

CANADIAN ASSOCIATION OF RESEARCH ETHICS BOARDS INC

Review Engagement Report

Financial Statements

December 31, 2020

(Unaudited)

DRAFT

We hereby approve these financial statements:

Name: _____

Position: _____

Date of approval: _____

Signature: _____

CANADIAN ASSOCIATION OF RESEARCH ETHICS BOARDS INC
Statement of Financial Position
December 31, 2020
(Unaudited - see Review Engagement Report)

	2020	2019
ASSETS		
Current assets		
Cash	\$ 143,195	\$ 157,827
Term deposits (note 3)	65,000	65,000
Accounts receivable	6,994	-
Interest receivable	104	327
Recoverable government remittances	5,666	8,870
Prepaid expenses and deposits	5,199	6,994
	226,158	239,018
Capital assets (note 4)		
Deposits	547	1,107
Website (note 5)	5,000	5,000
	1,687	3,373
	\$ 233,392	\$ 248,498
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,971	\$ 10,554
Deferred revenue	18,653	10,778
	23,624	21,332
NET ASSETS	209,768	227,166
	\$ 233,392	\$ 248,498

COVID-19 (note 8)

ON BEHALF OF THE BOARD

_____ Director

CANADIAN ASSOCIATION OF RESEARCH ETHICS BOARDS INC

Statement of Operations

year ended December 31, 2020

(Unaudited - See Review Engagement Report)

	2020	2019
Revenues		
Membership fees	\$ 25,000	\$ 27,000
Conference revenue	-	157,380
Grants	-	52,146
Education	1,650	8,550
Interest income	656	733
	27,306	245,809
Operating expenditures		
Professional fees	19,526	10,263
Board	6,802	14,851
Translation	5,010	-
Repairs and maintenance	4,920	5,800
Telephone and conferencing	3,230	3,530
Amortization of website development costs	1,687	3,373
Conference	1,304	154,305
Merchant fees	814	5,471
Amortization of property and equipment	560	483
Interest and bank charges	481	348
Miscellaneous	370	1,597
	44,704	200,021
(Deficiency) excess of revenues over expenses	\$ (17,398)	\$ 45,788

CANADIAN ASSOCIATION OF RESEARCH ETHICS BOARDS INC
Statement of Changes in Net Assets
year ended December 31, 2020
(Unaudited - see Review Engagement Report)

	2020	2019
Balance, beginning of the year	\$ 227,166	\$ 181,378
(Deficiency) excess of revenues over expenses	(17,398)	45,788
Balance, end of the year	\$ 209,768	\$ 227,166

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CANADIAN ASSOCIATION OF RESEARCH ETHICS BOARDS INC
Statement of Cash Flows
year ended December 31, 2020
(Unaudited - see Review Engagement Report)

	2020	2019
Cash flows from operating activities		
(Deficiency) excess of revenues over expenses	\$ (17,398)	\$ 45,788
Adjustment for		
Amortization of property and equipment	560	483
Amortization of website development costs	1,687	3,373
	(15,151)	49,644
Change in non-cash working capital items		
Decrease (increase) in interest receivable	223	(55)
Decrease in prepaid expenses and deposits	1,795	696
Decrease (increase) in recoverable government remittances	3,204	(1,164)
Increase in accounts receivable	(6,994)	-
Decrease in accounts payable and accrued liabilities	(5,584)	(642)
Increase in deferred revenue	7,875	8,403
	(14,632)	56,882
Purchase of property and equipment	-	(1,198)
	-	(1,198)
(Decrease) increase in cash	(14,632)	55,684
Cash, beginning	157,827	102,143
Cash, ending	\$ 143,195	\$ 157,827

CANADIAN ASSOCIATION OF RESEARCH ETHICS BOARDS INC

Notes to Financial Statements

December 31, 2020

(Unaudited - see Review Engagement Report)

1. Nature of operations

Canadian Association of Research Ethics Boards Inc. is a not-for-profit organization incorporated on February 1, 2013 under the Canada Not-for-Profit Corporations Act S.C.2009. The association promotes the ethical conduct of human research, and the protection of research participants by facilitating research and maintaining the public trust in order to further human participant protection in research.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

Cash

Cash consists of balances with financial institutions.

Term deposits

Term deposits are carried at amortized cost using the effective interest method. Interest is included in excess (deficiency) of revenue over expenses for the year earned.

Financial instruments

Measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in (deficiency) excess of revenues over expenditures in the period incurred. Financial assets measured at amortized cost on a straight line basis include cash and term deposits. Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

CANADIAN ASSOCIATION OF RESEARCH ETHICS BOARDS INC

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(Unaudited - see Review Engagement Report)

2. Summary of significant accounting policies, continued

Financial instruments, continued

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in (deficiency) excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in (deficiency) excess of revenues over expenditures.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

Capital assets

Capital assets consist of equipment and computer equipment and are recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Equipment	20% declining balance
Computer equipment	55% declining balance

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

CANADIAN ASSOCIATION OF RESEARCH ETHICS BOARDS INC
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2. Summary of significant accounting policies, continued

Intangible assets

Intangible assets are recorded at cost. The organization provides for amortization using the declining balance method at rate designed to amortize the cost of the intangible assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Website	50% declining balance
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Unearned revenue

Unearned revenue represents fees received in advance consisting of membership fees and conference revenues.

Revenue recognition

The organization 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.

Membership fees are accounted for as deferred revenue when they are collected and are amortized to income over the membership term.

Conference revenue is accounted for as deferred revenue when it is collected and is recognized when the conference takes place.

Grants and donations revenue is recognized when the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized on an accrual basis.

Government assistance

Government grants related to the organization's conference are included in grants and donations revenue and are recognized when the amount to be received is reasonably estimated and collection is reasonably assured.

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2. Summary of significant accounting policies, continued

Donated materials and services

Donated capital and investments are recorded in the financial statements at fair value on the date of the donation. Donated materials and services are not recorded because the fair market value is not readily determinable. With the exception of volunteer time, such material and services are not significant.

Measurement uncertainty

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The significant estimates within these financial statements include the estimated useful lives of the property and equipment and the intangible assets and the amortization rates used to amortize such assets.

Income taxes

The organization is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt for income taxes.

3. Term deposits	2020	2019
Interest at 0.25% (2019 - 1.25%), maturing on March 29, 2021 (2019 - March 23, 2020)	\$ 15,000	\$ 15,000
Interest at 0.45% (2019 - 1.40%), maturing on October 16, 2021 (2019 - October 16, 2020)	50,000	50,000
Balance, end of year	\$ 65,000	\$ 65,000

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4. Capital assets			2020			2019
	Cost	Accumulated Amortization	Net Book Value		Net Book Value	
Equipment	\$ 866	754	\$ 112	\$	140	
Computer equipment	3,123	2,688	435		967	
	\$ 3,989	3,442	\$ 547	\$	1,107	

5. Website			2020			2019
	Cost	Accumulated Amortization	Net Book Value		Net Book Value	
Website	\$ 63,305	61,618	\$ 1,687	\$	3,373	

6. Remuneration of board of directors

Members of the Board of Directors are volunteers who serve without remuneration.

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7. Financial instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization maintains cash with a Canadian chartered bank in excess of federally insured limits and is exposed to the credit risk from the concentration of cash. It is management's opinion that the organization's exposure to credit risk is low.

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 risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk through its investments in term deposits.

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 organization is exposed to interest rate risk on its term deposits. Due to the short-term maturities of these investments, interest rate risk is considered low.

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8. COVID-19

In March 2020, the World Health Organization declared the outbreak of the COVID-19 virus a global pandemic. The spread of this virus has impacted many local economies around the world. Measures taken to contain the spread of the virus including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. As a result of these events and measures, the organization has cancelled its 2020 conference. The duration and impact of the COVID-19 pandemic remains unclear at this time on the organization's financial position and results of operations for future periods.

9. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

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