

NDRIO

New Digital
Research Infrastructure
Organization

NOIRN

Nouvelle organisation
d'infrastructure de
recherche numérique

Financial Statements of

11593765 CANADA ASSOCIATION

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Directors of 11593765 Canada Association

Opinion

We have audited the financial statements of 11593765 Canada Association (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- 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 Entity as at March 31, 2020, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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

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

Auditors' 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 auditors' 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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, Licensed Public Accountants

Ottawa, Canada

June 25, 2020

11593765 CANADA ASSOCIATION

Statement of Financial Position

March 31, 2020

2020

Assets

Current assets:

Cash	\$	841,229
HST recoverable		96,495
Prepaid expenses		25,024

\$ 962,748

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities	\$	311,379
Deferred funding		641,209

952,588

Net assets 10,160

\$ 962,748

See accompanying notes to financial statements.

On behalf of the Board:





11593765 CANADA ASSOCIATION

Statement of Operations and Changes in Net Assets

Year ended March 31, 2020

	2020
Revenue:	
Ministry of Innovation, Science and Industry/ISED funding	\$ 1,494,291
Interest income	10,160
	<u>1,504,451</u>
Expenses:	
Operating:	
Transportation and communication	157,725
Services	1,156,801
	<u>1,314,526</u>
General and administration:	
Transportation and communication	1,417
Services	178,348
	<u>179,765</u>
	<u>1,494,291</u>
Excess of revenue over expenses, being net assets, end of year	<u>\$ 10,160</u>

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended March 31, 2020

	2020
Cash provided by (used in):	
Operating activities:	
Excess of revenue over expenses	\$ 10,160
Net change in non-cash working capital:	
HST recoverable	(96,495)
Prepaid expenses	(25,024)
Accounts payable and accrued liabilities	311,379
Deferred funding	641,209
Increase in cash, being cash, end of year	\$ 841,229

See accompanying notes to financial statements.

11593765 CANADA ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2020

11593765 Canada Association (the "Association") is a not-for-profit organization that was federally incorporated on August 28, 2019 as a member based organization with an agreement between Innovation, Science and Economic Development Canada (ISED) and the Association.

The Association's mandate is to play a critical role in helping advance the establishment of a researcher-focused, accountable, agile, strategic and sustainable Digital Research Infrastructure ecosystem for Canadian researchers.

1. Significant accounting policies:

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

(a) Basis of presentation:

The Association follows the deferral method of accounting for contributions for not-for-profit organizations.

(b) Revenue recognition:

Contributions and funding designated for the Association's mandate are recorded as deferred funding and are recognized as revenue when the related expenditure is incurred. Unrestricted contributions are recorded as revenue in the year received.

(c) Expenses:

In the statement of operations, the Association presents its expenses by function. Expenses are recognized in the year incurred and recorded in the function to which they are directly related.

(d) Use of estimates:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and accordingly, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from these estimates. The significant estimates in the financial statements include the collectability of receivables, deferred contributions, and the amount of certain accrued liabilities in the year they become known.

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Notes to Financial Statements (continued)

Year ended March 31, 2020

2. Deferred funding:

The Association received funding from ISED as follows:

	2020
Balance, beginning of year	\$ -
Contributions received	2,135,500
Recognized as revenue	(1,494,291)
Balance, end of year	\$ 641,209

3. Contribution agreement:

The Contribution Agreement between the Association and ISED was signed on October 31, 2019 and is to fund the Association's activities. The Agreement ends on March 31, 2021, but subject to conditions as outlined in the Agreement can be extended to March 31, 2024.

4. Financial risks:

The Association's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to this risk relating to its cash and accounts receivable. The Association holds its cash accounts with a federally regulated chartered bank who are insured by the Canadian Deposit Insurance Corporation.

The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will not be able to meet all cash outflow obligations as they come due. The Association mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and keeping accounts payable current throughout the year. The Association is continuously monitoring its cash flow in order to maintain its liquidity moving forward.

11593765 CANADA ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

4. Financial risks (continued):

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors.

(i) Foreign currency risk:

Foreign currency risk results from the fluctuation and volatility of exchange rates. The Association is not exposed to foreign exchange risk.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. The Association is not subject to significant interest rate risk.

(iii) Other price risk:

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Association is not exposed to other price risk.

5. Impact of Coronavirus COVID-19 Pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

(a) Current year transactions:

For the year, ended March 31, 2020 there has been no significant financial impact on the Association.

(b) Subsequent events related to COVID-19:

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditor's report that provide additional evidence relating to conditions that existed as at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Association's operations and financial position is not known at this time. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. An estimate of the financial effect of the pandemic on the Association is not practicable at this time.