



Financial Statements

Quantum Algorithms Institute

March 31, 2021

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# Independent Auditor's Report

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To the Members of  
Quantum Algorithms Institute

## Opinion

We have audited the financial statements of Quantum Algorithms Institute (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenses, 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 March 31, 2021, and the results of its 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 *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 these 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 these 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 related 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.

#### **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.

Vancouver, Canada  
June 23, 2021



Chartered Professional Accountants

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# Quantum Algorithms Institute

## Statement of Financial Position

March 31

2021

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### Assets

#### Current

Cash	\$ 1,721,055
Accounts receivable	30,000
GST receivable	8,413
Prepaid expenses	5,798

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**\$ 1,765,266**

### Liabilities

#### Current

Accounts payable and accrued liabilities	43,866
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### Net assets

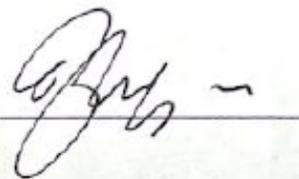
Unrestricted	1,721,400
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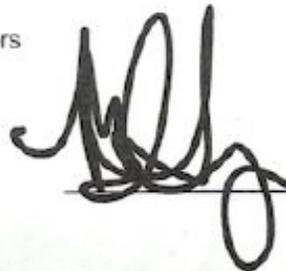
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**\$ 1,765,266**

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Approved on behalf of the Board of Directors

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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# Quantum Algorithms Institute

## Statement of Operations and Changes in Net Assets

Period ended March 31

2021  
(Note 1)

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Revenues	
Government grant	\$ 2,000,000
Membership fees (Note 4)	110,000
Interest income	5,735
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Total revenues	2,115,735
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Expenses	
Consulting	94,024
Office and administrative	655
Professional fees	120,798
Salaries and benefits	159,865
Website development and maintenance	18,993
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Total expenses	394,335
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Excess of revenues over expenses	1,721,400
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Net assets, beginning of period	-
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Net assets, end of period	\$ 1,721,400

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# Quantum Algorithms Institute

## Statement of Cash Flows

Period ended March 31

2021  
(Note 1)

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### Operating

Excess of revenues over expenses	<u>\$ 1,721,400</u>
Change in non-cash operating working capital	
Accounts receivable	(30,000)
GST receivable	(8,413)
Prepaid expenses	(5,798)
Accounts payable and accrued liabilities	<u>43,866</u>
	<u>(345)</u>
Cash flows from operating activities	<u>1,721,055</u>
Increase in cash and cash equivalents	1,721,055
Cash and cash equivalents	
Beginning of year	<u>-</u>
End of year	<u>\$ 1,721,055</u>

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# Quantum Algorithms Institute

## Notes to the Financial Statements

March 31, 2021

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### 1. Nature of operations

Quantum Algorithms Institute (the “Organization”) was incorporated on March 31, 2020 under the Canada Not-for-Profit Corporation Act. The organization is exempt from income tax, except for income from property, under Section 149(1) of the Income Tax Act.

The Organization’s objective is to leverage British Columbia’s strengths to establish an applied quantum computing ecosystem that features broad participation, an inclusive approach to core technology and is focused on building a critical mass of talent that drives skilled job creation and economic development across the province and Canada.

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### 2. Summary of significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) using the deferral fund method of reporting externally restricted contributions.

#### Use of estimates

The preparation of the Organization’s financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates. Significant items subject to such estimates and assumptions include accrued liabilities.

#### Financial instruments

The Organization’s financial instruments are comprised of cash, accounts receivable, GST receivable and accounts payable and accrued liabilities. Financial assets and liabilities are initially recognized at their fair value. The Organization subsequently measures all financial assets and financial liabilities at amortized cost.

#### Net assets

Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Organization each year are available for general purposes.

#### Accrual of expenses

Expenses have been recorded using the accrual basis of accounting, and all expenses have been recorded in the period to which the expense relates.

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# Quantum Algorithms Institute

## Notes to the Financial Statements

March 31, 2021

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### 2. Summary of significant accounting policies (continued)

#### 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 recognized as revenue over the membership period and when collection is reasonably assured.

#### Donations-in-kind

The Organization may receive donated services and equipment to be used in the normal course of operations. Due to the difficulty in of determining their fair values the donated services and equipment are not recognized in these financial statements.

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### 3. Financial instruments

Transactions in financial instruments may result in the Organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

#### Currency risk

The Organization is not exposed to significant foreign currency risk.

#### Credit risk

The Organization's credit risk is primarily with respect to their accounts receivable. The Organization minimizes its credit risk by actively managing overdue accounts receivable.

#### 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 accounts payable and accrued liabilities. The Organization manages liquidity risk by maintaining cash balances in excess of outstanding obligations

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# Quantum Algorithms Institute

## Notes to the Financial Statements

March 31, 2021

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#### **4. Related party transactions**

During the year, \$110,000 in membership revenues were recognized as revenue from members of the Board of Directors. The related party transactions are measured at the exchange amount.

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#### **5. Economic dependence**

During the year, the Organization recognized revenue of \$2 million received from the British Columbia Minister of Jobs, Economic Development and Competitiveness. The Organization is economically dependent on the province of British Columbia funding.

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#### **6. Impact of COVID-19**

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our operations are not known at this time. These impacts could include potential future decreases in revenue. Management is closely monitoring the evolving situation and taking measures to mitigate potential negative impacts to the Organization.

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#### **7. Subsequent events**

On March 31, 2021 the Organization executed an agreement with the British Columbia Minister of Jobs, Economic Development and Competitiveness making them eligible for funding of \$3 million. The funds were received subsequent to year-end.

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