

CORENET GLOBAL CANADIAN CHAPTER

FINANCIAL STATEMENTS

MARCH 31, 2021

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FINANCIAL STATEMENTS

MARCH 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Leadership Council of
CoreNet Global Canadian Chapter

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CoreNet Global Canadian Chapter, which comprise the statement of financial position as at March 31, 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 CoreNet Global Canadian Chapter as at March 31, 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 CoreNet Global Canadian Chapter 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 Chapter'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 Chapter or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Chapter'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 Chapter'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 Chapter'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 Chapter 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

CORENET GLOBAL CANADIAN CHAPTER
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

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	2021	2020
	\$	\$
ASSETS		
CURRENT		
Cash	81,258	181,139
Accounts receivable	-	4,635
HST receivable	2,467	18,531
Prepaid expenses	32,161	20,000
	115,886	224,305
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	15,719	29,343
Deferred revenue (Note 3)	39,000	43,375
	54,719	72,718
NET ASSETS		
UNRESTRICTED NET ASSETS	61,167	151,587
	115,886	224,305

APPROVED ON BEHALF OF THE LEADERSHIP COUNCIL

_____, Director

_____, Director

See accompanying notes to the financial statements

CORENET GLOBAL CANADIAN CHAPTER
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2021

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	2021	2020
	\$	\$
REVENUES		
Sponsorship	58,000	77,501
Membership fees	19,150	23,001
Special events	15,390	202,296
Programming	10,266	29,285
Newsletter royalties	5,573	7,343
Interest and other income	102	39
	108,481	339,465
EXPENSES		
Management fee	135,000	109,284
Special events	27,043	174,708
Membership	14,633	110
Administrative	9,613	13,087
Programming	5,791	18,496
Marketing and communications	3,519	6,720
Bank charges and interest	3,302	7,332
Leadership expense	-	11,340
	198,901	341,077
(DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	(90,420)	(1,612)
UNRESTRICTED NET ASSETS, BEGINNING OF THE YEAR	151,587	153,199
UNRESTRICTED NET ASSETS, END OF YEAR	61,167	151,587

See accompanying notes to the financial statements

CORENET GLOBAL CANADIAN CHAPTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

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	2021	2020
	\$	\$
CASH WAS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Cash receipts from special events	11,390	189,339
Cash receipts from sponsorship	62,260	77,239
Cash receipts from programming	10,266	27,885
Cash receipts from members	19,150	23,001
Other cash receipts	5,675	7,382
Cash paid to suppliers	(208,622)	(348,237)
	(99,881)	(23,391)
Change in cash	(99,881)	(23,391)
Cash, beginning of year	181,139	204,530
Cash, end of year	81,258	181,139

See accompanying notes to the financial statements

PURPOSE OF THE ORGANIZATION

CoreNet Global Canadian Chapter (the "Chapter") is an unincorporated not-for-profit organization. The Chapter operates under a Memorandum of Understanding with CoreNet Global, Inc., a not-for-profit corporation based out of Atlanta, Georgia, USA which is incorporated in the District of Columbia as a 501(c)(6) tax exempt organization.

The purpose of CoreNet Global, Inc. and the Chapter is to promote corporate real estate and infrastructure management through networking forums, state-of-the-art research, education and certification.

1. SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

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

The financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and deferred revenue.

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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Such estimates include allowances for doubtful accounts. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in earnings in the period in which 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.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

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

Revenue Recognition

The Chapter follows 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.

Sponsorship revenue related to specific events is recognized in the same fiscal period in which the event occurs. Sponsorship revenue not related to events is recognized as revenue on a pro-rata basis over the term of the sponsorship.

Membership fees are recognized when received.

Interest income is recognized on the accrual basis, as earned.

All other revenue received from members and non-members to attend various events and for continuing professional development is recognized when the event has occurred.

Donated Property and Services

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

2. CoreNet Global, Inc.

The Chapter has entered into a Memorandum of Understanding (the "MOU") with CoreNet Global Inc., a non-profit organization incorporated under the laws of the District of Columbia, United States. The MOU sets out the agreed terms under which the Chapter operates as a Chapter of CoreNet Global, Inc.

The Memorandum is dated October 15, 2011 and has a term of 15 years, renewing for successive 15 year terms unless terminated by either party giving 180 days' notice to the other party.

Continued...

3. **DEFERRED REVENUE**

	2021	2020
	\$	\$
Sponsorship fees	39,000	39,375
Remmy/AGM	-	4,000
	39,000	43,375

4. **COMMITMENTS**

Essential Association Management (AMC)

An agreement was signed in April 2020 for management services until December 31, 2022, the agreement will be subsequently renewed on a month to month basis. During the term of the agreement, the Chapter will pay \$135,000 annually for the provision of management services and will reimburse the management company for any reasonable expenditures incurred on its behalf. The management fee shall increase by 1.5% per year for each of the second and third years of the term.

5. **FINANCIAL INSTRUMENTS**

The Chapter is exposed to various risks through its financial instruments. The following presents the Chapter's risk exposures and concentrations as at March 31, 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 Chapter'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 \$0 (2020: \$0)

Liquidity Risk

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

Continued...

5. FINANCIAL INSTRUMENTS (Continued)

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 Chapter 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 Chapter 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 Chapter is not exposed to other price risk.

6. 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 October 20, 2021, the Chapter is aware of the changes in its operations as a result of the COVID-19 pandemic, including the cancellation of live events and the introduction of virtual events. The cancellation of events like annual golf tournament and breakfast events.

Management is closely monitoring the situation, and as at October 20, 2021, the Chapter 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. The financial impacts will be accounted for when they are known and may be assessed.