

GENESIS Group Inc.

Special purpose financial statements
March 31, 2024



GENESIS Group Inc.

Statement of operations

[Redacted]

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	2024	2023
	\$	\$
Revenue		
[Redacted]		
[Redacted]		
[Redacted]		
Grants		
Memorial University of Newfoundland contribution <i>[note 5]</i>	287,338	287,338
Service contract – Memorial University of Newfoundland <i>[note 5]</i>	123,103	123,309
[Redacted]		
[Redacted]		
Expenses		
[Redacted]		
[Redacted]		
Rent <i>[note 5]</i>	287,338	274,408
Service contract – Memorial University of Newfoundland <i>[note 5]</i>	123,103	123,309
[Redacted]		
[Redacted]		

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GENESIS Group Inc.

Notes to financial statements

March 31, 2024

1. Organization

Nature of business

GENESIS Group Inc. [the "Corporation" or "GENESIS"] is a not-for-profit organization that is incorporated under the *Corporations Act* (Newfoundland and Labrador) and is a wholly owned subsidiary of Memorial University of Newfoundland [the "University" or "Memorial"].

GENESIS is an innovation hub for technology-based start-up ventures with high-growth potential. The Corporation's goal is to help entrepreneurs commercialize their ideas and to build successful companies in the Province of Newfoundland and Labrador.

The Corporation has a management agreement with the University [the "Agreement"], which stipulates that the Corporation provides services as an agent of the University. Accordingly, all assets, liabilities, revenue and expenses relating to the Corporation's operations are legally those of the University. The Corporation receives an annual operating grant from the University; employees operating the Corporation are employed by the Corporation.

The Corporation is controlled for accounting purposes by the University. The University is a government not-for-profit organization ["GNPO"], and accordingly, the Corporation is deemed to be a GNPO.



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Support in-kind

Various services have been provided to the Corporation by Memorial without charge. Contributions that can be measured are recorded at their fair value. Because of the difficulty of determining fair value, remaining support in-kind is not recognized in these financial statements.

Royalties, licences and trademarks



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Revenue in excess of patent costs is shared among the inventors and Memorial in accordance with the terms of the Memorial Faculty Association Collective Agreement in effect at the time of the invention disclosure.



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Income tax status

The Corporation is a not-for-profit organization within the meaning of the *Income Tax Act* (Canada) and, as such, is exempt from income taxes.



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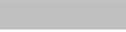
Fair value

This category includes cash held by Memorial University of Newfoundland and is initially recognized at fair value and subsequently carried at fair value.

Transaction costs related to these financial instruments in the fair value category are expensed as incurred.



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GENESIS Group Inc.**Notes to financial statements**

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**5. Related party transactions**

Memorial provided core funding in the amount of \$287,338 during 2024 [2023 – \$287,338]. The agreement for core funding is reviewed and approved annually. The Corporation also has an agreement with Memorial, which provides for, among other items, the provision of services in-kind by various operating departments of Memorial and is in effect until written notice is provided by either party. No such notice has been given to date. The value of these services, which can be measured for the year ended March 31, 2024, amounted to \$123,103 [2023 – \$123,309]. Rent paid to Memorial during the year amounted to \$287,338 [2023 – \$287,338].

Notwithstanding the above, the following tables summarize significant transactions and balances with Memorial not disclosed elsewhere in these financial statements:

	2024	2023
	\$	\$
Expenses		
IT services	11,416	12,521
Infrastructure improvements	5,191	14,875
	16,607	27,936

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These transactions occur in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. Internally restricted

In accordance with the Agreement with Memorial, the Corporation has internally restricted amounts as reserves for winding up the Corporation should this prove necessary. This amount is subject to review by the Corporation's Audit Committee of its Board of Directors.



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Notes to financial statements

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11. Commitments

On March 19, 2019, the Corporation entered an operating lease with Memorial for its office equipment and furniture. The annual minimum payments under this operating lease are as follows:

	\$
2025	29,643
2026	29,643
2027	29,643
2028	29,643

On March 31, 2021, the Corporation entered into a lease agreement with the City of St. John's to lease building space for \$1 per year for a term of three years, which is the amount of consideration established and agreed to by the related parties. Support-in-kind related to the ongoing maintenance is recorded in the financial statements. The lease is effective from April 1, 2021 to March 30, 2024, with the option to renew for two additional one-year periods as per the terms and conditions of the agreement.

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Financial statements

March 31, 2024



GENESIS Group Inc.**Notes to financial statements**

March 31, 2024

1. Organization**Nature of business**

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Support in-kind

Various services have been provided to the Corporation by the University, volunteers and Directors of the Board without charge. In-kind contributions are recognized in the financial statements when fair value is readily determinable. The fair value of contributed services is not readily determinable, and as such, they are not reflected in the financial statements.

Restricted net assets

In accordance with the management agreement with the University, the Corporation's Board of Directors has internally restricted a net asset amount for purposes of a wind-up fund. This amount is adjusted annually as needed.

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Amortized cost

This category includes due from Memorial University of Newfoundland

They are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

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