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Financial Statements of
**OTTAWA NETWORK FOR
EDUCATION**

June 30, 2019

Ian W. Hendry, FCPA, FCA, CFP
Marie Fraser, CPA, CA, CFP
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MEMBER
INPACT
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October 10, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of
Ottawa Network for Education:

Opinion

We have audited the accompanying financial statements of Ottawa Network for Education (the "Organization"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations and changes in fund balances and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ottawa Network for Education as at June 30, 2019, 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 audit opinion.



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Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement of this other information, we are required to report that matter 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 these financial statements in accordance with the applicable financial reporting framework, 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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.



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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 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.

HENDRY WARREN LLP
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

OTTAWA NETWORK FOR EDUCATION

Statement of Financial Position


June 30, 2019, with comparative figures for 2018

	2019	2018
Assets		
Current assets		
Cash	\$ 1,629,027	\$ 1,815,857
Accounts receivable	27,740	41,404
Government remittances recoverable	16,904	16,085
Prepaid expenses	28,750	32,729
	1,702,421	1,906,075
Capital assets (Note 2)	68,316	90,061
	\$ 1,770,737	\$ 1,996,136

Liabilities and Fund Balances

Current liabilities		
Accounts payable and accrued charges	\$ 185,681	\$ 242,853
Deferred revenue (Note 3)	906,474	1,269,046
	1,092,155	1,511,899
Commitments (Note 4)		
Fund balances		
Operating Fund	664,737	470,392
Program Fund	13,845	13,845
	678,582	484,237
	\$ 1,770,737	\$ 1,996,136

Approved on behalf of the Board:



Director



Director

OTTAWA NETWORK FOR EDUCATION

Statement of Operations and Changes in Fund Balances

Year ended June 30, 2019, with comparative figures for 2018

	Operating Fund	Program Fund	Total 2019	Total 2018
Revenue				
Provincial government	\$ -	\$ 1,501,544	\$ 1,501,544	\$ 1,522,169
Educational institutions	366,778	510,423	877,201	720,949
Organizations	123,968	566,417	690,385	651,909
Foundations and charities	47,730	502,042	549,772	621,245
Municipal government	-	353,149	353,149	430,593
Individuals	31,642	48,256	79,898	75,603
Third-party events	4,319	65,128	69,447	62,026
Investment income	24,585	-	24,585	19,826
Federal government	1,000	13,365	14,365	20,000
Allocation of centralized fundraising	(358,311)	358,311	-	-
	241,711	3,918,635	4,160,346	4,124,320
Expenses				
Salaries and benefits	550,266	950,143	1,500,409	1,428,773
Subcontractors	-	230,327	230,327	277,141
Direct program costs	9,116	1,743,417	1,752,533	1,839,889
Consulting and professional fees	97,820	3,722	101,542	33,774
Rent and office expenses	78,067	-	78,067	76,961
Amortization	41,576	-	41,576	25,363
Marketing and communication	7,716	6,599	14,315	12,215
Other costs	121,017	126,215	247,232	247,947
Allocations between funds	(858,212)	858,212	-	-
	47,366	3,918,635	3,966,001	3,942,063
Excess of revenue over expenses	194,345	-	194,345	182,257
Fund balances, beginning of year	470,392	13,845	484,237	301,980
Fund balances, end of year	\$ 664,737	\$ 13,845	\$ 678,582	\$ 484,237

See accompanying notes to the financial statements.

OTTAWA NETWORK FOR EDUCATION

Cash Flow Statement

Year ended June 30, 2019, with comparative figures for 2018

	2019	2018
Operating activities		
Excess of revenue over expenses	\$ 194,345	\$ 182,257
Non-cash item:		
Amortization expense	41,576	25,363
Changes in working capital balances (Note 5)	(402,920)	(313,672)
Cash used in operating activities	(166,999)	(106,052)
Investing activities		
Proceeds from disposal of long-term investments	-	50,334
Acquisition of capital assets	(19,831)	(26,019)
Cash (used in) provided by investing activities	(19,831)	24,315
Decrease in cash	(186,830)	(81,737)
Cash, beginning of year	1,815,857	1,897,594
Cash, end of year	\$ 1,629,027	\$ 1,815,857
Cash consists of:		
Cash	\$ 597,902	\$ 627,799
Guaranteed Investment Certificates	1,031,125	1,188,058
	\$ 1,629,027	\$ 1,815,857

OTTAWA NETWORK FOR EDUCATION

Notes to the Financial Statements

June 30, 2019, with comparative figures for 2018

Statutes of incorporation and nature of activities

Ottawa Network for Education ("ONFE"), (the "Organization"), a registered charitable organization, was incorporated without share capital in 1985 as the Ottawa-Carleton Learning Foundation/ Foundation d'Ottawa-Carleton pour l'Education ("OCLF") and is dedicated to strengthening life-long learning in the Ottawa-Carleton region.

The Ottawa Centre for Regional Innovation ("OCRI") by agreement with OCLF was the delivery agent for a variety of educational programs. In January 2011, ONFE became the active operating entity responsible for delivering education programs to the community.

ONFE facilitates dialogue and action to support public education in the Ottawa community - from Kindergarten to PhD. In partnership with local school boards, colleges, universities and other stakeholders, ONFE develops and implements collaborative initiatives that leverage community resources to support student learning. ONFE brings together local school boards and post-secondary institutions along with business leaders to discuss issues of mutual interest, including talent development and employment.

ONFE is not taxable under Section 149(1)(f) of the Canadian Income Tax Act.

1. Significant accounting policies

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

Fund accounting

The Operating Fund reflects the operating activities of the Organization.

The Program Fund represents all revenue and expenses relating to the delivery of programs by the Organization.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred.

Revenues from unrestricted grants and contributions, donations, sponsorships, fees for goods and services and memberships, which are included in each major source of revenue, are recognized as revenue when they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when it is earned and collection is reasonably assured.

OTTAWA NETWORK FOR EDUCATION

Notes to the Financial Statements

June 30, 2019, with comparative figures for 2018

Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including overdrafts with balances that could fluctuate frequently from being positive to overdrawn, gift cards and temporary investments (Guaranteed Investment Certificates) with maturity periods of twelve months or less from the date of acquisition. Temporary investments with maturity periods of greater than twelve months are disclosed under long-term investments.

Capital assets

Capital assets are accounted for at cost. Amortization is based on the assets' respective useful lives using the following method and durations:

Asset	Method	Duration
Database	Straight-line	3 years
Equipment	Straight-line	3 years
Furniture	Straight-line	4 years
Software	Straight-line	3 years
Leasehold improvements	Straight-line	Lease term

Amortization is calculated monthly, beginning in the month after the asset is acquired.

Allocation of revenue and expenses

The Organization allocates centralized fundraising to various programs once it is determined which programs require access to the funds. These funds are allocated based on the financial needs of the programs.

The Organization allocates program revenue and costs to the program to which it relates when the cost is incurred.

The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs. The Organization allocates its general support expenses across programs based on relative size of the program. The allocations are determined with the fiscal year budget and are applied consistently throughout the year.

OTTAWA NETWORK FOR EDUCATION

Notes to the Financial Statements

June 30, 2019, with comparative figures for 2018

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Significant estimates include the completeness of accounts payable and accrued charges, the completeness and existence of deferred revenue and the allocation of revenue and expenses to each program.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenue over expenses.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Contributed services

Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

OTTAWA NETWORK FOR EDUCATION

Notes to the Financial Statements

June 30, 2019, with comparative figures for 2018

2. Capital assets

			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Database	\$ 3,357	\$ 3,357	\$ -	\$ -
Equipment	41,686	22,902	18,784	8,766
Furniture	28,161	26,552	1,609	2,984
Software	120,267	72,410	47,857	77,452
Leasehold improvements	1,719	1,653	66	859
	\$ 195,190	\$ 126,874	\$ 68,316	\$ 90,061

3. Deferred revenue

Deferred revenue represents restricted funding and donations received that are related to the subsequent period. Changes in the deferred revenue balance are as follows:

	2019	2018
Balance, beginning of year	\$ 1,269,046	\$ 1,538,192
Less amounts recognized as revenue in the year	(1,072,609)	(738,448)
Plus amount received for the following year	710,037	469,302
Balance, end of year	\$ 906,474	\$ 1,269,046

Amounts deferred in the year all relate to funding received for program delivery, resulting in the entire deferral being reported in the Program Fund.

4. Commitments

Future minimum rental payments required under operating leases for premises and office equipment that have initial lease terms in excess of one year at June 30, 2019 are as follows:

	Premises	Office Equipment	Total
2020	\$ 32,533	\$ 3,528	\$ 36,061
2021	12,133	3,528	15,661
2022	-	2,094	2,094
2023	-	165	165
	\$ 44,666	\$ 9,315	\$ 53,981

OTTAWA NETWORK FOR EDUCATION

Notes to the Financial Statements

June 30, 2019, with comparative figures for 2018

5. Changes in working capital balances

Changes in working capital balances have provided (used) cash as follows:

	2019	2018
Accounts receivable	\$ 13,664	\$ 13,438
Government remittances recoverable	(819)	1,130
Prepaid expenses	3,979	(23,166)
Accounts payable and accrued charges	(57,172)	(35,928)
Deferred revenue	(362,572)	(269,146)
	<u>\$ (402,920)</u>	<u>\$ (313,672)</u>

6. Interfund transfers and internal restrictions

An allocation for centralized funding was transferred between the Operating Fund and the Program Fund during the year.

7. Financial instruments

Risk and concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at the financial position date, June 30, 2019. It is management's opinion that the Organization is not subject to significant market risk, currency risk or other price risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, the accounts receivable on the basis of amounts it is virtually certain to receive.

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 respect of its accounts payable and accrued charges.

OTTAWA NETWORK FOR EDUCATION

Notes to the Financial Statements

June 30, 2019, with comparative figures for 2018

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed rate financial instruments, the Guaranteed Investment Certificates. Fixed-rate instruments subject the Organization to a fair value risk. At June 30, 2019, \$1,031,077 (2018: \$1,188,058) was held in Guaranteed Investment Certificates, with interest rates ranging between 1.60% and 2.60% (2018: 1.07% and 2.00%) per annum.

It is management's opinion that there have been no changes to the Organization's exposure to risk on its financial instruments in the year.

8. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's financial statement presentation.



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October 10, 2019

INDEPENDENT AUDITORS' COMMENTS ON UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

To the Directors of
Ottawa Network for Education:

The audited financial statements of Ottawa Network for Education for the year ended June 30, 2019 and our report thereon dated October 10, 2019 are included in the preceding section of this financial report. The financial information that follows, consisting of the Segmented Income Statement, was derived from the accounting records of Ottawa Network for Education and forms part of the financial statements for the year then ended on which we reported on October 10, 2019.

Our audit of Ottawa Network for Education financial statements for the year ended June 30, 2019 was not directed to the determination of the detailed information set out in the accompanying Segmented Income Statement.

At the request of Ottawa Network for Education, we have reviewed the Segmented Income Statement for the year ended June 30, 2019. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Organization.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Segmented Income Statement 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 the Segmented Income Statement that is free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying Segmented Income Statement based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.



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A review of the Segmented Income Statement in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on the Segmented Income Statement.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Segmented Income Statement does not present fairly, in all material respects, the operations of the Organization in accordance with Canadian accounting standards for not-for-profit organizations.

Hendry Warren^{LLP}

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OTTAWA NETWORK FOR EDUCATION

Segmented Income Statement

For the year ended June 30, 2019, unaudited

	Student Nutrition Program - MCCSS	Student Nutrition Program - Other	Student Nutrition Program - Total	Other Operating and Programs Funds	Year Ended June 30, 2019
Revenue	\$ 1,477,450	\$ 1,027,412	\$ 2,504,862	\$ 1,655,484	\$ 4,160,346
Expenses					
Salaries	379,110	27,888	406,998	1,093,411	1,500,409
Overhead allocation	68,490	526,141	594,631	263,581	858,212
Other program costs	1,029,850	473,383	1,503,233	104,147	1,607,380
	1,477,450	1,027,412	2,504,862	1,461,139	3,966,001
Excess of revenue over expenses	\$ -	\$ -	\$ -	\$ 194,345	\$ 194,345