

GLOBAL COMPACT NETWORK CANADA
Financial Statements
Year Ended December 31, 2023

GLOBAL COMPACT NETWORK CANADA

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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Global Compact Network Canada:

Opinion

We have audited the financial statements of Global Compact Network Canada (the Organization), which comprise the statement of financial position as at December 31, 2023, 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 the Organization as at December 31, 2023, and the results of its operations and changes in net assets, 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 the Organization 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 those 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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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.
- 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 Organization'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 Organization'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 Organization 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.

Vaughan, Ontario

May 13, 2024

CloudCPA LLP

Chartered Professional Accountants
Licensed Public Accountants

GLOBAL COMPACT NETWORK CANADA**Statement of Financial Position****December 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash (<i>Note 5</i>)	\$ 1,003,010	\$ 694,231
Accounts receivable	46,016	83,485
Harmonized sales tax receivable	3,355	35,195
Government funding receivable	88,923	109,817
	1,141,304	922,728
CAPITAL ASSETS (<i>Note 3</i>)	7,964	3,784
	\$ 1,149,268	\$ 926,512
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 18,709	\$ 65,426
DEFERRED CONTRIBUTIONS (<i>Note 4</i>)	110,002	108,462
	128,711	173,888
NET ASSETS	1,020,557	752,624
	\$ 1,149,268	\$ 926,512

APPROVED ON BEHALF OF THE BOARD_____
Board-Chair

See notes to financial statements

GLOBAL COMPACT NETWORK CANADA
Statement of Operations and Changes in Net Assets
Year Ended December 31, 2023

	2023	2022
REVENUES		
Participation fees	\$ 726,205	\$ 501,191
Government funding - 50-30	924,158	486,992
Government funding - WAGE (Notes 4, 5)	192,082	180,275
Programs	59,153	17,230
Projects	7,431	-
Miscellaneous	92	3,000
	<u>1,909,121</u>	<u>1,188,688</u>
EXPENSES		
Salaries and wages	780,413	719,178
Professional fees	717,281	350,571
Administrative	50,675	26,534
Travel	49,444	18,306
Marketing	32,314	12,009
Insurance	5,018	4,652
Programs	3,292	250
Interest and bank charges	1,446	2,159
Amortization	1,305	582
	<u>1,641,188</u>	<u>1,134,241</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 267,933</u>	<u>\$ 54,447</u>
NET ASSETS - BEGINNING OF YEAR	<u>\$ 752,624</u>	<u>\$ 698,177</u>
NET ASSETS - END OF YEAR	<u>\$ 1,020,557</u>	<u>\$ 752,624</u>

See notes to financial statements

GLOBAL COMPACT NETWORK CANADA**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 267,933	\$ 54,447
Item not affecting cash:		
Amortization of capital assets	<u>1,305</u>	<u>582</u>
	269,238	55,029
Changes in non-cash working capital:		
Accounts receivable	37,469	196,001
Government funding receivable	20,894	(109,817)
Accounts payable and accrued liabilities	(46,716)	23,728
GST/HST payable	31,840	(43,683)
Deferred contributions	<u>1,540</u>	<u>1,375</u>
	45,027	67,604
Cash flow from operating activities	<u>314,265</u>	<u>122,633</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(5,486)</u>	<u>(2,913)</u>
INCREASE IN CASH FLOW	308,779	119,720
Cash - beginning of year	<u>694,231</u>	<u>574,511</u>
CASH - END OF YEAR	<u>\$ 1,003,010</u>	<u>\$ 694,231</u>

See notes to financial statements

GLOBAL COMPACT NETWORK CANADA

Notes to Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

Global Compact Network Canada (the "organization") is a not-for-profit organization incorporated federally under the Canada Not-for-profit Corporations Act. Management has determined that the organization is exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Organization, launched in June 2013, is spearheading the Sustainable Development Goals and the 10 Principles of the UN Global Compact. In doing so, it unifies and builds the capacity of the Canadian private sector to embrace sustainable business practices by convening and accelerating opportunities for multi-stakeholder collaboration. The Organization's vast network allows it to host interactive e-sessions, in-person panels, roundtables, and other discussions on latest corporate responsibility topics with a wide range of stakeholders from government, civil society, corporations, unions, and indigenous groups to facilitate dialogue and engage greater action.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Revenue recognition

Global Compact Network Canada follows the deferral method of accounting for contributions, which includes participation fees, sponsorship, program and government funding.

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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Equipment	20% declining balance method
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Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 12,176	\$ 4,212	\$ 7,964	\$ 3,784

GLOBAL COMPACT NETWORK CANADA

Notes to Financial Statements

Year Ended December 31, 2023

4. DEFERRED CONTRIBUTIONS

Deferred contributions represents participation fees and program income received for the subsequent year and unspent government funding externally restricted. Changes in the deferred contributions balances are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 108,462	\$ 107,087
Add: Government funding - WAGE received in current year	193,622	181,650
Less: Government funding - WAGE recognized as revenue	<u>(192,082)</u>	<u>(180,275)</u>
Balance, end of year	<u>\$ 110,002</u>	<u>\$ 108,462</u>

5. GOVERNMENT FUNDING - WAGE

The Accelerating Systemic Change: The Case for Gender Equality Leadership for Sustainable Recovery ("WAGE") is a project funded by the Government of Canada - Minister for the Department for Women and Gender Equality. The maximum funding available to the Organization for this project is \$540,553 for the period commencing on September 1, 2021 and ending on March 31, 2024. The funds are externally restricted and to be used solely for the WAGE project. The total funding received since beginning of the project amounts to \$513,515 of which \$409,743 has been recognized as revenue and \$103,772 is deferred for expenses to be incurred in subsequent periods. The details are as follows:

	<u>2023</u>	<u>2021-2022</u>	<u>Total</u>
Government funding received	\$ 193,622	\$ 319,893	\$ 513,515
Expenses:			
Salaries	(128,560)	(168,271)	(296,831)
Professional fees	(43,814)	(45,325)	(89,139)
Travel	(11,641)	(3,931)	(15,572)
Marketing	(2,132)	-	(2,132)
Administrative	(5,863)	-	(5,863)
Interest and bank charges	(72)	(134)	(206)
	<u>(192,082)</u>	<u>(217,661)</u>	<u>(409,743)</u>
	<u>\$ 1,540</u>	<u>\$ 102,232</u>	<u>\$ 103,772</u>

Included in cash is \$103,772 of funds externally restricted for the purpose of this project.

6. GOVERNMENT FUNDING - 50-30 CHALLENGE

The Government of Canada established the 50-30 Challenge Ecosystem Fund to support participants by linking them to best practices and tools, providing guidance and advising on other diversity supports specific to each organization's unique needs. The Ecosystem partners will also promote the What Works Toolkit, and report on the progress of 50-30 participants to Innovation, Science and Economic Development Canada.

The maximum funding available to the Organization for this project is \$2,920,029 for the period commencing on February 7, 2022 and ending on March 31, 2025. The funds are externally restricted and to be used solely for the 50-30 project. The details are as follows:

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GLOBAL COMPACT NETWORK CANADA**Notes to Financial Statements****Year Ended December 31, 2023****6. GOVERNMENT FUNDING - 50-30 CHALLENGE (continued)**

	2023	2022	Total
	2023	2022	Total
Government funding received	\$ 945,053	\$ 377,175	\$ 1,322,228
Add: Government funding receivable	88,922	109,817	198,739
Less: Previous year's government funding receivable	(109,817)	-	(109,817)
	<u>924,158</u>	<u>486,992</u>	<u>1,411,150</u>
Expenses:	-	-	-
Professional fees	(634,125)	(295,743)	(929,868)
Salaries	(251,869)	(186,337)	(438,206)
Marketing	(14,504)	(4,800)	(19,304)
Administrative	(14,502)	-	(14,502)
Travel	(8,894)	-	(8,894)
Interest and bank charges	(264)	(112)	(376)
	<u>(924,158)</u>	<u>(486,992)</u>	<u>(1,411,150)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

7. FINANCIAL INSTRUMENTS

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payables and accrued liabilities and GST/HST payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, liquidity, currency and other price risks arising from these financial instruments.