Equality Fund Initiative (EFI)	(11,532,208)	(9,575,377)
FCDO Equality Fund Initiative (EFI)	(10,881,540)	(11,866,388)
GAC Women's Voice and Leadership (WVL)	(493,875)	(1,773,163)
Other grants	(9,229,157)	(10,566,511)
	(32,136,780)	(33,781,439)
Balance, end of year	\$ 1,040,341	\$ 2,137,054

7. Restricted funds:

In the prior year, the Board approved a motion to increase Innovation's internally restricted fund balance by \$1,155,236 to a total of \$1,805,236. The Innovation Fund's restricted balance is \$1,805,236 as at March 31, 2024.

8. Lease commitments:

The Organization has in place a signed Memorandum of Understanding for shared space for its premises and parking expiring March 31, 2026.

Minimum annual payment for the next two years are as follows:

2025	\$ 107,730
2026	82,080
	\$ 189,810

EQUALITY FUND/FONDS ÉGALITÉ

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. Contingencies and accrued liabilities:

The terms of contribution agreements with funding agencies allow them to conduct audits to ensure project expenditures are in accordance with the terms and conditions of the funding agreements. Ineligible expenditures, if any, may result in Equality Fund reimbursing a portion of the funding. Management believes that the Organization has incurred no material unrecorded liabilities related to ineligible expenditures. Adjustments to the financial statements as a result of these audits, if any, will be recorded in the year in which they become known.

The Organization had \$Nil owing in government payables as at March 31, 2024 (2023 - \$Nil).

EQUALITY FUND/FONDS ÉGALITÉ

Schedule 1 - EFI Expenses by Category

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Fund mobilization	\$ 1,007,763	\$ 1,508,686
Grantmaking and program Implementation	25,751,637	23,841,770
Investment management	2,623,478	2,357,366
Management and overhead	964,427	1,054,299
	3,697,449	2,892,733
	<u>\$ 34,044,754</u>	<u>\$ 31,654,854</u>