

Financial Statements of

**DIGITAL RESEARCH
ALLIANCE OF CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2025



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Digital Research Alliance of Canada

Opinion

We have audited the financial statements of Digital Research Alliance of Canada (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and 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, 2025, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report"



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Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditor's report thereon, included in a document likely entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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.

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 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.



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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 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 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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 27, 2025

DIGITAL RESEARCH ALLIANCE OF CANADA

Statement of Financial Position

March 31, 2025, with comparative information for 2024

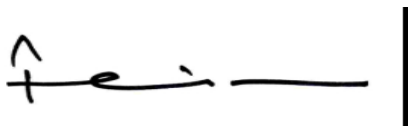
	2025	2024
Assets		
Current assets:		
Cash	\$ 16,927,581	\$ 15,447,697
Accounts receivable	6,291,720	16,500
HST recoverable	172,509	111,130
Prepaid expenses	926,158	811,730
Net advance to projects	1,617	784,913
	24,319,585	17,171,970
Capital assets (note 4)	50,335	74,495
	\$ 24,369,920	\$ 17,246,465

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,877,418	\$ 945,429
Current portion of lease inducement	39,199	37,816
Deferred funding (note 2)	10,560,064	12,944,751
	20,476,681	13,927,996
Deferred lease inducement	42,465	81,664
Net assets	3,850,774	3,236,805
Commitments (note 5)		
Contingent liabilities (note 8)		
	\$ 24,369,920	\$ 17,246,465

See accompanying notes to financial statements.

On behalf of the Board:



Feridun Hamdullapur
Chair, Board of Directors
Digital Research Alliance of Canada



Gail Murphy
Vice Chair, Board of Directors
Digital Research Alliance of Canada

DIGITAL RESEARCH ALLIANCE OF CANADA

Statement of Operations and Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Government funding (notes 2 and 3)	\$ 190,782,495	\$ 37,165,049
Interest income	1,239,865	639,148
Membership fees	609,000	605,000
Other revenue	297,529	79,331
	192,928,889	38,488,528
Expenses:		
Program expenses:		
Digital Research Infrastructure	153,462,192	23,003,542
Dedicated Computing Capacity for Artificial Intelligence	21,496,225	1,374,861
Expansion of the Canadian Advanced Network for Astronomy Research	1,973,077	—
	176,931,494	24,378,403
Operating expenses:		
Salaries and benefits	6,524,792	5,686,060
Services	1,731,418	1,343,776
Transportation and communication	390,901	353,340
Supplies	35,285	29,693
Miscellaneous expenses	2,726	4,361
	8,685,122	7,417,230
Management and administration:		
Salaries and benefits	3,862,944	3,483,285
Services	2,572,044	1,667,629
Transportation and communication	206,132	225,032
Supplies	22,004	37,382
Miscellaneous expenses	11,020	3,568
Amortization of capital assets	24,160	24,161
	6,698,304	5,441,057
Total expenses	192,314,920	37,236,690
Excess of revenue over expenses	613,969	1,251,838
Net assets, beginning of year	3,236,805	1,984,967
Net assets, end of year	\$ 3,850,774	\$ 3,236,805

See accompanying notes to financial statements.

DIGITAL RESEARCH ALLIANCE OF CANADA

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 613,969	\$ 1,251,838
Items not involving cash:		
Amortization of capital assets	24,160	24,161
Amortization of deferred lease inducement	(37,816)	(22,606)
Net change in non-cash working capital:		
Accounts receivable	(6,275,220)	122,502
HST recoverable	(61,379)	(24,403)
Prepaid expenses	(114,428)	(545,537)
Net advances to projects	783,296	(835,233)
Accounts payable and accrued liabilities	8,931,989	(1,436,672)
Deferred funding	(2,384,687)	10,507,744
Increase in cash	1,479,884	9,041,794
Cash, beginning of year	15,447,697	6,405,903
Cash, end of year	\$ 16,927,581	\$ 15,447,697

See accompanying notes to financial statements.

DIGITAL RESEARCH ALLIANCE OF CANADA

Notes to Financial Statements

Year ended March 31, 2025

The Digital Research Alliance of Canada (the “Organization”) is a not-for-profit organization that was federally incorporated on August 28, 2019 as a member-based organization with an agreement between Innovation, Science and Economic Development Canada (“ISED”) and the Organization.

The Organization’s mandate is to play a central role in helping advance the establishment of a researcher-focused, accountable, agile, strategic and sustainable Digital Research Infrastructure ecosystem for researchers in Canada.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation:

The Organization follows the deferral method of accounting for contributions for not-for-profit organizations.

(b) Revenue recognition:

Contributions and funding designated for the Organization’s mandate are recorded as deferred funding and are recognized as revenue when the related expenditure is incurred. Unrestricted contributions are recorded as revenue in the year received.

Membership fees are recognized in the period to which they relate, providing collection is reasonably assured.

(c) Expenses:

In the statement of operations, the Organization presents its expenses by function. Expenses are recognized in the year incurred and recorded in the function to which they are directly related.

(d) Capital assets:

Capital assets are comprised of leasehold improvements, which are recorded at cost. When a leasehold improvement no longer contributes to the Organization’s ability to provide services, its carrying amount is written down to its residual value.

Leasehold improvements are amortized over the life of the lease.

(e) Deferred lease inducements:

Deferred lease inducements for leasehold improvements consists of allowances granted to the Organization for the leased offices. The contributions are amortized on a straight-line basis over the term of the lease.

DIGITAL RESEARCH ALLIANCE OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(f) Employee benefit plans:

The Organization is a member of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer, defined benefit pension plan. The Organization has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles.

(g) Use of estimates:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and accordingly, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from these estimates. The significant estimates in the financial statements include the collectability of receivables, deferred contributions, and the amount of certain accrued liabilities in the year they become known.

2. Deferred funding:

The Organization received funding from government as follows:

	2025	2024
Balance, beginning of year	\$ 12,944,751	\$ 2,437,007
Contributions received	188,397,808	47,672,793
Recognized as revenue	(190,782,495)	(37,165,049)
Balance, end of year	\$ 10,560,064	\$ 12,944,751

3. Government funding:

The two Contribution Agreements between ISED and the Organization under the Digital Research Infrastructure Contribution Program were signed on June 19, 2023 and June 30, 2023. The purpose of these agreements was to fund the Organization's activities. One agreement ended on March 31, 2025, and the other has been extended to March 31, 2027.

The Contribution Agreement between ISED and the Organization under the Dedicated Computing Capacity for Artificial Intelligence Contribution Program was signed on September 28, 2022 and amendments were signed on January 18, 2023 and July 17, 2024. The purpose of this agreement is to fund dedicated computing capacity for artificial intelligence researchers, in support of the Pan-Canadian Artificial Intelligence Strategy. The agreement ends on March 31, 2027.

DIGITAL RESEARCH ALLIANCE OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

3. Government funding (continued):

The Partnership Agreement between National Research Council Canada ("NRC") and the Organization under the expansion of the Canadian Advanced Network for Astronomical Research program was signed on December 1, 2023. The purpose of this agreement is to develop digital research infrastructure to meet the needs of NRC's research community and the broader academic research community. The agreement ends on March 31, 2031.

During the year, a new Contribution Agreement between ISED and the Organization under the Digital Research Infrastructure Contribution Program was signed on March 11, 2025. The purpose of this agreement is to fund the Organization's activities. The agreement ends on March 31, 2030.

Additionally, during the year, a new Contribution Agreement between ISED and the Organization under the Canadian Sovereign AI Compute Strategy was signed on March 21, 2025. The purpose of this agreement is to expand national AI compute capacity to address urgent AI research needs across Canada. The agreement ends on March 31, 2028.

4. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 120,803	\$ 70,468	\$ 50,335	\$ 74,495

Cost and accumulated amortization as at March 31, 2024 amounted to \$120,803 and \$46,308, respectively.

5. Commitments:

Under the terms of the operating lease agreement, the Organization is required to make the following payments over the next 3 years:

2026	\$ 169,244
2027	169,244
2028	14,103
	\$ 352,591

DIGITAL RESEARCH ALLIANCE OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

6. Employee benefit plans

Starting on May 1, 2021, the Organization became members of the College of Applied Arts and Technology ("CAAT") Pension Plan, which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the CAAT. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination or death.

The Organization does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Organization's share of the underlying pension assets and liabilities. The regulatory surplus of the Plan as at December 31, 2024 was \$6.14 billion and the most recent actuarial valuation filed with pension regulators was as at January 1, 2025.

Employer contributions to the Plan during the year by the Organization amounted to \$525,782 (2024 - \$508,211) and are included in salaries and benefits expense on the Statement of Operations.

7. Financial risks:

The Organization's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to this risk relating to its cash and accounts receivable. The Organization holds its cash accounts with a federally regulated chartered bank who are insured by the Canadian Deposit Insurance Corporation.

The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due. The Organization mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and keeping accounts payable current throughout the year. The Organization is continuously monitoring its cash flow in order to maintain its liquidity moving forward.

DIGITAL RESEARCH ALLIANCE OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2025

7. Financial risks (continued):

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors.

(i) Foreign currency risk:

Foreign currency risk results from the fluctuation and volatility of exchange rates. The Organization is not exposed to foreign exchange risk.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. The Organization is not subject to significant interest rate risk.

(iii) Other price risk:

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Organization is not exposed to other price risk.

8. Contingent liabilities:

The Organization is involved in an employment related litigation matter, the outcome of which is not determinable at this time. Any liability or payments resulting from this matter will be recognized in the year when the outcome is reasonably determinable, and the amounts involved can be estimated.