
Summary financial statements of Canadian Research Knowledge Network

March 31, 2020

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Independent Auditor's Report on the Summary Financial Statements

To the Members of
Canadian Research Knowledge Network

Opinion

The summary financial statements, which comprise the summary statement of financial position as at March 31, 2020, and the summary statements of revenue and expenses for the year then ended, and related notes, are derived from the audited financial statements of Canadian Research Knowledge Network ("CRKN") for the year ended March 31, 2020.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, on the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the CRKN audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

In our report dated June 22, 2020, we expressed an unmodified audit opinion on those audited financial statements.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

Deloitte LLP


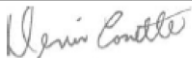
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario
June 22, 2020

Canadian Research Knowledge Network
Summary statement of financial position
As at March 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents		20,657,286	18,994,911
Government remittances receivable		1,317,901	—
License and operation fees receivable		22,810,739	22,111,388
Prepaid licenses		104,946,436	94,694,088
Other prepaid expenses		203,245	123,407
		149,935,607	135,944,301
Capital assets		462,771	531,531
		150,398,378	136,475,832
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		39,869,916	33,641,371
Government remittances payable		497,365	484,516
Deferred revenue for license fees	3	105,329,207	97,841,717
Other deferred revenue	4	1,075,445	1,075,345
		146,771,933	133,042,949
Commitments	6		
Net assets			
Invested in capital assets		462,771	531,531
Internally restricted	5	1,678,000	1,628,000
Unrestricted		1,485,674	1,273,352
		3,626,445	3,432,883
		150,398,378	136,475,832

The accompanying notes are an integral part of the summary financial statements.

On behalf of the Board of Directors

	
Dr. Annette Trimbee	Director
	
Mr. Denis Cossette	Director

Canadian Research Knowledge Network
Summary statement of revenue and expenses
Year ended March 31, 2020

	Notes	Budget 2020 \$	2020 \$	2019 \$
		(Unaudited)		
Revenue				
License fees		124,000,000	130,790,142	125,421,784
HCAP fees		1,428,132	1,426,727	1,437,536
Operation fees		1,376,380	1,377,837	1,334,678
Interest		280,000	456,656	301,892
Digitization		365,000	266,961	377,428
Other		328,869	347,268	420,050
		127,778,381	134,665,591	129,293,368
Expenses				
License fees	3	124,000,000	130,790,142	125,421,793
Salaries and benefits		2,379,026	2,263,763	1,729,241
Professional fees		410,020	291,990	246,839
Insurance		9,036	9,554	11,263
Administration		620,010	528,214	433,920
Telecommunications		25,320	33,092	31,212
Meetings and conferences		243,860	229,133	144,480
Meals, travel and accommodations		171,485	112,079	116,467
Amortization of capital assets		210,796	214,062	187,319
		128,069,553	134,472,029	128,322,534
Excess (deficiency) of revenue over expenses		(291,172)	193,562	970,834

The accompanying notes are an integral part of the summary financial statements.

1. Basis of presentation

The summary financial statements are derived from the complete set of financial statements of Canadian Research Knowledge Network (CRKN) and they meet the recognition and measurement principles of Canadian accounting standards for not-for-profit organizations. A listing of the significant accounting policies is described in the full statements, including financial instruments, revenue recognition, capital assets, and the use of estimates.

2. Nature of activities

The Canadian Research Knowledge Network (CRKN) was incorporated on April 1, 2004, under the *Canada Corporations Act*, and continued on November 8, 2013, under the *Canada Not-for-Profit Corporations Act*.

CRKN's mission is to advance interconnected, sustainable access to the world's research and to Canada's documentary heritage content.

For CRKN member organizations and the diverse communities they serve, the organization empowers researchers, educators, and society with greater access to the world's research and Canada's preserved documentary heritage, now and for future generations.

3. Deferred revenue for license fees

Deferred revenue relates to amounts received or receivable from members for license fees for future fiscal years. CRKN matches its license revenue and corresponding license expenses monthly to the period to which the license pertains:

	2020			2019
	Licence fees	Others	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	97,665,445	176,272	97,841,717	90,245,868
Contributions received	138,284,411	120,303	138,404,714	133,085,735
Contributions recognized as revenue	(130,790,142)	(127,082)	(130,917,224)	(125,489,886)
Balance, end of year	105,159,714	169,493	105,329,207	97,841,717

4. Other deferred revenue

Deferred revenue relates to amounts received or receivable from members for membership, subscription and hosting fees for future fiscal years.

	2020			2019
	HCAP fee amounts	Hosting	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	1,071,016	4,329	1,075,345	1,158,058
Contributions received	1,422,844	10,000	1,432,844	1,451,100
Contributions recognized as revenue	(1,426,727)	(6,017)	(1,432,744)	(1,533,813)
Balance, end of year	1,067,133	8,312	1,075,445	1,075,345

5. Capital management

CRKN manages its capital to ensure that there are sufficient financial resources in place to deliver on the priorities set by the Board of Directors. CRKN does not have any short-term or long-term debt.

CRKN follows a budget monitoring and modification policy to routinely and systematically evaluate financial results to budget and, as required, inform the Finance and Audit Committee and Board of deviations.

CRKN also employs a net assets policy to govern management of net assets and to ensure responsible stewardship of organizational equity on behalf of members. In particular, the policy specifies a minimum and maximum limit to unrestricted net assets, and formally restricts net assets equivalent to 40% of its operation budget each year. For the year ending March 31, 2020, the Board of Directors approved a transfer of \$50,000 (\$42,077 in 2019) from internally restricted to unrestricted net assets to comply with the net assets policy and ensure sufficient funds for operational contingencies.

6. Commitments

CRKN has commitments for the rental of space through to March 31, 2022, and for the rental of office equipment through to January 2022. Minimum lease payments for the rental period are \$346,070 and \$40,620, respectively (\$337,041 and \$47,097, respectively in 2019).

During the year, CRKN received an estimated \$144,000 (\$135,000 in 2019) in considerations from members in the form of office rent. These offsetting amounts are shown on the statement of revenue and expenses as other revenue and as administration, respectively.

CRKN has commitments to spend \$5,000 per year (\$25,000 total) between April 2016 and March 2021 to host the cndhi-ipnpc.ca website. CRKN has prepaid the hosting provider, and recorded offsetting deferred grant revenue and prepaid expense amounts to match.

At March 31, 2020, CRKN has a commitment for the purchase of US\$22,520,412 (US\$25,177,655 in 2019) through the use of forward contracts to settle license obligations on behalf of its membership.

7. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. In accordance with Public Health Ontario's directives, CRKN offices were closed and staff instructed to work from home beginning March 16, 2020. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of CRKN in future periods.

8. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.