

**GLOBAL COMPACT NETWORK CANADA**  
**Financial Statements**  
**Year Ended December 31, 2021**

**GLOBAL COMPACT NETWORK CANADA**

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**Year Ended December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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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, 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 the Organization as at December 31, 2021, 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

June 30, 2022

**CloudCPA LLP**

Chartered Professional Accountants  
Licensed Public Accountants

**GLOBAL COMPACT NETWORK CANADA****Statement of Financial Position****December 31, 2021**

	<b>2021</b>	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 6)	\$ 574,511	\$ 432,678
Accounts receivable	<u>279,486</u>	<u>261,412</u>
	<b>853,997</b>	694,090
<b>CAPITAL ASSETS (Note 3)</b>	<u><b>1,451</b></u>	<u>1,814</u>
	<u><b>\$ 855,448</b></u>	<u>\$ 695,904</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 41,696	\$ 39,054
GST/HST payable	<u>8,488</u>	<u>17,795</u>
	<b>50,184</b>	56,849
<b>DEFERRED CONTRIBUTIONS (Note 4)</b>	<u><b>107,087</b></u>	<u>34,546</u>
	<b>157,271</b>	91,395
<b>NET ASSETS</b>	<u><b>698,177</b></u>	<u>604,509</u>
	<u><b>\$ 855,448</b></u>	<u>\$ 695,904</u>

**GLOBAL COMPACT NETWORK CANADA**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Participation fees	\$ 483,977	\$ 438,894
Government funding - WAGE (Notes 4, 6)	37,386	-
Government funding - Status of Women Canada (Notes 5, 4)	21,500	323,018
Programs	65,175	55,542
Miscellaneous	2,984	5,250
	<u>611,022</u>	<u>822,704</u>
<b>EXPENSES</b>		
Amortization	363	454
Bad debts	-	6,735
Insurance	4,397	3,872
Interest and bank charges	356	1,542
Marketing	2,216	3,416
Office	10,056	21,567
Professional fees (Note 6)	56,257	179,435
Programs	26,697	-
Salaries and wages (Note 6)	417,012	351,929
Travel	-	3,657
	<u>517,354</u>	<u>572,607</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 93,668</u>	<u>\$ 250,097</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>\$ 604,509</u>	<u>\$ 354,412</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 698,177</u>	<u>\$ 604,509</u>

See notes to financial statements

**GLOBAL COMPACT NETWORK CANADA****Statement of Cash Flows****Year Ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 93,668	\$ 250,097
Item not affecting cash:		
Amortization of capital assets	<u>363</u>	<u>454</u>
	<b>94,031</b>	<b>250,551</b>
Changes in non-cash working capital:		
Accounts receivable	(18,074)	(194,152)
Accounts payable and accrued liabilities	2,642	(40,623)
GST/HST payable	(9,307)	14,373
Deferred contributions	<u>72,541</u>	<u>(107,548)</u>
	<b>47,802</b>	<b>(327,950)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>141,833</b>	<b>(77,399)</b>
Cash - beginning of year	<u>432,678</u>	<u>510,077</u>
<b>CASH - END OF YEAR</b>	<b>\$ 574,511</b>	<b>\$ 432,678</b>

See notes to financial statements

# GLOBAL COMPACT NETWORK CANADA

## Notes to Financial Statements

Year Ended December 31, 2021

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### 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	2021 Net book value	2020 Net book value
Equipment	\$ 3,776	\$ 2,325	\$ 1,451	\$ 1,814



# GLOBAL COMPACT NETWORK CANADA

## Notes to Financial Statements

Year Ended December 31, 2021

### 4. DEFERRED CONTRIBUTIONS

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 34,546	\$ 142,094
Add: Participation fees received in current year for subsequent year	-	28,316
Add: Government funding - Status of Women Canada received in current year	21,500	187,154
Add: Government funding - WAGE received in current year	138,243	-
Less: Participation fees received in previous year recognized as revenue	(28,316)	-
Less: Program income received in previous year recognized as revenue	-	-
Less: Government funding - Status of Women Canada recognized as revenue	(21,500)	(323,018)
Less: Government funding - WAGE recognized as revenue	(37,386)	-
Balance, end of year	<u>\$ 107,087</u>	<u>\$ 34,546</u>

### 5. GOVERNMENT FUNDING - STATUS OF WOMEN CANADA

The Status of Women Canada is a project funded by the Government of Canada. The maximum funding available to the Organization for this project was \$858,500 for the period commencing on November 1, 2017 and ending on October 31, 2020. All of the funds for the project were received by the Organization. The details are as follows:

	<u>2021</u>	<u>2020</u>	<u>2017-2019</u>	<u>Total</u>
Government funding received	\$ 21,500	\$ 187,154	\$ 649,846	\$ 858,500
Expenses:				
Salaries	-	(144,162)	(264,494)	(408,656)
Advisory fees	-	-	(140,026)	(140,026)
Professional fees	-	(160,744)	-	(160,744)
Administrative	-	(33,761)	(65,995)	(99,756)
Travel	-	(1,650)	(38,968)	(40,618)
Office	-	(785)	(2,407)	(3,192)
Marketing	-	(3,416)	(2,092)	(5,508)
	<u>-</u>	<u>(344,518)</u>	<u>(513,982)</u>	<u>(858,500)</u>
	<u>\$ 21,500</u>	<u>\$ (157,364)</u>	<u>\$ 135,864</u>	<u>\$ -</u>

# GLOBAL COMPACT NETWORK CANADA

## Notes to Financial Statements

Year Ended December 31, 2021

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### 6. 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 \$138,243 of which \$37,386 has been recognized as revenue and \$100,857 is deferred for expenses to be incurred in subsequent periods. The details are as follows:

	<u>2021</u>
Government funding received	\$ 138,243
Expenses:	
Salaries	(30,386)
Professional fees	(7,000)
	<u>(37,386)</u>
	<u>\$ 100,857</u>

Included in cash is \$100,857 of funds externally restricted for the purpose of this project.

### 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.