

CIO ASSOCIATION OF CANADA

FINANCIAL STATEMENTS

JUNE 30, 2021

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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, 2021, 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, 2021, 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

CIO ASSOCIATION OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	2021	2020
	\$	\$
ASSETS		
CURRENT		
Cash (Note 2)	320,971	261,695
Investments (Note 3)	109,648	108,590
Accounts receivable	9,323	2,090
HST receivable	-	12,121
Prepaid expenses	7,460	6,054
	447,402	390,550
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	19,341	27,883
HST payable	3,700	-
Deferred revenue (Note 4)	137,292	139,152
	160,333	167,035
NET ASSETS		
Unrestricted Net Assets	287,069	223,515
	447,402	390,550

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

_____, Director

_____, Director

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	\$	\$
REVENUES		
Membership fees	264,784	276,782
Sponsorship	229,400	198,700
Other revenue	11,985	12,484
Registration	4,425	1,397
Interest	1,242	2,764
	511,836	492,127
EXPENSES		
General and administrative	166,924	164,206
Events	100,787	115,641
Management consulting	65,306	63,404
Special projects	36,643	30,942
Technology	24,891	16,045
Professional fees	14,493	7,424
Interest and bank charges	14,083	13,748
Grants, scholarships and other support	8,500	5,500
Governance	6,525	-
Advertising and promotion	3,452	8,855
Insurance	2,356	3,004
Travel, meetings and entertainment	2,333	3,451
Donations	1,018	1,000
License and dues	421	491
Telephone	355	668
Postage and delivery	195	382
Office supplies	-	136
	448,282	434,897
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	63,554	57,230
NET ASSETS, BEGINNING OF YEAR	223,515	166,285
NET ASSETS, END OF YEAR	287,069	223,515

See accompanying notes to the financial statements

	2021	2020
	\$	\$
CASH WAS PROVIDED BY (USED IN):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from membership fees	286,764	240,025
Cash receipts from registration fees	4,425	1,397
Cash receipts from sponsorship	198,327	226,593
Cash receipts from other income	11,985	12,484
Interest received	1,242	2,764
Cash paid to suppliers	(442,409)	(427,512)
	60,334	55,751
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of guaranteed investment certificates	(1,058)	(2,317)
Change in cash	59,276	53,434
Cash, beginning of year	261,695	208,261
Cash, end of year	320,971	261,695

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. 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 cost or amortized cost. Changes in fair value are recognized in the statement of operations.

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

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

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.

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.

2. **CASH**

Cash is summarized as follows:

	2021	2020
	\$	\$
Canadian \$ bank account	320,959	261,575
US \$ bank account	10	88
Exchange on US \$ bank account	2	32
	<hr/>	<hr/>
	320,971	261,695

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3. INVESTMENTS

Investments are summarized as follows:

	2021	2020
	\$	\$
Flexible GIC, 0.25%, maturing November 30, 2021	53,854	-
Flexible GIC, 2.2%, maturing July 4, 2022	55,794	-
Variable GIC, 2.0%, maturing November 30, 2020	-	53,378
Flexible GIC, 1.05%, maturing June 30, 2021	-	55,212
	<hr/>	<hr/>
	109,648	108,590

4. DEFERRED REVENUE

Deferred revenue consists of the following:

	2021	2020
	\$	\$
Membership fees	134,854	113,889
Sponsorship	1,500	23,250
IDC Program	938	2,013
	<hr/>	<hr/>
	137,292	139,152

5. COMMITMENTS

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

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6. 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, 2021.

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 (2020: \$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.

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.

7. 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.

The Association is aware of the changes in its operations as a result of the pandemic, including management working remotely, an overall decline in membership renewals and the transition of conference and events to a virtual environment.

The duration of the pandemic is unknown at this time. As a result, it is not possible to reliably estimate the length or severity of these developments, nor the impact on the financial position of the Association.