ANNUAL REPORT 2013

# THE POWER OF BANDWIDTH

cybera

**CYBERA IS A SPECIALIZED TECHNICAL AGENCY THAT HELPS BUILD ECONOMIC STRENGTH AND DIVERSITY THROUGH E-INFRASTRUCTURE.**

**LET US SHOW YOU THE POWER OF BANDWIDTH.**

# NOT JUST A FASTER HORSE

A favourite quote of mine is from Henry Ford, early developer of the automobile:

"If I had asked people what they wanted, they would have said faster horses."

At Cybera, we are involved in developing transformational technologies – cars instead of horses – but unlike Mr. Ford, we *do* ask people what they want. Our job is to fully understand what Alberta educators and innovators need, and then to envision, build and implement the advanced technologies that will get them there. Before you know it, the technology is no longer "advanced" and we will move on to the next project.

This is an exciting spot for a strategic technology agency like Cybera. We work every day towards realizing the potential of new technology with a highly skilled, streamlined team. I came to Cybera from the world of business, and I am finding the pace just as fast-clipped. On top of that, the public benefit of our work is highly rewarding.

We have a vision at Cybera. We see an economy where computing and networking "e-infrastructure" is considered as essential to everyday life as heat and electricity. And we are not the only ones that are thinking about e-infrastructure in this way. The proliferation of systems that make up the internet has matured to the point where it is time to think about computing, not as a collection of horses, and not even as a collection of cars, but as a system of roads and highways that are shared as a utility.

This vision will not be realized overnight, and that is why the bulk of our work is focused on strategic projects. We prove concepts. In this annual report, you will see the projects begun in the past year that are advancing Alberta's technology fabric.

On the networking front, we have connected 14 new members to the unmetered network called CyberaNet, and substantially reduced the cost of networking for many Alberta educators. Major Internet Service Providers in the province are reducing their bandwidth prices at the same time. That is a major achievement, and crucial to the creation of e-infrastructure that stimulates economic growth, innovation and productivity.

This year, we took action to accelerate technology adoption among entrepreneurs, to give them a competitive advantage. It began with the creation of the Alberta Enterprise Broadband Testbed, a pilot to link business incubators to our high-speed network, giving entrepreneurs access to a broadband testbed. We have also created a Rapid Access Cloud, to support digital discoveries.

Our leadership role in this space is supported to a large extent by the respect that Cybera's technical team has attracted from industry. In 2012, American cloud development company Nebula asked us to be the first beta tester of its Nebula One system, the world's first "cloud in a box" platform. The other beta testers were major names in the technology space, like NASA's Jet Propulsion Laboratory.

**WE SEE AN ECONOMY WHERE COMPUTING AND NETWORKING "E-INFRASTRUCTURE" IS CONSIDERED AS ESSENTIAL TO EVERYDAY LIFE AS HEAT AND ELECTRICITY.**

For higher education institutions in Alberta, it has been a year of significant shifts. Organizations are discovering that they can save on technology costs by collaborating on the delivery of services. We do not consider these one-size-fits-all solutions. Some technologies work better with large institutions, some with smaller. The important thing is to find the right mix for each group that will help drive down the costs of doing business, while still maintaining an excellent educational experience. This has been a central focus for Cybera.

Cybera remains a strong supporter of CANARIE and all members of Canada's advanced network alliance, who are working together to tackle the next generation of high-speed, high-capacity bandwidth needs for researchers.

This alliance is also making it easier for businesses and academics to benefit from new technologies. Albertans' awareness of these technologies, like cloud computing and high-speed networking, is often quite low, as they seem out of reach or not relevant to many. We are committed to reaching out to communities where it could be relevant through awareness and training programs.

Cybera's staff members are very good at what they do. Their expert knowledge is part of Cybera's brand – part of what sets it apart – as a special forces in IT. I'm proud to be working with a team whose expertise is acknowledged as world-class by partners, government and industry, and we are honoured to do this work in Alberta, for the province and beyond.

Robin Winsor
President and CEO

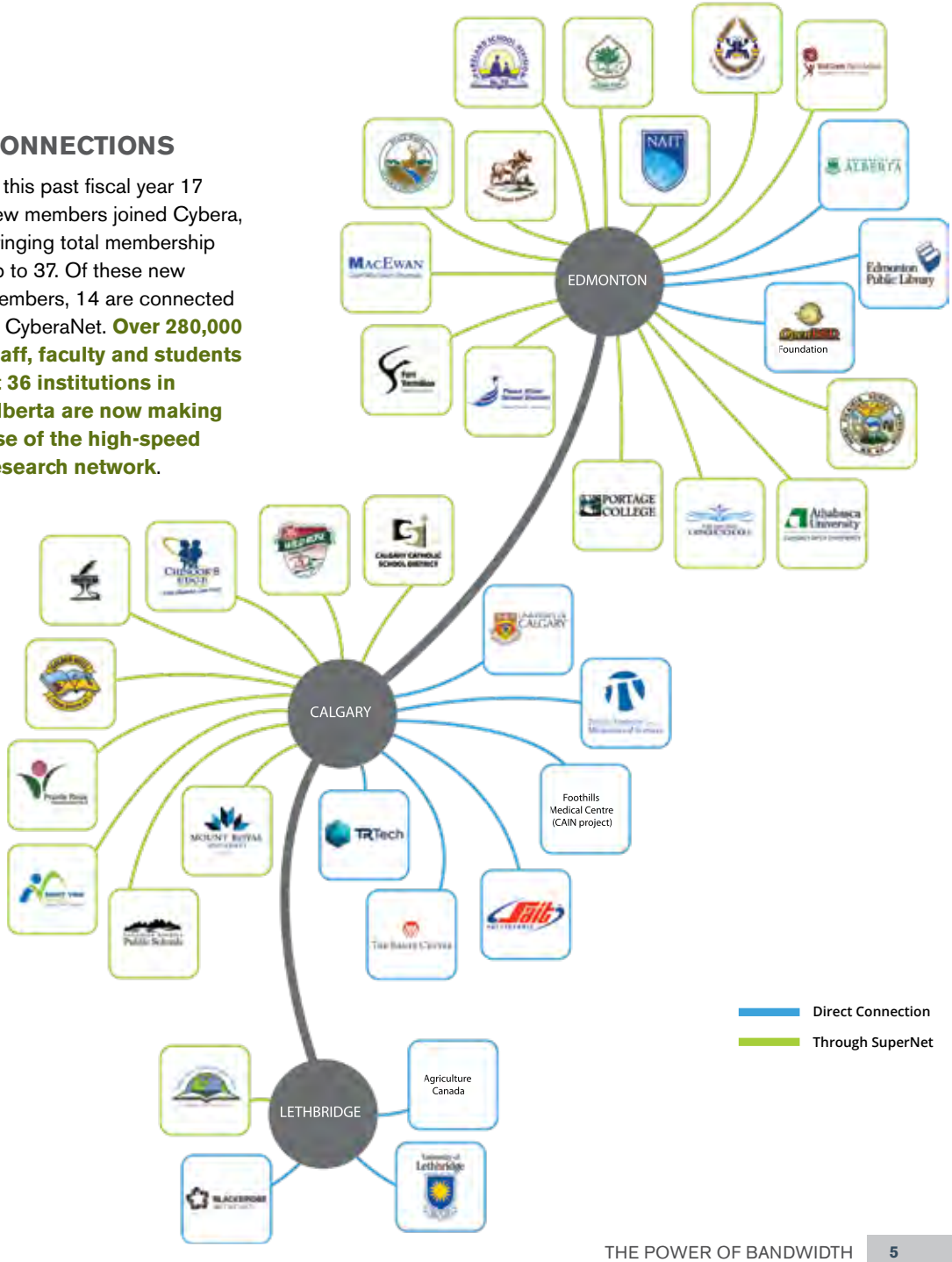
# 1 OPERATING THE NETWORK

**Cybera's core role starts with CyberaNet. This is Alberta's unmetered, publicly funded, very high-speed network, designed and operated for the past 20 years to keep Alberta researchers competitive and connected to the international system of research networks.**

## 36 INSTITUTIONS CONNECTED TO CYBERANET

## CONNECTIONS

In this past fiscal year 17 new members joined Cybera, bringing total membership up to 37. Of these new members, 14 are connected to CyberaNet. **Over 280,000 staff, faculty and students at 36 institutions in Alberta are now making use of the high-speed research network**.



# EXPANDED TO 440 GBPS

## SPEED

In May 2012, the CyberaNet link between Calgary and Edmonton was expanded to have the capacity to transmit 440 Gbps. **This speed is 80,000 times faster than the average household broadband connection.**

## NEXT GENERATION

Cybera has configured Internet Protocol version six (IPv6) addresses for all the servers it hosts, including those used by WestGrid and the University of Calgary's Grid Research Centre. **This is part of a global shift in IP provisioning**, as it is now very difficult to get new addresses under the IPv4 system. Cybera is encouraging Alberta institutions to shift to IPv6.

# INTERNET PROTOCOL VERSION SIX CONFIGURED

## NETWORK SERVICES

***Peering service***

Starting in 2011, Cybera began offering members who were already connected to CyberaNet a more direct network connection to sites such as Google, Microsoft, YouTube, Akamai Technologies and Facebook. Because there is a direct connection, access to these sites is much faster than normal. There is also no cost for the service.

Cybera members who use the Peering Service have reduced their commercial internet use by an average of 60 percent.

In the last fiscal year, 14 member institutions were connected to the Peering Service, bringing the total to 21:

***14 new Peering Service members***

- Aspen View Public School Division
- Athabasca University
- Black Gold Regional Schools
- Calgary Catholic School District
- Canadian Rockies School District
- Fort Vermilion School District
- MacEwan University
- Northland School Division
- Parkland School Division
- Peace River School Division
- Peace Wapiti School Division
- SAIT
- University of Calgary
- Wild Rose Public Schools

***Existing members***

- The Banff Centre
- Chinook's Edge School Division
- Lethbridge School District
- Medicine Hat School District
- University of Alberta
- University of Lethbridge
- Wolf Creek Public Schools

# INCREASING EFFICIENCY OF INTERNET DELIVERY

***Internet Buying Group***

An Internet Buying Group was created in 2011-12 in response to requests from members of Alberta's research and education communities to increase the efficiency of their internet delivery. Members of the buying group have their traffic aggregated and passed directly by Cybera to a commercial Internet Service Provider. This bulk buy provides internet services to the group members at a reduced cost.

There are now 10 members in the Internet Buying Group:

- Aspen View Public School Division No. 19
- Canadian Rockies School District No. 12
- Fort Vermilion School District No. 52
- Northland School Division No. 61
- Parkland School Division No. 70
- Peace River School Division No. 10
- Peace Wapiti School Division No. 76
- Portage College
- University of Lethbridge
- Wild Rose Public Schools

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# ACHIEVING ECONOMIES OF SCALE FOR ALBERTA POST-SECONDARY INSTITUTIONS

**In operating its network, Cybera provides a basic shared IT service to Alberta's post-secondary institutions. It is therefore well positioned to accelerate the use of efficient, "above the network" services. With new cloud technologies, a range of shared IT services are now possible that create economies of scale to support post-secondary IT.**

## LEARNING MANAGEMENT CLOUD

Students booking courses, or looking up their course grades or reading materials online at the University of Alberta, NAIT or NorQuest College, are taking part in a novel cloud initiative.

The institutions, along with Athabasca University, are collaborating to share a single learning management system, in this case Moodle, over the cloud. This Learning Management Cloud was developed by Cybera, and piloted by the University of Alberta in the summer of 2012. NorQuest College became the fourth institution to join the pilot, in early 2013.

Because many partners share a large-scale resource, each has access to a much more powerful pool of computing tools, but at a reduced cost. Traditional bottlenecks that caused slower service during peak periods have also been reduced.

**The Virtual Computing Lab frees up campus space for classrooms, reduces the need for banks of computer workstations and their costly maintenance and upgrades, and decreases the demand for university technical support.**

## VIRTUAL COMPUTING LAB

Almost all of the software that students need – whether on campus or at a distance – can now be provided by a virtual workstation that is accessible from any internet-connected device.

Powerful computational software and everyday computer software packages can be accessed through a virtual computer, in the cloud, that was developed by Cybera. The Virtual Computing Lab frees up campus space for classrooms, reduces the need for banks of computer workstations and their costly maintenance and upgrades, and decreases the demand for university technical support. It also allows students to get access to course software at any time, from any location with an internet connection, at no cost to them.

The Virtual Computing Lab pilot was tested in an economics course at the University of Alberta in the winter of 2011/2012. It was subsequently rolled out in two 500-level economics courses, two 400-level education courses, and several 300 and 600-level engineering courses at the University over the past fiscal year.

The program is being prepared for expansion in the fall of 2013.

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# SUPPORTING ENTREPRENEURIAL IT

**In the past year, Cybera responded to a request by the Alberta government to expand its mandate to include support for Alberta entrepreneurs and startups. Cybera has begun to open up its advanced research and education network to aid Alberta's economy through new high-speed connections. It has also developed a new cloud computing resource pilot to help Alberta researchers and start-ups, and continues to support CANARIE's national program of providing free cloud computing resources for Canadian businesses.**

## GETTING CANADIAN BUSINESSES IN THE CLOUD

The Digital Accelerator for Innovation and Research (DAIR) was expanded to a full program in 2012-13 by CANARIE, the operator of Canada's Advanced Research and Innovation Network, in partnership with Compute Canada and Cybera. Cybera built and maintains the cloud environment for DAIR. The program is designed to help Canadian entrepreneurs develop and test new products in the cloud, without prohibitive product development costs, thus giving them a competitive foothold in emerging technology markets. The goal is to support hundreds of projects across Canada over the next three years.

The initial DAIR pilot program supported 42 Canadian companies in 2011 and 2012. The expanded program will run until 2015. By March 31, 2013, 38 users had joined the program.

## A RESPONSIVE CLOUD FOR ALBERTA ENTERPRISE

There is a growing demand for cloud computing resources to advance startup businesses in Alberta. While certain programs exist for these users, including the Digital Accelerator for Innovation and Research, there are some use cases and needs that do not meet the criteria. Cybera has been operating test cloud infrastructure for years, and had been approached by a number of SMEs and researchers who were interested in running tests on its cloud facilities.

The Alberta Rapid Access Cloud pilot project was born from this need. It allows users to gain short-term access to cloud resources, helping them to move forward in business ventures that foster innovation in the Alberta economy.

This pilot project unofficially commenced in March 2013 and by the end of the month, it had four active users. The program will officially begin in September 2013 and will run for 12 months.

## A HIGH-SPEED TESTBED FOR ENTREPRENEURS

A new project to create a high-speed network testbed for Alberta start-ups and small businesses was developed this past year.

Cybera's staff members met with several business incubators and selected six to take part in the one-year pilot project, with a launch date of June 2013. If the pilot is successful, the utility once exclusive to post-secondary institutions – the powerful research and education network – will eventually be opened up to other incubator spaces in Alberta.

The pilot project will help Alberta businesses to: 1) Get access to large amounts of bandwidth for R&D purposes, for the creation of big data products and services; and 2) Cultivate progressive business environments that explore entrepreneurial uses of information technology for a competitive advantage.

## A POWERFUL INTERNET EXCHANGE

Right now, when two Albertans with different internet providers send each other an email, that message likely travels down to the USA and back up again, even if the two are living side by side. A proposed traffic exchange, called the Alberta Internet Exchange, will keep local traffic local. The main benefits of an exchange are a more efficient network and reduced costs for internet service providers in the province, which in turn will create more competitive rates for all Alberta internet users.

Cybera has instigated the creation of an Internet Exchange in Alberta, which will be operated by a neutral board of directors made up of participating members.

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# SUPPORTING RESEARCH AND OTHER DATA-INTENSIVE FRONTIERS

**The bandwidth provided by CyberaNet is critical for the flow of data between Alberta's high performance computers. In the past year, Cybera has continued to partner with the provincial and national providers of compute resources to enable these facilities to connect and share big data.**

## WESTGRID/COMPUTE CANADA

Encompassing 14 institutions across British Columbia, Alberta, Saskatchewan and Manitoba, WestGrid offers world-class computational resources. In Alberta, CyberaNet connects these supercomputers and data storage facilities. WestGrid is a part of the national umbrella organization for high performance computing called Compute Canada.

The resources support researchers like Yaghoub Dabiri, a Mechanical Engineering PhD student at the University of Calgary. He is investigating the mechanics of articular cartilage, the soft tissue that provides gliding surfaces in our bodies' joints, in hopes of finding new solutions to dealing with, or possibly even preventing, the onset of arthritis.

As part of this research, Dabiri has developed complex patient-specific computational models of human knee joints. The models are used to determine the fluid pressure and flow in articular cartilages and menisci of healthy and injured knees. He needs powerful computing resources to simultaneously run multiple models, which would take months to do on a personal computer. This is where Compute Canada's advanced computing resources come in.

## A CLOUD FOR ALBERTA RESEARCHERS

As well as supporting local business development, the Alberta Rapid Access Cloud is also available to researchers looking to run data-intensive tests in a cloud environment. This pilot project will provide short-term access to Cybera's cloud resources, helping them advance their discovery processes.

This pilot began in March 2013, and by the end of the month, it had nine active post-secondary research users. The program is scheduled to run for 12 months.

**Encompassing 14 institutions across British Columbia, Alberta, Saskatchewan and Manitoba, WestGrid offers world-class computational resources. In Alberta, CyberaNet connects these supercomputers and data storage facilities.**

# A TRANSFORMATIONAL CULTURE SHIFT

**Cloud computing is often described as a transformational way of thinking about computing power. It provides ubiquitous access to a shared pool of configurable computing resources. Data no longer sits on your local hard drive but instead is processed, stored and backed-up at a remote location.**

Cybera supports the growth of cloud computing in Alberta, and is an advocate for a utility model of cloud computing. Cybera's expertise in cloud computing and networking is recognized internationally. Staff members were involved in writing the first official OpenStack Operations Guide, in beta testing of a "cloud in a box" called Nebula One, and in helping to develop Australia's research cloud project, NeCTAR.

To build awareness of, and capacity for, adopting technologies that benefit Albertans and Canadians, Cybera has shared its expertise through several outreach events over the past year:

## MEDIA

## TRAINING WORKSHOPS

**10** CLOUD WORKSHOPS

**2** CANARIE WORKSHOPS

**5** CANADIAN OPENSTACK USER GROUP MEETINGS, EDMONTON

**25,000+** UNIQUE WEBSITE VISITS (APRIL 1, 2012 – MARCH 31, 2013)

**13** MEDIA STORIES

**60** BLOGS

**1,177** TWITTER FOLLOWERS

**121** FACEBOOK LIKES

**434** LINKEDIN FOLLOWERS

## COMMUNITY EVENTS

**57** ATTENDEES AT THE ANNUAL GENERAL MEETING, CALGARY

**16** CONFERENCE PRESENTATIONS

**9** INCUBATOR VISITS

**1** AWARD NOMINATION

**Summit 2012**

The Cyber Summit brought together 165 technology trailblazers to share ideas and stories about people navigating the world of data in novel and instructive ways.

The three-day event featured Canada's first ever Network Performance Meeting, and an advisory session for i-CANADA. Overall, attendance was up 15 percent over the 2011 Summit and ratings were very high. One hundred percent of survey respondents said the event exceeded or met their expectations.

Cybera is closely analyzing the Summit as its major stakeholder engagement tool, and will be developing the event strategically in future years to ensure it supports the organization's business goals.

# BOARD OF DIRECTORS

**Five Cybera board meetings were held in the 2012-2013 fiscal year, with two major changes to the composition of the board. The board chair, Seamus O'Shea, and director Brian Unger stepped down after many years of service to Cybera. Clark Ferguson and Leslie Warren became the two newest board directors. Peter Singendonk has stepped in as the board chair.**

The bylaws have also been amended to increase the number of board directors to nine members, and to allow non-members to sit on the board. Cybera's membership structure was also adjusted to form two classes of membership: voting members (for organizations that have a significant research component in their mandate), and non-voting members.

***Andrew Bjerring***

Andrew Bjerring was a founding member of the board of CANARIE and was its president and CEO for 15 years prior to his retirement in October 2008

***Trevor Davis***

Trevor Davis is the Associate Vice-President, Research, at Mount Royal University

***Clark Ferguson***

Clark Ferguson is the Chief Information Officer at the University of Lethbridge and Chair of the Alberta Association in Higher Education IT (AAHEIT)

***Frank Maurer***

Frank Maurer is the Associate Vice-President (Research) at the University of Calgary

***Jonathan Schaeffer (Vice Chair)***

Jonathan Schaeffer is the Dean of the Faculty of Science at the University of Alberta

***Peter Singendonk (Chair)***

Peter Singendonk is the Director, Systems Engineering, Technical and Strategic Operations at Cisco Systems, Canada

***Rob Tasker***

Rob Tasker is the President and CEO of TRTech (formerly TRLabs)

***Leslie Warren***

Leslie Warren is the former Economic Development Officer for Vulcan Business Development Society (VBDS), which encompasses seven municipalities in southern Alberta

***Justin Webb***

Justin Webb is a former Vice President with Bell Business Markets

## STRATEGIC LEADERSHIP ADVISORY COUNCIL

*Bill Appelbe, Consultant, formerly CEO, VPAC, Australia*

*Richard Fujimoto, Georgia Institute of Technology*

*Kate Keahey, Argonne National Laboratory*

*Gregor von Laszewski, Center for Advancing the Study of Cyberinfrastructure, Rochester Technical University*

*Alexander Reinefeld, Zuse Institute Berlin and Humboldt University of Berlin*

*Debashis Saha, eBay*

*Rob Simmonds, Grid Research Centre, University of Calgary*

*Brian Unger, University of Calgary*

*Nancy Wilkins-Diehr, San Diego Supercomputing Center*

# ADVANCED NETWORK ALLIANCE

**Cybera is one of twelve provincial and territorial partners who, together with CANARIE, form Canada's advanced network alliance.**

This powerful digital infrastructure connects Canada's researchers and innovators provincially, nationally, and globally to the data, tools, colleagues, and classrooms that are at the heart of prosperity in the digital economy.


ACORN-NL
MRnet
RISQ
ORION
PEI Advanced Network
NB Advanced Network
ACORN-NS

# MEMBERS


The Alberta Library


Aspen View


Athabasca University
CANADA'S OPEN UNIVERSITY


THE BANFF CENTRE


BLACKBRIDGE
NETWORKS


BLACK
GOLD
REGIONAL SCHOOLS
Our Schools - Your Children - The Future


CALGARY CATHOLIC
SCHOOL DISTRICT


CANADIAN ROCKIES
Public Schools


CHINOOK'S
EDGE
SCHOOL DIVISION
Where Students Come First!


Edmonton
Public Library


FORT McMURRAY
CATHOLIC SCHOOLS


Fort
Vermilion
School Division 52


GOLDEN HILLS
SCHOOL DIVISION #75


MACEWAN
Grant MacEwan University


HIGH PRAIRIE SCHOOL DIVISION
NO. 48


MHSD


MOUNT ROYAL
UNIVERSITY


NAIT


NORQUEST
COLLEGE


NORTHLAND SCHOOL DIVISION No.61


OpenBSD


Pacific Institute
Mathematical Sciences


PARKLAND SCHOOL DIVISION
No. 70


Peace River
School Division


PEACE WAPITI
SCHOOL DIVISION NO.76


PORTAGE
COLLEGE


Prairie Rose


ROCKY VIEW
SCHOOLS


Saitt
POLYTECHNIC


TRTech


UNIVERSITY OF
ALBERTA


UNIVERSITY OF
CALGARY


University of
Lethbridge


VBDS


WILD ROSE
Public Schools


Wolf Creek Public Schools

ACCOUNTABILITIES

# FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2012 AND 2013

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Cybera Inc.

We have audited the accompanying financial statements of Cybera Inc., which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cybera Inc. as at March 31, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants

June 20, 2013
Calgary, Canada

# STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2013, WITH COMPARATIVE FIGURES FOR THE PREVIOUS TWO YEARS

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 1,384,321 | $ 97,475 | $ 514,812 |
| Accounts receivable | 933,865 | 1,132,233 | 2,056,451 |
| Investments (note 2) | – | 862,702 | – |
| Goods and services tax receivable | 5,631 | 10,837 | 49,253 |
| Prepaid expenses | 22,080 | 42,056 | 21,441 |
| | 2,345,897 | 2,145,303 | 2,641,957 |
| Long term accounts receivable | 33,452 | – | – |
| Deposit on equipment | 100,902 | 100,902 | – |
| Property and equipment (note 3) | 129,425 | 221,441 | 66,468 |
| | 263,779 | 322,343 | 2,641,957 |
| | $ 2,609,676 | $ 2,467,646 | $ 2,708,425 |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities (note 4) | $ 304,259 | $ 916,964 | $ 1,351,920 |
| Deferred revenue (note 5) | 1,440,612 | 557,716 | 500,000 |
| | 1,744,871 | 1,474,680 | 1,851,920 |
| Net assets (note 6) | 864,805 | 992,966 | 856,505 |
| Economic dependence (note 7) | | | |
| Subsequent events (note 9) | | | |
| | $ 2,609,676 | $ 2,467,646 | $ 2,708,425 |

*See accompanying notes to financial statements.*

Approved by the Board:

Director

Director

# STATEMENTS OF OPERATIONS

YEARS ENDED MARCH 31, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| REVENUES | | |
| Project | $ 2,833,947 | $ 3,071,818 |
| Grant | 2,186,300 | 2,000,000 |
| Membership | 155,112 | 65,206 |
| Interest | 16,177 | 17,739 |
| Other | 9,500 | 41,330 |
| | 5,201,036 | 5,196,093 |
| EXPENSES | | |
| Project | 2,626,939 | 3,105,010 |
| Infrastructure | 1,219,483 | 601,572 |
| General and administrative | 519,722 | 566,500 |
| Marketing and communications | 493,451 | 346,560 |
| Project and partnership development | 377,586 | 396,745 |
| Depreciation | 92,016 | 43,245 |
| | 5,329,197 | 5,059,632 |
| Excess (deficiency) of revenues over expenses | $ (128,161) | $ 136,461 |

*See accompanying notes to financial statements.*

# STATEMENT OF CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| Net assets, beginning of year | $ 992,966 | $ 856,505 |
| Excess (deficiency) of revenues over expenses | (128,161) | 136,461 |
| Net assets, end of year | $ 864,805 | $ 992,966 |

*See accompanying notes to financial statements.*

# STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| CASH PROVIDED BY (USED IN) | | |
| Operations: | | |
| Excess (deficiency) of revenues over expenses | $ (128,161) | $ 136,461 |
| Add item not affecting cash: | | |
| Depreciation | 92,016 | 43,245 |
| | (36,145) | 179,706 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 198,368 | 924,218 |
| Goods and services tax receivable | 5,206 | 38,416 |
| Prepaid expenses | 19,976 | (20,615) |
| Long term accounts receivable | (33,452) | – |
| Accounts payable and accrued liabilities | (612,705) | (434,956) |
| Deferred revenue | 882,896 | 57,716 |
| | 424,144 | 744,785 |
| Investments: | | |
| Expenditures on property and equipment | – | (198,218) |
| Deposit on equipment | – | (100,902) |
| Purchase of investments | – | (850,000) |
| Changes in non-cash working capital | – | (12,702) |
| Proceeds from sale of investment | 862,702 | – |
| | 862,702 | (1,161,822) |
| Increase (decrease) in cash and cash equivalents | 1,286,846 | (417,337) |
| Cash and cash equivalents, beginning of year | 97,475 | 514,812 |
| Cash and cash equivalents, end of year | $ 1,384,321 | $ 97,475 |

*See accompanying notes to financial statements.*

# NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2013 AND 2012

## GENERAL:

Cybera Inc. ("Cybera") was incorporated on January 12, 1994 under Part II of the Canada Corporations Act as a corporation without share capital as WurcNet Inc. In 1999 it changed its name to Netera Alliance Inc. and in 2007 it changed its name to Cybera Inc.

Cybera is an Alberta-based, not-for-profit alliance that manages large-scale inter-institutional information and communication technology projects, including research networks, high performance computing resources, digital content projects and collaboration facilities.

The objectives of Cybera are to provide information and communications infrastructure, project management, advocacy and technical expertise to leverage the resources, skills and services of its members, without preference or partiality to any individual member.

As a not-for-profit organization, the income of Cybera is not subject to tax under paragraph 149(1)(l) of the Income Tax Act (Canada).

On April 1, 2012, Cybera adopted Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, Cybera has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

There were no transitional adjustments to net assets as at April 1, 2011 or excess of revenues over expenses for the year ended March 31, 2012 as a result of the transition to not-for-profit standards.

### 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook.

#### (a) Revenues:

Revenue from membership dues is recognized evenly over the term of the membership.

Project revenue, which is comprised of contributions towards project costs, is recognized using the deferral method. Under this method, restricted contributions are recognized as revenue when the related project costs are incurred. Restricted contributions received in a period before the related expenses are incurred are accumulated as deferred revenue. Unrestricted contributions are recognized as revenue when received or receivable.

Grant revenue, which is comprised of contributions towards project costs, is recognized using the deferral method. Under this method, restricted contributions are recognized as revenue when the related project costs are incurred. Restricted contributions received in a period before the related expenses are incurred are accumulated as deferred revenue. Unrestricted contributions are recognized as revenue when received or receivable.

Interest income is recognized when earned.

**(b) Project expenses:**

As part of the development of applications for high speed networks, Cybera provides funding for certain research and development projects. Cybera charges costs incurred on these projects to operations as incurred. Typically, Cybera does not retain ownership rights in the results of these projects, rather, these rights reside with the project participants on a basis defined in the respective project agreements.

**(c) Cash and cash equivalents:**

Cybera considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

**(d) Investments:**

Cybera measures its investments at cost plus accrued interest in accordance with Not-For-Profit Standards; earnings from such investments are recognized only to the extent received or receivable. Investments are comprised of term deposits held at accredited financial institutions.

**(e) Property and equipment:**

Property and equipment is recorded at cost. Depreciation of property and equipment is provided using the straight-line method at a rate of one-third of cost per year.

**(f) Donations of services:**

Cybera receives from its members and others, donations of professional time, services and office support. The value of these donations is not included in these financial statements as the related fair value cannot be reasonably determined.

**(g) Foreign currency:**

All foreign currency denominated assets and liabilities are translated into Canadian dollars at the rate of exchange in effect on the date of the Statement of Financial Position. Transactions that occur in a foreign currency are translated into Canadian dollars at the rate of exchange in effect when realized.

**(h) Use of estimates:**

The preparation of the financial statements in conformity with Canadian accounting standard for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates include the valuation of accounts receivable, estimated life of property and equipment and accrued liabilities. Actual results could differ from those estimates.

**(i) Financial instruments:**

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Cybera has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Cybera determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Cybera expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## 2. Investments:

| As at March 31, 2012 | Principal | Principal plus accrued interest |
|---|---|---|
| Non-revolving term deposit, bearing interest at 1.95% per annum, due April 29, 2012 | $ 600,000 | $ 608,992 |
| Non-revolving term deposit, bearing interest at 2.25% per annum, due August 3, 2012 | 250,000 | 253,710 |
| | $ 850,000 | $ 862,702 |

## 3. Property and equipment:

| March 31, 2013 | Cost | Accumulated depreciation | Net book value |
|---|---|---|---|
| Computer equipment | $ 292,520 | $ 163,095 | $ 129,425 |

| March 31, 2012 | Cost | Accumulated depreciation | Net book value |
|---|---|---|---|
| Computer equipment | $ 292,520 | $ 71,079 | $ 221,441 |

| April 1, 2011 | Cost | Accumulated depreciation | Net book value |
|---|---|---|---|
| Computer equipment | $ 94,301 | $ 27,834 | $ 66,467 |
| Intellectual property including software | 1 | – | 1 |
| | $ 94,302 | $ 27,834 | $ 66,468 |

## 4. Accounts payable and accrued liabilities:

Included in account payables and accrued liabilities are government remittances payable of $3,560 (March 31, 2012 - $30 and April 1, 2011 - $nil), which include amounts payable for payroll related taxes.

## 5. Deferred revenue:

Deferred revenue represents contributions received that relate to expenses of future years. Contributions are recorded as deferred revenue until the related expenditures have been incurred.

The components of deferred revenue as at March 31 were as follows:

| | 2013 | 2012 |
|---|---|---|
| Balance, beginning of year | $ 557,716 | $ 500,000 |
| Less amount recognized as revenue in the year | (57,716) | (500,000) |
| Add amount received related to future periods | 940,612 | 557,716 |
| | $ 1,440,612 | $ 557,716 |

**6. Net assets:**

In the event of dissolution or winding-up of Cybera, all of its remaining assets, after payment of its liabilities, would be distributed to other not-for-profit organizations.

**7. Economic dependence and government assistance:**

Cybera's future operations are dependent on continued funding from the Alberta Government.

Cybera periodically applies for financial assistance under available government incentive programs. Government assistance relating to research and development expenditures is recorded as a reduction of current year expense when the related expenditures are incurred.

**8. Financial instruments and related risks:**

Fair value of financial assets and financial liabilities:

Financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short term nature.

**Credit risk:**

Accounts receivable are subject to minimal credit risk as the majority of the receivables are from government-sponsored institutions.

**Market risk:**

Cybera is exposed to the following types of market risk:

***Foreign currency risk:***

Foreign currency exposure arises from the holding of a U.S. bank account and transactions with foreign companies. Cash held in foreign currencies as at March 31, 2013 and 2012 was minimal.

***Interest rate risk:***

Interest rate risk arises from the holdings of fixed income securities. As interest rates fluctuate, the fair value of these securities will be impacted.

***Liquidity risk:***

Liquidity risk is the risk that Cybera will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Cybera is not exposed to significant liquidity risk and manages its liquidity risk by monitoring its operating requirements.

**9. Subsequent event:**

On April 2, 2013, $1,000,000 was received from the Alberta Government – Minister of Enterprise and Advanced Technology relating to fiscal 2013-2014 funding.

On May 7, 2013, a further $1,000,000 was received from the Alberta Government – Minister of Enterprise and Advanced Technology relating to fiscal 2013-2014 funding.

**10. Comparative figures:**

Certain comparative figures have been adjusted to conform to the current year presentation.

# ENVIRONMENTAL RESPONSIBILITY

**An emissions calculator for the information and communication technology industry has been developed by the Canadian team behind the GreenStar Network project. Located on the Canadian Standards Association website (http://icttool.ghgregistries.ca/index.cfm), the web-based calculator shows the emission reductions that result from greening computing services. Greening activities include increasing energy efficiency, using low carbon energy sources, and adopting shared processes such as cloud computing and virtualization.**

**The GreenStar Network is a program that began in 2010 with five data centres that run on solar, wind or water energy. The Calgary solar-powered data centre is managed by Cybera, and the University of Calgary's Grid Research Centre helps with the data analysis.**

## BEING GREEN

As an environmentally conscious company, Cybera promotes its own green efforts through:

- Reducing paper use in the office
- Allowing staff to work from home one day a week
- Looking for efficiency ratings when upgrading computing equipment
- Reducing travel through the use of videoconferences
- Shutting down computers at night and on weekends, and running thermostats and lights on timers

## CONTACT US

Cybera
Suite 200, 3512 33 Ave NW
Calgary, AB T2L 2A6
403-210-5333

cybera.ca

info@cybera.ca

cybera