

Financial Statements of

**THE CANADIAN INSTITUTE FOR  
ADVANCED RESEARCH -  
L'INSTITUT CANADIEN DE  
RECHERCHES AVANCÉES**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Members of The Canadian Institute for Advanced Research -  
L'Institut Canadien de Recherches Avancées

### ***Opinion***

We have audited the financial statements of The Canadian Institute for Advanced Research - L'Institut Canadien de Recherches Avancées (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 in 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.



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### ***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.



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- 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*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 14, 2022

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Statement of Financial Position  
(In thousands of dollars)

March 31, 2022, with comparative information for 2021


	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 21,998	\$ 19,656
Accounts receivable (notes 3 and 9)	621	1,959
Prepaid expenses	328	371
	<u>22,947</u>	<u>21,986</u>
Investments (note 4)	26,020	24,498
Property, equipment and leasehold improvements (note 5)	952	1,134
Intangible assets (note 5)	254	376
	<u>\$ 50,173</u>	<u>\$ 47,994</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 14,109	\$ 14,249
Deferred revenue (notes 6 and 9)	10,423	6,212
Deferred tenant allowance (note 6)	40	40
	<u>24,572</u>	<u>20,501</u>
Deferred revenue (note 6)	1,515	3,499
Deferred tenant allowance (note 6)	170	210
	<u>26,257</u>	<u>24,210</u>
Net assets:		
Invested in property, equipment, leasehold improvements and intangible assets	996	1,260
Externally restricted endowment fund	500	500
Internally restricted reserve	11,000	11,000
Unrestricted	11,420	11,024
	<u>23,916</u>	<u>23,784</u>
Economic dependence (note 1)		
Commitments (note 10)		
	<u>\$ 50,173</u>	<u>\$ 47,994</u>

See accompanying notes to financial statements.

On behalf of the Board:

DocuSigned by:  
  
122C586A74ED4E1... Director  
7/14/2022

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

## Statement of Operations (In thousands of dollars)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

	2022	2021
Revenue:		
Program contributions (note 6):		
Government funding (note 3):		
Federal:		
Operational funding	\$ 8,650	\$ 6,500
Pan-Canadian AI Strategy	20,654	15,721
Provincial	1,158	1,000
	<u>30,462</u>	<u>23,221</u>
Partnerships:		
Research organizations	185	456
Universities and others	550	–
	<u>735</u>	<u>456</u>
Private sector:		
Corporations	1,970	890
Foundations	5,110	3,747
Individuals	1,295	1,003
	<u>8,375</u>	<u>5,640</u>
Investment income (note 4(b))	3,655	1,434
	<u>43,227</u>	<u>30,751</u>
Expenses:		
Program expenses:		
Knowledge creation (note 7(a))	10,040	8,021
Pan-Canadian AI Strategy (note 7(b))	22,220	16,030
Knowledge mobilization and communications	3,265	2,646
Next generation (note 7(c))	2,348	1,616
	<u>37,873</u>	<u>28,313</u>
Non-program expenses (note 7(d))	3,190	2,046
	<u>41,063</u>	<u>30,359</u>
Excess of revenue over expenses	2,164	392
Unrealized gain (loss) on investments	(2,032)	3,995
<b>Excess of revenue over expenses</b>	<b>\$ 132</b>	<b>\$ 4,387</b>

See accompanying notes to financial statements.

## THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Statement of Changes in Net Assets  
(In thousands of dollars)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

					2022	2021
	Invested in property, equipment, leasehold improvements and intangible assets	Externally restricted endowment fund	Internally restricted reserve	Unrestricted	Total	Total
Balance, beginning of period	\$ 1,260	\$ 500	\$ 11,000	\$ 11,024	\$ 23,784	\$ 19,397
Excess (deficiency) of revenue over expenses	(294)	—	—	426	132	4,387
Investment in property, equipment, leasehold improvements and intangible assets	30	—	—	(30)	—	—
Balance, end of period	\$ 996	\$ 500	\$ 11,000	\$ 11,420	\$ 23,916	\$ 23,784

See accompanying notes to financial statements.

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

## Statement of Cash Flows (In thousands of dollars)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 132	\$ 4,387
Items not involving cash:		
Amortization of property, equipment, leasehold improvements and intangible assets	334	293
Amortization of deferred tenant allowance	(40)	(30)
Deferred revenue recognized (note 6)	(39,572)	(29,317)
Unrealized loss (gain) on investments	2,032	(3,995)
	(37,114)	(28,662)
Change in non-cash operating working capital:		
Accounts receivable	1,338	4,891
Prepaid expenses	43	(51)
Accounts payable and accrued liabilities	(140)	4,271
Deferred revenue received (note 6)	41,799	31,413
	5,926	11,862
Investing activities:		
Purchase of investments, net of proceeds	(3,554)	(1,404)
Investment in property, equipment, leasehold improvements and intangible assets	(30)	(28)
	(3,584)	(1,432)
Increase in cash	2,342	10,430
Cash, beginning of period	19,656	9,226
Cash, end of period	\$ 21,998	\$ 19,656

See accompanying notes to financial statements.



# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

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## 1. Nature of operations:

The Canadian Institute for Advanced Research - L'Institut Canadien de Recherches Avancées ("CIFAR") is incorporated under the Canada Corporations Act as a not-for-profit organization and has continued under the Canada Not-for-Profit Corporations Act. CIFAR is also a registered charity under the Income Tax Act (Canada). The primary objective of CIFAR is to bring leading researchers together to work on major collaborative advanced research projects that address scientific, economic and social questions that are of importance to the future of Canada and the world. CIFAR funds multi-year projects that bridge institutional, regional, cultural and national boundaries. The funding provided by CIFAR contributes to research support and compensation of program members.

In common with other not-for-profit organizations, CIFAR is economically dependent on the continued financial support of federal and provincial governments, partnerships and the private sector to meet its ongoing commitments.

In 2021, the fiscal year end changed to March 31 to better align with project and funding cycles.

## 2. 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 of Canada Handbook.

### (b) Financial instruments:

CIFAR considers any contract creating a financial asset, liability or equity instrument as a financial instrument. CIFAR's financial instruments comprise cash, accounts receivable, investments, and accounts payable.

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

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## 2. Significant accounting policies (continued):

(i) Cash, accounts receivable and accounts payable:

Cash, accounts receivable and accounts payable are initially measured at fair value and subsequently recorded at amortized cost.

(ii) Investments:

Investments deferred for future periods (note 4) represent externally restricted unspent funding received from federal and provincial governments, partnerships and the public and private sector. The investments (note 4) are held in a long-term equity portfolio. Cash and short-term deposits are initially measured at fair value and subsequently recorded at amortized cost and consist of highly liquid, interest bearing instruments with maturities of three months or less or which can be liquidated without significant penalty. The long-term equity portfolio is measured at fair value based upon active market quoted rates using the monthly closing bid price. Unrealized gains or losses are recognized in the statement of operations.

(c) Property, equipment and leasehold improvements:

Property, equipment and leasehold improvements are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

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Computer hardware	3 years
Leasehold improvements	Over remaining of the lease

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(d) Intangible assets:

Intangible assets consist of computer software and are recorded at cost and are amortized over their estimated useful lives of five years.

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

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## 2. Significant accounting policies (continued):

### (e) Externally restricted endowment fund:

The externally restricted endowment fund represents restricted contributions subject to externally imposed restrictions specifying that the resources contributed be maintained permanently and are subject to CIFAR's preservation of capital policy unless otherwise specified by the donor. CIFAR's preservation of capital policy allows for the encroachment of capital to cover realized or unrealized losses and disbursements in excess of investment income on the basis that the capital will be replenished by future net investment income. Investment income realized on these funds is unrestricted and maintained within the unrestricted fund unless otherwise restricted by the donor.

### (f) Internally restricted reserve:

The internally restricted reserve represents net assets restricted by the Board of Directors (the "Board") for specific purposes. These amounts are not available for other purposes without the approval of the Board. Investment income realized on these funds is unrestricted. Transfers are determined based on CIFAR's objectives, policies and processes for managing capital.

### (g) Deferred tenant allowance:

Deferred tenant allowance represents cash received from the landlord pursuant to the lease agreement for premises occupied by CIFAR. The allowance is amortized against rent expense over the term of the lease.

### (h) Revenue recognition:

CIFAR follows the deferral method of accounting for contributions.

Endowment contributions are recognized as direct increases in net assets in the year in which they are received.

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

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## 2. Significant accounting policies (continued):

Externally restricted contributions received are recorded as deferred revenue and recognized as revenue in the year in which the related expenses are incurred or in the year they are designated for.

Unrestricted contributions are recognized as revenue when received or receivable and measurement is reasonably assured.

(i) Contributed goods and services:

Contributed goods and services are not recognized in these financial statements due to the difficulty in determining their fair value.

(j) Foreign currency translation:

CIFAR translates balances denominated in foreign currencies at the exchange rates in effect at the date of the statement of financial position for monetary assets and liabilities, and the average exchange rates during the year for revenue and expenses. Unrealized translation gains and losses are recognized in the statement of operations.

(k) Allocation of expenses:

CIFAR allocates personnel, rent and overhead expenses on the following basis:

- (i) President's office expenses - based on the proportion of time the President's office personnel spend overseeing each department; and
- (ii) Rent and overhead expenses - based upon head count for each department.

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

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### 3. Government funding:

#### (a) Government of Canada:

Effective April 1, 2017, CIFAR entered into a five-year agreement with the Government of Canada to provide funding in the amount of \$35 million, to be disbursed to CIFAR at a rate of \$7 million per annum. During the year, CIFAR recognized revenue of \$5.5 million (2021 - \$6.5 million for the period from July 1, 2020 to March 31, 2021) under this agreement. An instalment of nil (2021 - \$1.75 million) for the period from April 1, 2022 to March 31, 2023 has been accrued at year end. As at March 31, 2022, all funding has been received and recognized under this agreement.

In accordance with the funding agreement, CIFAR committed to seek additional financial contributions of \$35 million from non-federal sources over the term of the agreement which was met in fiscal 2021.

Effective April 1, 2021, CIFAR entered into a five-year agreement with the Government of Canada to provide funding in the amount of \$48 million, to be disbursed to CIFAR over five years based upon agreed payment schedule. During the year, CIFAR recognized revenue of \$3.4 million (2021 - nil) under this agreement. As at March 31, 2022, \$3.4 million has been received or is receivable, \$3.4 million has been recognized and \$44.6 million remains to be recognized under this agreement.

In March 2017, the Government of Canada announced it would invest \$125 million in a Pan-Canadian Artificial Intelligence (AI) Strategy (the "AI Strategy") led by CIFAR. This investment will ensure that Canada retains, attracts, and trains top research talent in deep learning and reinforcement learning. The AI Strategy will also support research and policy outreach on the economic, ethical, policy, and legal issues related to the advent of AI, and is designed to provide a strong foundation of research excellence so that all Canadians benefit from the continuing developments of AI. In leading this strategy, CIFAR will be instrumental in developing a game-changing AI ecosystem, and championing a strong foundation of research excellence on which to build Canadian pre-eminence in AI. It is a nine-year agreement with the department of Innovation, Science and Economic Development. During the year, CIFAR recognized revenue of \$20.7 million (2021 - \$15.7 million for the period from July 1, 2020 to March 31, 2021). As at March 31, 2022, \$93.5 million has been received or is receivable, \$86.8 million has been recognized and \$38.2 million remains to be recognized under this agreement.

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

### 3. Government funding (continued):

#### (b) Government of Alberta:

Effective March 2020, CIFAR entered into a two-year agreement with the Government of Alberta to receive funding of \$300 thousand in one installment, restricted to certain programs and certain expenditures within these programs. During the year, CIFAR recognized revenue of \$158 thousand (2021 - nil) in accordance with the restrictions under this agreement. As at March 31, 2022, all funding has been received and \$142 thousand remains to be recognized under this agreement.

#### (c) Government of Quebec:

Effective June 2017, CIFAR entered into a five-year agreement with the Government of Quebec to receive funding of \$3 million, in installments of \$600 thousand per annum. During the year, CIFAR recognized revenue of \$600 thousand (2021 - \$600 thousand for the period from July 1, 2020 to March 31, 2021) in accordance with the restrictions under this agreement. As at March 31, 2022, all funding has been received and recognized under this agreement.

Effective April 2018, CIFAR entered into a four-year agreement with the Government of Quebec to receive funding of \$1.6 million, in installments of \$400 thousand per annum. During the year, CIFAR recognized revenue of \$400 thousand (2021 - \$400 thousand for the period from July 1, 2020 to March 31, 2021) in accordance with the restrictions under this agreement. As at March 31, 2022, all funding has been received and recognized under this agreement.

### 4. Investments:

				2022	2021
	Deferred for future periods	Externally restricted endowment fund	Internally restricted	Total	Total
Long-term equity portfolio	\$ 14,520	\$ 500	\$ 11,000	\$ 26,020	\$ 24,498

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

## 4. Investments (continued):

(a) As at March 31, 2022, the investments deferred for future periods represent funds received from the private and public sector and partnerships that have been deferred in accordance with the various agreements held with the donors.

(b) Interest income realized on guaranteed investment certificates ("GICs") and short-term deposits of \$23 thousand (2021 - nil) has been included in investment income for the year.

Investment income realized on the long-term equity portfolio of \$3.6 million (2021 - \$1.4 million for the period from July 1, 2020 to March 31, 2021) has been included in investment income for the year.

## 5. Property, equipment, leasehold improvements and intangible assets:

Property, equipment and leasehold improvements:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 75	\$ 46	\$ 29	\$ 29
Leasehold improvements	1,877	954	923	1,105
	\$ 1,952	\$ 1,000	\$ 952	\$ 1,134

Intangible assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 809	\$ 555	\$ 254	\$ 376

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

## 6. Deferred revenue and deferred tenant allowance:

	Deferred revenue, beginning of year	Received or receivable during the year	Less amounts accrued in previous periods	Recognized as revenue	Deferred revenue, end of year	Less current portion	Deferred revenue, long-term portion
March 31, 2022:							
Government of Canada	\$ 1,500	\$ 8,900	\$ (1,750)	\$ (8,650)	\$ –	\$ –	\$ –
Government of Canada, AI Strategy	1,579	25,849	–	(20,654)	6,774	(6,774)	–
Government of Alberta	300	–	–	(158)	142	(142)	–
Government of Quebec	–	1,000	–	(1,000)	–	–	–
Total government fund	3,379	35,749	(1,750)	(30,462)	6,916	(6,916)	–
Partnerships	436	462	(15)	(735)	148	(148)	–
Private sector	5,896	7,521	(168)	(8,375)	4,874	(3,359)	1,515
	<u>\$ 9,711</u>	<u>\$ 43,732</u>	<u>\$ (1,933)</u>	<u>\$ (39,572)</u>	<u>\$ 11,938</u>	<u>\$ (10,423)</u>	<u>\$ 1,515</u>
Deferred tenant allowance	\$ 250	\$ –	\$ –	\$ (40)	\$ 210	\$ (40)	\$ 170
March 31, 2021:							
Deferred tenant allowance	\$ 280	\$ –	\$ –	\$ (30)	\$ 250	\$ (40)	\$ 210



# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

## 7. Expenses:

### (a) Knowledge creation - Program activities:

	2022	2021
Life & Health:		
Fungal Kingdom: Threats & Opportunities	\$ 700	\$ 474
Genetic Networks	–	34
Humans and the Microbiome	707	496
	<u>1,407</u>	<u>1,004</u>
Individuals & Society:		
Brain, Mind and Consciousness	802	752
Boundaries, Membership and Belonging	508	420
Child and Brain Development	717	594
Innovation, Equity & the Future of Prosperity	550	460
Successful Societies	–	1
	<u>2,577</u>	<u>2,227</u>
Earth & Space:		
Earth 4D: Subsurface Science & Exploration	547	378
Gravity & the Extreme Universe	705	511
	<u>1,252</u>	<u>889</u>
Information & Matter:		
Bio-inspired Solar Energy	458	403
Learning in Machines and Brains	418	440
Quantum Information Science	409	344
Quantum Materials	668	547
	<u>1,953</u>	<u>1,734</u>
	<u>7,189</u>	<u>5,854</u>
Programs, support	2,851	2,167
	<u>\$ 10,040</u>	<u>\$ 8,021</u>

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

## 7. Expenses (continued):

### (b) Pan-Canadian AI Strategy:

	2022	2021
Chairs Program	\$ 15,431	\$ 9,896
Institution Support	4,636	4,544
National Activities	638	512
AI Secretariat	1,259	1,038
AI & Society	256	40
	<b>\$ 22,220</b>	<b>\$ 16,030</b>

### (c) Next generation:

	2022	2021
CIFAR Azrieli Global Scholars Program	\$ 2,348	\$ 1,593
Global Scholars Academy	-	23
	<b>\$ 2,348</b>	<b>\$ 1,616</b>

### (d) Non-program expenses:

	2022	2021
Advancement	\$ 2,015	\$ 1,205
Governance and administration	1,175	841
	<b>\$ 3,190</b>	<b>\$ 2,046</b>

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

## 8. Allocation of expenses:

President's office expenses and rent and overhead expenses of \$883 thousand (2021 - \$685 thousand) and \$4.169 million (2021 - \$2.963 million), respectively, have been allocated as follows:

	President's office expense		Rent and overhead	
	2022	2021	2022	2021
Knowledge creation	\$ 441	\$ 343	\$ 772	\$ 530
Pan-Canadian AI Strategy	–	–	218	152
Knowledge mobilization and communications	265	205	1,183	1,031
Non-program expenses:				
Advancement	177	137	703	375
Governance and administration	–	–	1,293	875
	<u>\$ 883</u>	<u>\$ 685</u>	<u>\$ 4,169</u>	<u>\$ 2,963</u>

## 9. Related party:

CIFAR is related to CIAR Association Inc. ("the "Association") by virtue of its representation on the Association's Board of Directors and the purpose of the Association. The Association was incorporated on July 9, 1998 as a vehicle for accepting US donations on behalf of CIFAR.

As at March 31, 2022, \$282 thousand (2021 - \$3 thousand) is included in accounts receivable and \$282 thousand (2021 - \$3 thousand) is included in deferred revenue. These transactions are in the normal course of operations measured at the exchange amount of consideration established and agreed upon by the related parties.

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements (continued)  
(In thousands of dollars, unless otherwise noted)

Year ended March 31, 2022, with comparative information for the  
nine-month period from July 1, 2020 to March 31, 2021

## 10. Commitments:

CIFAR is committed to the rental of office premises until 2027. Minimum annual payments are as follows:

2023	\$ 409
2024	403
2025	403
2026	403
2027	370

## 11. Financial instruments:

Transactions in financial instruments may result in CIFAR assuming or transferring to another party one or more of the financial risks described below.

The following risks have remained consistent with the prior period.

### (a) Currency, interest rate and market risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. CIFAR operates and invests internationally giving rise to currency risk. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations. As at March 31, 2022, cash and short-term deposits and investments denominated in U.S. currency amounted to United States Dollar ("USD") \$13 thousand (2021 - USD \$22 thousand) and USD nil (2021 - USD nil), respectively. Accounts payable denominated in U.S. currency amounted to USD \$139 thousand (2021 - USD \$299 thousand). Accounts payable denominated in the EURO ("EUR") currency amount to EUR 208 thousand (2021 - EUR 208 thousand).

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## 11. Financial instruments (continued):

Interest rate price risk is the risk that the fair value of an interest bearing financial instrument will fluctuate due to changes in market interest rates. Interest rate cash flow risk is the risk that cash flows will fluctuate due to changes in market interest rates. CIFAR's exposure to interest rate price risk is limited to its fixed interest bearing investments of nil (2021 - nil). CIFAR's interest rate cash flow risk is limited to its variable interest bearing investments of nil (2021 - nil). CIFAR is exposed to certain market risks which cause the fair value of its investments to fluctuate.

To protect against currency, interest rate and market risk, management has developed an investment policy which requires investments to meet specific requirements. CIFAR's investment policy governs the investment decisions and is intended to mitigate currency, interest rate and market risk. As a result, it is management's opinion that CIFAR is not exposed to significant currency, interest rate and market risk arising from its financial instruments.

### (b) Credit risk:

Credit risk is the risk that a counterparty will not be able to discharge its obligations to CIFAR. CIFAR reduces its exposure to credit risk by assessing credit on a regular basis and providing for an allowance for doubtful accounts when applicable. At March 31, 2022, the allowance for doubtful accounts is nil (2021 - nil). It is management's opinion that CIFAR is not exposed to significant credit risk given the nature of accounts receivable.

### (c) Liquidity risk:

Liquidity risk is the risk that CIFAR will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. CIFAR is exposed to liquidity risk mainly in respect to accounts payable and accrued liabilities.

CIFAR manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations. As a result, it is management's opinion that CIFAR is not exposed to significant liquidity risk arising from its financial instruments.

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## **12. Pension plan:**

Eligible employees of CIFAR are members of the University of Toronto's defined benefit pension plan. Accordingly, the information that would normally be required to be disclosed is not available. As a result, disclosure is limited to disclosing contributions to the plan. Cash contributions made during the year were \$586 thousand (2021 - \$426 thousand for the period from July 1, 2020 to March 31, 2021).