

Finance Committee Q4 Report

David Cates, Committee Chair

February 26, 2020

PURPOSE

To provide the executive committee and board with a view of the CNA financial position as of December 31, 2019; an update on other financial business; and to seek executive committee recommendation and board approval of the CNA's third and fourth quarter financial results for 2019.

CONTEXT/RATIONALE

The committee met via teleconference on February 4, 2020 to review and discuss committee matters for the association. All committee members were in attendance with the exception of S. Fox. Also, in attendance were representatives from Management. Representatives from Welch LLP joined the meeting to review the financial statements and draft audit report, as outlined below.

SMR Roadmap Accounting Discrepancy

C. St. Germain reported on Management's investigation into the accounting for the SMR roadmap project and the previous recognition of a receivable from National Resources Canada (NRCan). His findings concluded that the receivable recorded from NRCan was in error and that the error was likely attributable to Management's lack of understanding of the terms of the contribution agreement between the CNA and NRCan.

The impact of the error resulted in a reduction in accounts receivable by \$268,000 and a reduction in revenue of \$61,000. There were also adjustments required to deferred revenue (\$154,416) and HST Payable (\$55,751). Accordingly, the overall impact on the association's working capital was not as significant as originally estimated, since a large portion of adjustment to the receivable balance was offset by an overstatement of deferred revenue. With HST payable also overstated, the CNA expects to receive approximately \$55,000 in HST previously remitted to the Crown.

C. St. Germain's CFO report highlighted several action items to be taken by Management to eliminate the risk of future accounting errors for contribution agreements and project accounting.

The committee agreed with Management's approach to record the necessary adjusting entries to the association's accounts in December 2019 (reflected in the Q4-2019 statements), rather than to restate the Q3-2019 results.

2019 – Q3 / Q4 Financial Results

C. St. Germain presented the CFO report with the financial results for Q3 and Q4 of the 2019 fiscal year as well as an update on the forecast for Q1 and Q2 of 2020, focusing on certain highlights – including:

- The Q3 results were presented to the committee at the November 8th meeting. As there was a potential for a material misstatement due to the SMR roadmap accounting, the committee deferred approval of the results until after the findings on the SMR accounting. As noted above, the committee agreed to have the adjustment reflected in Q4 and recommended approval of the Q3 results as presented on November 8th.
- The Q4 results reflect a deficit of \$958,622 for the fourth quarter, versus a budgeted deficit of \$951,000. The results included the impact of the adjustment for the SMR roadmap accounting, which contributed \$61,000 of the total deficit. In the absence of the adjustment, the results would have been better than budget.
- Taken together with the reports from the previous quarters, the results from Q4 reflect a deficit of \$104,000 for the year ended December 31, 2019, as compared to a small budgeted surplus of \$10,000.
- The 2020 Q1 and Q2 forecast were revised and are now projecting a surplus through the first six months of 2020 of approximately \$1.0 million, as compared to the surplus from the approved budget of approximately \$1.22 million. While the variance of \$220,000 is large, the majority (\$140,000) relates to a change in accounting for special projects as noted above. Instead of recording the funding as revenue when received, it is reported based on expenditures incurred (i.e. revenue will equal expenses). Funding for ONA is received in Q1 but expended over the year. The revised forecast has reduced the revenue in Q1 and it will be recognized over the entire year. Other changes include a reduction in membership fees by \$35,000, an increase in professional fees of \$25,000 and an increase in office rent by \$16,000.

The committee reviewed and queried elements of the CFO report, the association's Quarterly Financial Statements for the three months ended December 31, 2019, and the associated analysis presented by Management. No significant changes were made to the results reported.

Welch LLP ("Welch") Audit and Comments:

M. Irwin and B. McMaster from Welch addressed the committee and indicated that Welch had completed its audit of the financial statements subject to receipt of a few outstanding confirmations, held discussions with Management and had no additional comments with respect to the presentation of the financial statements.

The committee queried the audit process related to the overstatement of accounts receivable connected to the SMR roadmap project (as discussed above) and lessons learned by the auditors – including that there should have been a greater level of diligence by the Auditor in confirming the validity of material outstanding receivable balances. The comment was noted by the Auditor.

The committee received the report of the Auditor. In a separate report to the board, it has recommended the draft audited financial statements of the CNA for the year ended December 31, 2019 be approved by the board of directors.

Plans to Complete RFP for 2020 Audit:

Management presented a planned schedule for the RFP process for the selection of the external auditor for the organization. Following a discussion of the schedule and the process, the Committee authorized Management to move forward with the selection process. The RFP process was commenced on February 12, 2020 and responses to the RFP are due by March 23, 2020. The review process will begin immediately following submission of the responses and will be presented to the committee on April 23rd for review and recommendation to the Executive Committee and Board of Directors for selection on June 2, 2020 at the AGM.

Review of Financial Policies:

Management presented the committee with various proposed changes to the CNA Signing Authority Policy. Following a discussion with Management around the balancing of efficiency of operations with prudent financial controls, the committee decided to defer the request to approve the amendments to allow Management the opportunity to incorporate feedback. In the interim, it agreed that the CEO currently has the discretion, under the existing framework, to delegate his signing authority to the VP and/or CFO, if such delegation is evidenced in writing by the CEO.

Other Business:

The committee received and reviewed the draft 2020 board and committee work plan.

MOTION

Resolved that the CNA's third and fourth quarter results for 2019 be recommended by the CNA Executive Committee and approved by the CNA Board of Directors.

APPENDICES

- Appendix 1 - Q3 Financial Results
- Appendix 2 - Q4 Financial Results
- Appendix 3 - Q1/Q2 Financial Forecast

CANADIAN NUCLEAR ASSOCIATION
Statement of Operations
For the month ended September 2019

\$ THOUSANDS

	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2018	
	Budget	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	YTD				Forecast	Jan - Sep YTD
1 REVENUE																			
2 Membership Fees		\$ 2,103	\$ 3	\$ -	\$ 1	\$ 4	\$ -	\$ 6	\$ 1	-				\$ 2,094				\$	2,250
3 Net Annual Conference		-	926	(443)	111	2	(1)	2	-	-				597					595
4 Fall Seminar		-	-	-	-	-	-	-	-	-				-					-
5 Investment Income		1	7	2	\$ 7	\$ 2	\$ 2	\$ 21	2	2				46					36
6 Other Income		3	3	3	4	3	3	3	42	8				72					54
7 LTEP-Pickering 2024		122	13	12	104	-	-	-	(2)	-				249					204
8 SMR Project Income		100	-	-	-	-	-	-	-	-				100					384
9 Total Revenue	0	2,329	952	(426)	225	3	4	20	41	10	-	-	-	3,158				-	3,523
10 CORE OVERHEAD EXPENSES																			
11 Salaries			71	73	74	107	110	79	89	66	175			844					759
12 Employee Benefits			7	2	12	13	12	13	11	4	23			98					57
13 Professional Services			32	37	15	10	9	-	1	15	48			167					111
14 Office Rent and Insurance			14	14	14	(2)	14	14	15	14	15			112					117
15 Telecommunications			6	2	3	4	3	3	3	4	3			31					42
16 Services (maintenance/office supplies)			16	3	3	3	6	7	3	9	13			63					63
17 Bad Debts			-	-	7	-	-	-	-	-	-			7					-
18 Board Meeting/Committees			-	-	-	-	-	-	3	-	-			3					5
19 Translation Services			-	-	-	-	-	-	-	-	-			-					4
20 Travel/Hospitality/Memberships/Conferences			13	1	13	22	36	11	4	11	13			124					78
21 Member Communication Program			-	-	-	6	-	-	-	-	5			11					8
22 Contingency(Board Recommended)			-	-	-	-	-	-	-	-	-			-					-
23	0	159	132	141	163	190	127	129	123	295	-	-	-	1,460				-	1,244
24 PROGRAM EXPENSES																			
25																			
26																			
27 Communications/Stakeholder			23	25	12	15	6	12	4	4	54	-	-	156					236
28 Advertising			0	0	23	11	2	2	3	1	3	-	-	45					21
29 School Program			-	-	-	-	-	-	-	13	17	-	-	30					24
30 Policy&Research/ Papers			10	22	14	66	8	28	2	8	8	-	-	168					134
31 Regulatory/Studies/Hearings			12	7	17	32	10	14	2	15	7	-	-	115					103
32 Government Relations			26	8	21	30	19	3	(7)	7	6	-	-	113					74
33 Sponsorships			5	-	-	0	26	-	-	-	-	-	-	31					40
34 LTEP-Pickering 2024			8	7	23	22	32	15	18	17	19	-	-	161					165
35 SMR Project Expenses			5	0	14	0	0	0	-	-	0	-	-	19					355
36	0	88	69	126	177	103	74	22	65	115	-	-	-	838				-	1,152
37																			
38 Total Expenses	0	247	201	267	340	293	201	151	188	410	-	-	-	2,298				-	2,396
39																			
40 NET REVENUE (EXPENSE) BEFORE AMORTI	0	2,082	751	(693)	(115)	(290)	(197)	(131)	(147)	(400)	-	-	-	860					1,127
41																			
42 Amortization	0	-	-	1	-	-	2	-	-	3	-	-	-	6				-	9
43																			
44 NET REVENUE (EXPENSE) FOR YEAR	0	\$ 2,082	\$ 751	\$(694)	\$(115)	\$(290)	\$(199)	\$(131)	\$(147)	\$(403)	\$ -	\$ -	\$ -	854				\$ -	\$ 1,118

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Notes on results

Line 2	Negative membership revenue <i>Please note that the 2018 membership was 2170k as 80k was written off in Sept 2018</i>	Represents review of 2019 invoices and organizations that should not have been invoiced due to cancellations or prior year write-offs
Line 6	Large other income amount in August was due to not finalizing secondment agreement and preparing invoice	Jan-Aug amount secondment funds received at once as well as regular Cameco rental income to house one employee
Line 8	SMR Project income will be cleared by the end of Q4	This project was revenue neutral and any remaining funds will be distributed to the contributing organizations Pending a final reconciliation of the funds to confirm attribution of residual funds
Line 11	Salary Expenses were up in April due to Bonus Payment to former CEO, May was a 3 pay month, and in Sept due to the Termination payout to M. Davis	
Line 12	Benefit Expenses were increased in Sept due to the Termination payout to M. Davis	Includes Employee RSP payment for M. Davis
Line 13	Professional services were increased in Sept due to the hiring of Sue Kavanagh to support the transition and internal audit of all business operations. Contract is for up to 4 days per week until Mid-Nov.	Consulting fees will be higher but using savings from M Davis salary
Line 14	There is negative rent in April due to a refund of operating costs	
Line 17	Bad debts of 3 prior year invoices	These were sent to a collection agency without thorough follow-up at the time
Line 33	Sponsorship payments have typically been paid post conference	New controls implemented to ensure payments are received prior to the conference start
Line 38	Expenses were up in Sept due to the Termination payout to M. Davis	
Line 42	Amortization is completed quarterly for new computer equipment or assets	For computer equipment and assets (New computer for Jessica and John G.) Review will be completed for 2020 in December to assess computer needs as Microsoft 7 will no longer be supported in 2020 and we may require 2 laptops

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CANADIAN NUCLEAR ASSOCIATION
Statement of Financial Position
As September 30 2019

	Total 31-Dec 2018	Total 30-Sep 2019	Total 30-Sep 2018
	(Audited)	(Unaudited)	(Unaudited)
1 CURRENT ASSETS			
2 Cash	\$ 923,288	\$ 1,330,129	\$ 1,094,438
3 Short term investments	1,970,349	2,006,396	1,972,031
4 Accounts receivable	3,146,220	772,133	839,496
5 Prepaid expenses	41,397	3,905	14,462
HST Tax Receivable	-	-	-
6	<u>6,081,254</u>	<u>4,112,563</u>	<u>3,920,427</u>
7			
8 PROPERTY AND EQUIPMENT	23,872	31,517	20,852
9			
10 TOTAL ASSETS	<u><u>\$ 6,105,126</u></u>	<u><u>\$ 4,144,080</u></u>	<u><u>\$ 3,941,279</u></u>
11			
12 CURRENT LIABILITIES			
13 Accounts payable	\$ 145,159	\$ 164,851	107,347
14 Government remittances payable	304,342	11,142	34,925
15 HST Tax Payable	-	10,760	6,198
16 CNWC payable	1,583	26,046	12,657
17 Deferred revenue	3,117,298	540,571	356,379
18 Total Liabilities	<u>3,568,382</u>	<u>753,370</u>	<u>517,506</u>
19			
20 NET ASSETS			
21 Invested in property and equipment	23,872	23,872	25,408
22 Unrestricted beginning of year	2,512,872	2,512,872	2,279,990
23 Net revenue to date	-	853,966	1,118,375
24	<u>2,536,744</u>	<u>3,390,710</u>	<u>3,423,773</u>
25			
26 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,105,126</u></u>	<u><u>\$ 4,144,080</u></u>	<u><u>\$ 3,941,279</u></u>

Notes on results

<u>Line #</u>	<u>Description</u>	<u>Additional Comments</u>
Line 4	Revised controls have been implemented for Accounts Receivable.	<p>As of October 30, 2019, A/R 90+ days is \$450,746.52 and 9 companies owing, 1 overbilling to NRCan related to the SMR project which is being researched and reconciled, of which we believe only 1 invoice of \$2,825 will need to be written off, and the remainder paid by Nov 30th.</p> <p>CEO to have conversation with the delinquent company CEO to explore why they cancelled</p>
Line 17	Deferred Revenue	Advanced payments for Winter 2020 sponsorships or exhibits

CANADIAN NUCLEAR ASSOCIATION
Fourth Quarter Summary and Year-to-Date Results
For the Period January 1, 2019 to December 31, 2019

	Q4 Summary						Notes	2019			2018
	Oct	Nov	Dec	Total	Budget	Variance		Total	Budget	Variance	Actual
Revenue											
Membership Fees	\$ (7,500)	\$ -	\$ -	\$ (7,500)	\$ -	\$ (7,500)	1	\$ 2,086,250	\$ 2,170,000	\$ (83,750)	\$ 2,170,208
Annual Conference - Net (see below)	-	(218)	(359)	(577)	-	(577)		596,523	400,000	196,523	577,922
Investment Income	1,409	1,493	1,567	4,469	6,000	(1,531)		56,879	40,000	16,879	35,959
Other Income	8,111	8,111	(49,411)	(33,189)	(31,000)	(2,189)	2	40,630	-	40,630	24,153
Program Contributions											
SMR Project	-	-	(61,084)	(61,084)	-	(61,084)	3	38,760	-	38,760	437,598
ONA / LTEP-Pickering 2024	-	-	5,541	5,541	57,000	(51,459)	4	254,541	55,000	199,541	196,399
	2,020	9,386	(103,746)	(92,340)	32,000	(124,340)		3,073,583	2,665,000	408,583	3,442,239
Operating Expenses											
Salaries and Benefits	86,369	111,865	116,018	314,252	321,000	6,748		1,257,168	1,250,000	(7,168)	1,165,642
Professional Services	29,784	26,113	25,620	81,517	110,000	28,483	5	248,223	60,000	(188,223)	94,137
Office Rent and Insurance	14,034	14,034	14,034	42,102	45,000	2,898		154,333	175,000	20,667	119,799
Telecommunications	1,563	4,400	4,067	10,030	9,000	(1,030)		21,383	55,000	33,617	56,082
Office Expense	6,356	3,769	10,228	20,353	15,000	(5,353)		95,849	85,000	(10,849)	88,345
Bad Debts	-	-	2,500	2,500	3,000	500		9,068	-	(9,068)	-
Board/Committee Meetings	6,580	66,031	7,913	80,524	75,000	(5,524)	6	83,811	10,000	(73,811)	15,185
Travel/Hospitality/Memberships/Conferences	2,876	104	4,659	7,639	25,000	17,361	7	144,949	70,000	(74,949)	109,104
Member Communication Program	129	129	129	387	5,000	4,613		12,383	10,000	(2,383)	-
Contingency	-	-	-	-	-	-		-	100,000	100,000	-
	147,691	226,445	185,168	559,304	608,000	48,696		2,027,167	1,815,000	(212,167)	1,648,294
Program Expenses											
Communications / Stakeholder	(3,209)	10,935	20,394	28,120	86,000	57,880	8	185,112	300,000	114,888	365,145
Advertising	6,170	516	15,102	21,788	9,000	(12,788)	8	66,285	50,000	(16,285)	35,132
School Program	9,066	6,453	2,135	17,654	-	(17,654)	9	47,450	35,000	(12,450)	-
Policy & Research Papers	39,611	(12,235)	18,425	45,801	55,000	9,199		213,491	200,000	(13,491)	203,680
Regulatory Studies / Hearings	6,796	20,662	10,541	37,999	37,000	(999)		153,090	110,000	(43,090)	136,377
Government Relations	-	9,483	45,199	54,682	15,000	(39,682)	10	167,406	110,000	(57,406)	141,167
Sponsorships	-	-	-	-	28,000	28,000	11	30,650	35,000	4,350	40,194
SMR Project	-	-	19,392	19,392	-	(19,392)	12	38,760	-	(38,760)	437,598
ONA / LTEP-Pickering 2024	47,120	70,782	(36,360)	81,542	145,000	63,458	4	242,856	-	(242,856)	196,399
	105,554	106,596	94,828	306,978	375,000	68,022		1,145,100	840,000	(305,100)	1,555,692
Total Expenses	253,245	333,041	279,996	866,282	983,000	116,718		3,172,267	2,655,000	(517,267)	3,203,986
Net Surplus / (Deficit) Before Amortization	(251,225)	(323,655)	(383,742)	(958,622)	(951,000)	(7,622)		(98,684)	10,000	(108,684)	238,253
Amortization	-	-	-	-	-	-		5,967	-	(5,967)	6,911
Net Surplus / (Deficit)	(251,225)	(323,655)	(383,742)	(958,622)	(951,000)	(7,622)		(104,651)	10,000	(102,717)	231,342

CANADIAN NUCLEAR ASSOCIATION
Fourth Quarter Summary and Year-to-Date Results
For the Period January 1, 2019 to December 31, 2019

Notes to the Financial Results

The following information is to provide a summary of the variance or significant items to report on the financial results for the fourth quarter of the year:

1. Membership revenue was reduced by \$7,500 as there were a few small members who did not intend to renew their membership. This information was only identified once staff undertook a detailed review of the outstanding account receivable balance.
2. Other income is a negative amount as it is a cost recovery for payroll expense for the Direction of Ontario Nuclear Advantage. The funding should be recorded as an offset to the payroll cost as opposed to Other Income.
3. The adjustment to the funding for the SMR Roadmap projet is detailed in the memo included in Agenda item 3.
4. The ONA / LTEP-Pickering 2024 revenue and expense relates to the Ontario Nuclear Advantage initiative. The revenue and expense offset each other as this is a program with full funding. Included in the CFO report is a brief discussion on the adjustments made to the accounting for the personnel cost incurred by the project.
5. The cost of professional fees relates to part-time consultants hired to assist with Human Resources, Finance and Governance. The actual cost in the quarter is less than budget, however, some of the savings may flow into Q1 of 2020.
6. Board and Committee Meetings expense include the cost of the Industry Round Table Consultation (IRC). Also included are costs related to the part-time Governance consultant for preparation and attendance at the meeting.
7. Overall costs for travel and conferences in the 4th quarter were less than budgeted as there was focus on the IRC and preparing for the strategic plan.
8. General savings in both communications and advertising as there were no major initiatives in the fourth quarter.
9. There were additional costs associated with the School Program that were incurred in Q4 but not included in the budget. The program was \$12K over budget.
10. Significant Government Relations were incurred as part of the MOU on the SMR program.
11. Sponsorships budget was used in previous quarters.
12. Prior year costs associated with the SMR project were not properly allocated. An adjustment has been made to correct the prior year error.

CANADIAN NUCLEAR ASSOCIATION

Statement of Financial Position

As at December 31, 2019

	2019-12-31 (Unaudited)	2018-12-31 (Audited)
CURRENT ASSETS		
Cash	\$ 1,150,188	\$ 923,288
Short term investments	2,008,299	1,970,349
Accounts receivable	2,474,142	3,146,220
Prepaid expenses	73,307	41,397
Total Current Assets	5,705,936	6,081,254
 PROPERTY AND EQUIPMENT - NET	 32,423	 23,872
 TOTAL ASSETS	 \$ 5,738,359	 \$ 6,105,126
 CURRENT LIABILITIES		
Accounts payable	\$ 282,782	\$ 145,159
Government remittances payable	183,299	304,342
CNWC payable	8,644	1,583
Deferred revenue	2,831,540	3,117,298
Total Current Liabilities	3,306,265	3,568,382
 NET ASSETS		
Invested in property and equipment	32,423	23,872
Unrestricted beginning of year	2,504,321	2,281,530
Net surplus / (deficit)	(104,650)	231,342
Total Net Assets	2,432,094	2,536,744
 TOTAL LIABILITIES AND NET ASSETS	 \$ 5,738,359	 \$ 6,105,126

CANADIAN NUCLEAR ASSOCIATION
STATEMENT OF OPERATIONS
FORECASTED FOR Q1 & Q2 2020

	Updated - January 30, 2020			Notes	Original - November 30, 2019		
	Q1	Q2	Total		Q1	Q2	Total
Revenue							
Membership Fees	\$ 2,065,000	\$ -	\$ 2,065,000	1	\$ 2,100,000	\$ -	\$ 2,100,000
Annual Conference	483,000	112,000	595,000		483,000	112,000	595,000
Investment Income	12,000	12,000	24,000		12,000	12,000	24,000
Other Income	9,951	9,951	19,902	2	25,000	25,000	50,000
Program Funding							
Ontario Nuclear Advantage	12,471	12,471	24,942	3	150,000	100,000	250,000
SMR Secretariat	18,982	28,473	47,455	4	-	-	-
	<u>2,601,404</u>	<u>174,895</u>	<u>2,776,299</u>		<u>2,770,000</u>	<u>249,000</u>	<u>3,019,000</u>
Expenses							
Salaries	263,454	279,508	542,962	2	287,000	287,000	574,000
Professional Fees	78,391	49,621	128,012	5	84,000	19,000	103,000
Office Rent and Insurance	42,126	42,126	84,252	6	42,000	26,000	68,000
Telecommunications	11,000	10,000	21,000		11,000	10,000	21,000
Office Expense	22,000	16,000	38,000		22,000	16,000	38,000
Bad Debts	7,000	-	7,000		7,000	-	7,000
Board Meetings	2,500	-	2,500		-	-	-
Translation Services	-	-	-		-	-	-
Travel and Conferences	27,000	69,000	96,000		27,000	69,000	96,000
Member Communications	-	6,000	6,000		-	6,000	6,000
Contingency	20,000	20,000	40,000		20,000	20,000	40,000
	<u>473,471</u>	<u>492,255</u>	<u>965,726</u>		<u>500,000</u>	<u>453,000</u>	<u>953,000</u>
Program Expenses							
Communications	115,000	100,000	215,000		115,000	100,000	215,000
Advertising	20,000	16,000	36,000		20,000	16,000	36,000
School Program	-	-	-		-	-	-
Policy & Research	50,000	100,000	150,000		50,000	100,000	150,000
Regulatory	52,000	86,000	138,000		52,000	86,000	138,000
Government Relations	54,134	52,379	106,513		54,134	52,379	106,513
Sponsorships	30,000	60,000	90,000		30,000	60,000	90,000
Ontario Nuclear Advantage	12,471	12,471	24,942	2	40,000	70,000	110,000
SMR Secretariat	18,982	28,473	47,455	3	-	-	-
	<u>352,587</u>	<u>455,323</u>	<u>807,910</u>		<u>361,134</u>	<u>484,379</u>	<u>845,513</u>
	<u>1,775,346</u>	<u>(772,683)</u>	<u>1,002,662</u>		<u>1,908,866</u>	<u>(688,379)</u>	<u>1,220,487</u>

Notes

- Membership revenue has been adjusted down by \$35,000 as there have been a few members who have opted not to renew their membership or others that have amalgamated with existing members thus not requiring a separate membership for 2020.
- CNA receives funding from one of its members for a share of the salary for the Director of the ONA program. This funding is now being recorded as an offset to salaries expense instead of being included as Other Income. Also included in salaries and benefits is the cost for the new Vice President position.
- The revenue associated with Ontario Nuclear Advantage will be accounted for to only include the actual expenditures incurred during the quarter as revenue as opposed to being based on billings to funding partners. This change in accounting is to ensure that the operating results of the CNA are not inflated by a funding source that is not its property. Similarly, only those expenses incurred during the quarter will be reported in the program expense line. The actual amount of the expenses will be based on individual budgets for the programs.
- Similar to the ONA accounting, the SMR Secretariat will be accounted for to only include the actual expenditures incurred during the quarter as revenue as opposed to being based on billings to funding partners. This change in accounting is to ensure that the operating results of the CNA are not inflated by a funding source that is not its property. Similarly, only those expenses incurred during the quarter will be reported in the program expense line. The actual amount of the expenses will be based on individual budgets for the programs.
- Professional fees have been adjusted to reflect the expected cost for part time consultants and other professionals. The overall cost during the first two quarters is now projected to be \$25,000 higher than previously estimated.
- Office and rent expense has been adjusted to reflect the full amount of rent cost in Q2. The adjustment is a \$16,000 increase in this