

CIO ASSOCIATION OF CANADA

FINANCIAL STATEMENTS

JUNE 30, 2020

CIO ASSOCIATION OF CANADA

FINANCIAL STATEMENTS

JUNE 30, 2020

INDEX	PAGE
Independent Auditors' Report	1 - 3
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12



37 Main Street
Toronto, Ontario M4E 2V5

Tel. 416-690-6800
Fax. 416-690-9919

Web Page:
www.krienslarose.com

Page 1

INDEPENDENT AUDITORS' REPORT

To the Members of the
CIO Association of Canada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CIO Association of Canada, which comprise the statement of financial position as at June 30, 2020, and the statements of operations and changes in net assets 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 CIO Association of Canada as at June 30, 2020, 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 CIO Association of Canada 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.

INDEPENDENT AUDITORS' REPORT (Continued)

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

Management is responsible for the preparation and fair presentation of these 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:

- 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.

INDEPENDENT AUDITORS' REPORT (Continued)

- 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.

KRIENS~LAROSE, LLP



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
September 16, 2020

CIO ASSOCIATION OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

Page 4

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash (Note 3)	261,695	208,261
Investments (Note 4)	108,590	106,273
Accounts receivable	2,090	4,643
HST receivable	12,121	9,903
Prepaid expenses	6,054	4,312
	390,550	333,392
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	27,883	16,538
Deferred revenue (Note 5)	139,152	150,569
	167,035	167,107
NET ASSETS		
Unrestricted Net Assets	223,515	166,285
	390,550	333,392

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

 _____, Director

 _____, Director

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	\$	\$
REVENUES		
Membership fees	276,782	271,214
Sponsorship	198,700	196,120
Other revenue	12,484	14,643
Interest	2,764	2,267
Registration	1,397	47,035
	492,127	531,279
EXPENSES		
General and administrative	164,206	207,271
Events	115,641	201,838
Management consulting	63,404	61,557
Special projects	30,942	39,455
Technology	16,045	10,924
Interest and bank charges	13,748	14,879
Advertising and promotion	8,855	3,625
Professional fees	7,424	8,565
Grants, scholarships and other support	5,500	13,701
Travel, meetings and entertainment	3,451	9,799
Insurance	3,004	2,866
Donations	1,000	100
Telephone	668	723
License and dues	491	541
Postage and delivery	382	564
Office supplies	136	718
Governance	-	9,643
	434,897	586,769
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	57,230	(55,490)
NET ASSETS, BEGINNING OF YEAR	166,285	221,775
NET ASSETS, END OF YEAR	223,515	166,285

See accompanying notes to the financial statements

	2020	2019
	\$	\$
CASH WAS PROVIDED BY (USED IN):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from membership fees	240,025	272,919
Cash receipts from registration fees	1,397	47,035
Cash receipts from sponsorship	226,593	199,505
Cash receipts from other income	12,484	14,643
Interest received	2,764	2,267
Cash paid to suppliers	(427,512)	(574,290)
	55,751	(37,921)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of guaranteed investment certificates	(2,317)	(1,777)
Change in cash	53,434	(39,698)
Cash, beginning of year	208,261	247,959
Cash, end of year	261,695	208,261

PURPOSE OF THE ORGANIZATION

The CIO Association of Canada ("CIOCAN") is a not-for-profit community of CIO's and IT leaders whose mission is to facilitate networking, sharing of best practices and executive development, and to collaborate on issues facing CIO's and IT Executives.

CIOCAN provides members with an exchange forum for best IT leadership strategies and practices to enhance business results and ensures CIO's are represented at key industry and government decision tables.

The Association is a not-for-profit entity under the Income Tax Act (Canada) and as such, is exempt from the payment of income taxes under section 149(1)(l) of the Income Tax Act (Canada).

1. FINANCIAL IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the outbreak of the novel Coronavirus ("COVID-19"). The situation is continuously developing and the economic impact has been substantial to both Canada and the globe. As at September 16, 2020, the Association is aware of the changes in its operations as a result of the pandemic, including a reduction in membership retention and acquisition, the postponement of events, and all events being held virtually.

The Association is not able to fully estimate the impact of COVID-19 on operations at this time given the continuous evolution of the pandemic and the global responses thereon to mitigate the spread. Management is closely monitoring the situation, and as at September 16, 2020, estimates the future impact on operations to be a continued reduction in membership renewals and the continuation of events being held virtually. The financial position of the Association is expected to sustain the impact of the pandemic. The financial impact will be accounted for when it is known and may be assessed.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.
Financial liabilities measured at amortized cost include accounts payable.

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 and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

Prepaid Expenses

Prepaid expenses are recorded for goods and services to be received in the next fiscal year, which were paid for in the current fiscal year.

Revenue Recognition

The Association uses the deferral method of accounting for contributions. 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.

Membership fees are recognized as revenue when invoiced. Membership fees received in advance of the year of membership are deferred to the year of membership.

All other revenues, with the exception of interest, are recognized as revenue when the service or event takes place. Interest is recognized as revenue when received.

Continued...

2. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Donated Property and Services

During the year, voluntary services were provided. Because these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

3. **CASH**

Cash is summarized as follows:

	2020	2019
	\$	\$
Canadian \$ bank account	261,575	208,060
US \$ bank account	88	153
Exchange on US \$ bank account	32	48
	<hr/>	<hr/>
	261,695	208,261

Continued...

4. INVESTMENTS

Investments are summarized as follows:

	2020	2019
	\$	\$
Variable rate GIC, 2.2%, maturing November 28, 2019	-	52,246
Bonus rate GIC, 2.2%, maturing June 29, 2020	-	54,027
Variable GIC, 2.0%, maturing November 30, 2020	53,378	-
Flexible GIC, 1.05%, maturing June 30, 2021	55,212	-
	108,590	106,273

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2020	2019
	\$	\$
Membership fees	113,889	147,444
Sponsorship	23,250	-
IDC Program 2019-2020	2,013	-
IDC Program 2017-2018	-	250
IDC Program 2018-2019	-	2,125
SAP Program	-	750
	139,152	150,569

Continued...

6. COMMITMENTS

The Association is committed to renewal agreements for Executive Director and management services for the next fiscal year.

7. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following presents the Association's risk exposure and concentration as at June 30, 2020.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Association's credit risk would occur with their accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$nil (2019: \$nil).

Liquidity Risk

Liquidity risk is the risk the Association will encounter difficulties in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable. The Association expects to meet these obligations as they come due by generating sufficient cash flow from operations, and from unrestricted net assets.

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 comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association does not have a significant foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association has a low interest rate risk.

7. FINANCIAL INSTRUMENTS (Continued)

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. The Association is not exposed to other price risk.