

Financial Statements of

CYBERA INC.

And independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of Cybera Inc.

Opinion

We have audited the financial statements of Cybera Inc. (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of 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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity 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.

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

Management is responsible for the preparation and fair presentation of the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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.

- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

July 20, 2022

CYBERA INC.

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 679,572	\$ 69,871
Short-term investments (note 7)	4,958,259	3,832,082
Accounts receivable and accrued receivables (note 2)	764,578	785,931
Prepaid expenses	111,984	244,071
	<u>6,514,393</u>	<u>4,931,955</u>
Property and equipment (note 3)	58,309	94,208
	<u>\$ 6,572,702</u>	<u>\$ 5,026,163</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 541,269	\$ 298,443
Deferred revenue (note 4)	3,583,589	1,894,812
	<u>4,124,858</u>	<u>2,193,255</u>
Net assets (note 5)	2,447,844	2,832,908
Economic dependence and government assistance (note 6)		
Commitments (note 9)		
	<u>\$ 6,572,702</u>	<u>\$ 5,026,163</u>

See accompanying notes to financial statements.

Approved by the Board:


_____ Director

Director

CYBERA INC.

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenues:		
Grant	\$ 1,564,294	\$ 2,392,894
Project	4,397,490	3,557,271
Membership	612,790	612,956
Other	34,804	28,762
Interest	28,056	71,536
CEWS (note 6)	340,089	1,276,485
	<u>6,977,523</u>	<u>7,939,904</u>
Expenses:		
Project	3,838,634	3,500,250
Infrastructure	1,083,911	1,054,288
Project and partnership development	1,273,280	926,634
General and administrative	713,585	627,554
Marketing and communications	391,350	311,397
Depreciation	61,827	66,013
	<u>7,362,587</u>	<u>6,486,136</u>
(Deficiency) excess of revenues over expenses	<u>\$ (385,064)</u>	<u>\$ 1,453,768</u>

See accompanying notes to financial statements.

CYBERA INC.

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Net assets, beginning of year	\$ 2,832,908	\$ 1,379,140
(Deficiency) excess of revenues over expenses	(385,064)	1,453,768
Net assets, end of year	\$ 2,447,844	\$ 2,832,908

See accompanying notes to financial statements.

CYBERA INC.

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenues over expenses	\$ (385,064)	\$ 1,453,768
Add item not affecting cash:		
Depreciation	61,827	66,013
	<u>(323,237)</u>	<u>1,519,781</u>
Changes in non-cash working capital:		
Accounts receivable	21,353	111,916
Prepaid expenses	132,089	(123,340)
Accounts payable and accrued liabilities	242,826	(324,948)
Deferred revenue	1,688,777	(1,281,168)
	<u>1,761,806</u>	<u>(97,759)</u>
Investing:		
Change in short-term investments	(1,126,177)	(69,131)
Purchase of property and equipment	(25,928)	(58,572)
	<u>(1,152,105)</u>	<u>(127,703)</u>
Increase (decrease) in cash and cash equivalents	609,701	(225,462)
Cash and cash equivalents, beginning of year	69,871	295,333
Cash and cash equivalents, end of year	<u>\$ 679,572</u>	<u>\$ 69,871</u>

See accompanying notes to financial statements.

CYBERA INC.

Notes to Financial Statements

Year ended March 31, 2022, with comparative information for 2021

General:

Cybera Inc. ("Cybera") was incorporated on January 12, 1994 under Part II of the Canada Corporations Act as a corporation without share capital as WurcNet Inc. In 1999 it changed its name to Netera Alliance Inc. and in 2007 it changed its name to Cybera Inc. Cybera was continued under the Canada Not-For-Profit Corporations Act on November 27, 2013.

Cybera is an Alberta-based, not-for-profit alliance that manages large-scale inter-institutional information and communication technology projects, including research networks, high performance computing resources, digital content projects and collaboration facilities.

The objectives of Cybera are to provide information and communications infrastructure, project management, advocacy and technical expertise to leverage the resources, skills and services of its members, without preference or partiality to any individual member.

As a not-for-profit organization, the income of Cybera is not subject to tax under paragraph 149(1)(l) of the Income Tax Act (Canada).

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants ("CPA") Handbook.

On March 11, 2020, the Coronavirus COVID-19 ("COVID-19") outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian government, enacting emergency measures to combat the spread of the virus. These measures include implementation of travel bans, self-imposed quarantine periods and social distancing, which are causing material disruption to businesses globally and in Canada, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. These measures have caused a significant increase in economic uncertainty, with reduced demand for commodities leading to volatile prices and currency exchange rates, and a decline in long-term interest rates. These factors may impact future funding. The potential direct and indirect impacts of the economic downturn have been considered in the Cybera's estimates and assumptions at year end and have been reflected in the results.

CYBERA INC.

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Year ended March 31, 2022, with comparative information for 2021

1. Significant accounting policies (continued):

(a) Basis of presentation (continued):

Market conditions had improved over the course of 2022 as nations began re-opening their economies. In addition, while vaccines are widely available, there is uncertainty as to the timing, level of adoption, duration of efficacy and overall effectiveness of the vaccine against variants or mutations.

While the full impact is not yet fully known, Cybera will continue to monitor the impact of the pandemic and reflect the consequences as appropriate in accounting and reporting. Cybera continues to use its assets and meet its current obligations as they come due.

(b) Revenues:

Revenue from membership dues is recognized evenly over the term of the membership.

Project and grant revenues, which are comprised of contributions towards project and infrastructure costs, is recognized using the deferral method. Under this method, restricted contributions are recognized as revenue when the related project costs are incurred. Restricted contributions received in a period before the related expenses are incurred are accumulated as deferred revenue. Unrestricted contributions are recognized as revenue when received or receivable.

Interest income is recognized when earned.

(c) Project expenses:

As part of the development of applications for high speed networks, Cybera provides funding for certain research and development projects. Cybera charges costs incurred on these projects to operations as incurred. Typically, Cybera does not retain ownership rights in the results of these projects, rather, these rights reside with the project participants on a basis defined in the respective project agreements.

(d) Cash and cash equivalents:

Cybera considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

(e) Short-term investments:

Short-term investments have original maturities of over three months and less than a year.

CYBERA INC.

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Year ended March 31, 2022, with comparative information for 2021

1. Significant accounting policies (continued):

(f) Property and equipment:

Property and equipment is recorded at cost. Depreciation of computer equipment is provided using the straight-line method at a rate of one-third of cost per year.

(g) Donations of services:

Cybera receives from its members and others, donations of professional time and services. The value of these donations is not included in these financial statements as the related fair value cannot be reasonably determined.

(h) Use of estimates:

The preparation of the financial statements in conformity 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates include the valuation of accounts receivable, estimated life of property and equipment and accrued liabilities. Actual results could differ from those estimates.

These estimates and judgments have been made taking into consideration the economic impact of the COVID-19 pandemic and the significant economic volatility and uncertainty it has created, however, the future impact of COVID-19 cannot be reasonably estimated at this time.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Cybera has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

CYBERA INC.

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Year ended March 31, 2022, with comparative information for 2021

1. Changes in accounting policies (continued):

(i) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Cybera determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Cybera expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(j) Government assistance:

Cybera applies for financial assistance under available government programs. Government assistance is recorded in income for the period to which it relates.

2. Accounts receivable:

Included in accounts receivable are government remittances receivable of \$68,622 (2021 – \$24,625), which include amounts receivable for input tax credits.

3. Property and equipment:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 1,040,987	\$ 982,678	\$ 58,309	\$ 94,208

CYBERA INC.

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Year ended March 31, 2022, with comparative information for 2021

4. Deferred revenue:

Deferred revenue represents restricted contributions received that relate to expenses of future years. Contributions are recorded as deferred revenue until the related expenditures have been incurred.

The components of deferred revenue as at March 31 were as follows:

	2022	2021
Balance, beginning of year	\$ 1,894,812	\$ 3,175,980
Less: amounts recognized as revenue in the year	(3,987,080)	(1,584,001)
Add: amounts received related to expenses of future periods	2,248,303	302,833
	<u>\$ 3,583,589</u>	<u>\$ 1,894,812</u>

5. Net assets:

In the event of dissolution or winding-up of Cybera, all of its remaining assets, after payment of its liabilities, would be distributed to other not-for-profit organizations by the Board of Directors.

6. Economic dependence and government assistance:

Cybera's future operations are dependent on continued funding from the Alberta Government.

Cybera periodically applies for financial assistance under available government incentive programs.

During the year, the Government of Canada created the Canada Emergency Wage Subsidy ("CEWS") program to provide wage assistance to entities who experienced a drop in revenues resulting from the COVID-19 pandemic. During the year, Cybera met the eligibility requirements for certain months and applied for CEWS. As at March 31, 2022, Cybera recognized CEWS revenue of \$340,089 (2021 – \$1,276,485), of which \$340,089 (2021 – \$1,182,681) was received in the year ended March 31, 2022.

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Year ended March 31, 2022, with comparative information for 2021

7. Short-term investments:

Short-term investments represent term deposits with original maturity dates of more than three months and maturing within one year of the statement of financial position date. The interest rates on these short-term investments are between 1.4% and 2.55%.

8. Financial instruments and related risks:

Fair value of financial assets and financial liabilities:

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and short-term investments. The fair value of these financial instruments approximates their carrying value due to their short term nature.

(a) Credit risk:

Accounts receivable are subject to minimal credit risk as the majority of the receivables are from government-sponsored institutions. Cash and cash equivalents are held at financial institutions that are considered to be creditworthy by Cybera.

(b) Interest rate risk:

Interest rate risk arises from the holdings of fixed income securities. For every 0.25% change in interest rates, the annual change in interest income would be approximately \$14,095 (2021 – \$9,755).

(c) Liquidity risk:

Liquidity risk is the risk that Cybera will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Cybera is not exposed to significant liquidity risk and manages its liquidity risk by monitoring its operating requirements.

There has been no change to the risk profile when compared to prior year, other than the potential impact of COVID-19 as described in note 1(a) and note 1(h).

9. Commitments:

Cybera is committed under a long-term office lease agreement. Estimated payments with respect to the lease commitments for office premises over the next five years are as follows:

2023	\$	32,532
2024		32,532
2025		32,532
2026		18,977
2027		—
