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# Summary financial statements of Canadian Research Knowledge Network

March 31, 2022

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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, 2022, 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, 2022.

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 17, 2022, 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*.



Chartered Professional Accountants  
Licensed Public Accountants  
July 11, 2022

**Canadian Research Knowledge Network**  
**Summary statement of financial position**  
As at March 31, 2022

Notes	2022 \$	2021 \$
<b>Assets</b>		
Current assets		
	<b>37,457,111</b>	34,209,182
	<b>835,482</b>	—
	<b>12,236,952</b>	36,669,226
	<b>90,061,407</b>	93,640,729
	<b>135,959</b>	125,015
	<b>140,726,911</b>	164,644,152
	<b>242,385</b>	320,491
	<b>140,969,296</b>	164,964,643
<b>Liabilities</b>		
Current liabilities		
	<b>44,968,014</b>	61,725,927
	<b>647,483</b>	4,417,117
3	<b>90,506,633</b>	94,056,941
4	<b>1,203,041</b>	1,070,701
	<b>137,325,171</b>	161,270,686
6		
<b>Net assets</b>		
	<b>242,385</b>	320,491
5	<b>1,776,000</b>	1,721,000
	<b>1,625,740</b>	1,652,466
	<b>3,644,125</b>	3,693,957
	<b>140,969,296</b>	164,964,643

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

On behalf of the Board of Directors

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

**Canadian Research Knowledge Network**  
**Summary statement of revenue and expenses**  
Year ended March 31, 2022

Notes	<b>Budget 2022 \$</b>	<b>2022 \$</b>	2021 \$
	<b>(Unaudited)</b>		
<b>Revenue</b>			
License fees	<b>135,000,000</b>	<b>126,127,485</b>	143,083,913
HCAP fees	<b>1,425,000</b>	<b>1,460,687</b>	1,422,880
Membership fees	<b>1,445,986</b>	<b>1,461,531</b>	1,416,766
Interest	<b>199,900</b>	<b>208,433</b>	198,484
Digitization	<b>20,000</b>	<b>17,222</b>	17,625
Other	<b>205,400</b>	<b>220,605</b>	214,215
	<b>138,296,286</b>	<b>129,495,963</b>	146,353,883
<b>Expenses</b>			
License fees	<b>135,000,000</b>	<b>126,127,485</b>	143,083,913
Salaries and benefits	<b>2,593,630</b>	<b>2,398,363</b>	2,233,250
Professional fees	<b>427,050</b>	<b>249,887</b>	257,238
Insurance	<b>9,200</b>	<b>7,330</b>	6,434
Administration	<b>657,596</b>	<b>566,219</b>	449,702
Telecommunications	<b>28,200</b>	<b>23,454</b>	26,793
Meetings and conferences	<b>23,392</b>	<b>2,669</b>	10,201
Meals, travel and accommodations	<b>11,500</b>	<b>6,819</b>	1,105
Amortization of capital assets	<b>233,631</b>	<b>163,569</b>	217,735
	<b>138,984,199</b>	<b>129,545,795</b>	146,286,371
<b>Excess (deficiency) of revenue over expenses</b>	<b>(687,913)</b>	<b>(49,832)</b>	67,512

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

**Canadian Research Knowledge Network**  
**Notes to the summary financial statements**  
 March 31, 2022

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**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.

For the year ended March 31, 2022, CRKN estimates that \$25,584 of its receivables (\$25,584 in 2021) are likely uncollectible and has provided for that amount on its financial statements. The impairment results from an exceptional circumstance at one member institution and management is confident that it does not reflect a material change in the riskiness of CRKN's operating environments.

**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:

	<b>2022</b>			2021
	<b>License fees</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
	\$	\$	\$	\$
Balance, beginning of year	<b>93,915,994</b>	<b>140,947</b>	<b>94,056,941</b>	105,327,207
Contributions received during the year	<b>122,597,041</b>	<b>139,233</b>	<b>122,736,274</b>	131,965,638
Contributions recognized as revenue	<b>(126,127,485)</b>	<b>(159,096)</b>	<b>(126,286,581)</b>	(143,235,904)
Balance, end of year	<b>90,385,549</b>	<b>121,084</b>	<b>90,506,633</b>	94,056,941

#### **4. Deferred revenue for the Heritage program**

Other deferred revenue relates to amounts received or receivable from members to support Heritage Programs and from clients for hosting fees for future fiscal years.

On October 20, 2017, the CRKN membership endorsed a business plan to integrate the operations of CRKN and Canadiana.org, including a three-year minimum commitment by members to redirect their existing expenditures on canadiana.org activities to the Heritage Content Access and Preservation fee ("HCAP").

On October 22, 2020, the CRKN membership endorsed an extension of the HCAP fee for a further three years until 2024.

#### **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 ended March 31, 2022, the Board of Directors approved the transfer of \$25,000 from internally restricted to unrestricted net assets (\$37,000 to internally restricted in 2021) to comply with the net assets policy and ensure sufficient funds for operational contingencies.

#### **6. Commitments**

CRKN has commitments for the rental of office equipment through to June 2025 in the amount of \$46,121.

During the year, CRKN received an estimated \$144,000 (\$144,000 in 2021) in consideration from a member in the form of free office rent. These offsetting amounts are shown on the statement of revenue and expenses as other revenue and as administration expenses, respectively.

At March 31, 2022, CRKN has a commitment for the purchase of US\$33,340,794 through the use of forward contracts to settle license obligations on behalf of its membership.