

**FINANCIAL STATEMENTS**  
**For**  
**OTTAWA NETWORK FOR EDUCATION**  
**For year ended**  
**JUNE 30, 2020**

**INDEPENDENT AUDITOR'S REPORT**

To the members of

**OTTAWA NETWORK FOR EDUCATION**

*Opinion*

We have audited the financial statements of Ottawa Network for Education (the Organization), which comprise the statement of financial position as at June 30, 2020, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2020, 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 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 Matter*

The financial statements of the Organization for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements.

*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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



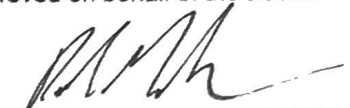
Chartered Professional Accountants  
Licensed Public Accountants


Ottawa, Ontario  
October 8, 2020.

**OTTAWA NETWORK FOR EDUCATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,099,645	\$ 597,902
Investments (note 4)	842,313	1,031,125
Accounts receivable (note 8)	186,170	27,740
Government remittances recoverable	16,375	16,904
Prepaid expenses	<u>29,547</u>	<u>28,750</u>
	2,174,050	1,702,421
 <b>CAPITAL ASSETS (note 5)</b>	 <u>37,460</u>	 <u>68,316</u>
	<u>\$ 2,211,510</u>	<u>\$ 1,770,737</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 214,058	\$ 185,681
Deferred revenue (note 6)	<u>1,069,775</u>	<u>906,474</u>
	1,283,833	1,092,155
 <b>FUND BALANCES</b>		
Operating Fund	913,832	664,737
Program Fund	<u>13,845</u>	<u>13,845</u>
	927,677	678,582
	<u>\$ 2,211,510</u>	<u>\$ 1,770,737</u>

Approved on behalf of the Board:

  
..... Director

  
..... Director

(See accompanying notes)

**OTTAWA NETWORK FOR EDUCATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Operating Fund</u>	<u>Program Fund</u>	<u>2020</u>	<u>2019</u>
<b>Revenue</b>				
Provincial government	\$ -	\$ 1,589,731	\$ 1,589,731	\$ 1,501,544
Educational institutions	370,947	495,586	866,533	877,201
Organizations	110,428	123,760	234,188	690,385
Foundations and charities	43,718	634,424	678,142	549,772
Municipal government	-	326,407	326,407	353,149
Individuals	32,106	129,856	161,962	79,898
Third party events	1,453	41,350	42,803	69,447
Investment income	30,571	-	30,571	24,585
Federal government (note 8)	52,578	112,503	165,081	14,365
Allocation of centralized fundraising	<u>(392,706)</u>	<u>392,706</u>	<u>-</u>	<u>-</u>
	<u>249,095</u>	<u>3,846,323</u>	<u>4,095,418</u>	<u>4,160,346</u>
<b>Expenses</b>				
Salaries and benefits	605,208	854,725	1,459,933	1,500,409
Subcontractors	-	18,162	18,162	230,327
Direct program costs	10,085	1,899,804	1,909,889	1,752,533
Consulting and professional fees	72,558	21,046	93,604	101,542
Rent and office expenses	77,795	-	77,795	78,067
Amortization	38,400	-	38,400	41,576
Marketing and communication	13,325	3,622	16,947	14,315
Other costs	128,124	103,469	231,593	247,232
Allocations between funds	<u>(945,495)</u>	<u>945,495</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>3,846,323</u>	<u>3,846,323</u>	<u>3,966,001</u>
<b>Excess of revenue over expenses</b>	249,095	-	249,095	194,345
<b>Fund balances, beginning of year</b>	<u>664,737</u>	<u>13,845</u>	<u>678,582</u>	<u>484,237</u>
<b>Fund balances, end of year</b>	<u>\$ 913,832</u>	<u>\$ 13,845</u>	<u>\$ 927,677</u>	<u>\$ 678,582</u>

(See accompanying notes)

**OTTAWA NETWORK FOR EDUCATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 249,095	\$ 194,345
Non-cash item:		
Amortization	<u>38,400</u>	<u>41,576</u>
	287,495	235,921
Changes in working capital balances:		
Accounts receivable	(158,430)	13,664
Government remittances recoverable	529	(819)
Prepaid expenses	(797)	3,979
Accounts payable and accrued liabilities	28,377	(57,172)
Deferred revenue	<u>163,301</u>	<u>(362,572)</u>
	<u>320,475</u>	<u>(166,999)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(7,544)	(19,831)
Proceeds from investments	<u>188,812</u>	<u>156,933</u>
	<u>181,268</u>	<u>137,102</u>
<b>INCREASE (DECREASE) IN CASH</b>	501,743	(29,897)
<b>CASH AT BEGINNING OF YEAR</b>	<u>597,902</u>	<u>627,799</u>
<b>CASH AT END OF YEAR</b>	\$ <u>1,099,645</u>	\$ <u>597,902</u>

(See accompanying notes)

**OTTAWA NETWORK FOR EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

**1. NATURE OF OPERATIONS**

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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

*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 for not-for-profit organizations. 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.

*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.

**OTTAWA NETWORK FOR EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED JUNE 30, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Capital assets*

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

Database	3 years straight line
Equipment	3 years straight line
Furniture	4 years straight line
Software	3 years straight line
Leasehold improvements	Lease term - straight line

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.

*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 useful life of the Organization's capital assets, the determination of deferred revenue, the net realizable value of accounts receivable, the estimation of significant accrued liabilities and in the allocation of revenue and expenses to each program. Actual results could differ from these estimates.

*Financial instruments*

The Organization initially measures its financial assets and liabilities at fair value at the date of the statement of financial position.

The Organization subsequently measures cash and investments at fair value and all other financial assets and financial liabilities at amortized cost at the date of the statement of financial position.



**OTTAWA NETWORK FOR EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED JUNE 30, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*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.

**3. FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at June 30, 2020.

*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 its cash, investments and accounts receivable. The Organization's cash and investments are held by Canadian chartered banks and as a result management believes the risk of loss on these items to be remote. The Organization assesses, on a continuous basis, the accounts receivable and follows up on any overdue amounts. At June 30, 2020, the Organization has determined no allowance for doubtful accounts is required.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages this risk through its budgeting process and by holding sufficient liquid assets to cover its short term liabilities.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

**OTTAWA NETWORK FOR EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED JUNE 30, 2020**

3. **FINANCIAL INSTRUMENTS - Cont'd.**

*Market risk - Cont'd.*

i) *Currency risk - Cont'd.*

The Organization's financial instruments are denominated in Canadian dollars and substantially all of the Organization's transactions are in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instruments or future cash flows will fluctuate due to changes in market interest rates.

The Organization is exposed to interest rate risk on its fixed rate financial instruments and its Guaranteed Investment Certificates. The Organization manages this risk by holding investments at fixed interest rates with varying maturity dates.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Organization is exposed to other price risk through its holding of approximately \$31,000 in an equity investment. This investment is in a large Canadian utility provider, which is less susceptible to significant market fluctuations.

*Changes in risk*

With the exception of \$31,000 held in an equity investment at June 30, 2020 (2019 - \$Nil), there were no significant changes to the Organization's risk exposures from the prior year.

4. **INVESTMENTS**

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Guaranteed investment certificates	\$ 798,464	\$ 811,275	\$ 1,031,125	\$ 1,031,125
Canadian Equity Stock	<u>34,328</u>	<u>31,038</u>	<u>-</u>	<u>-</u>
	<u>\$ 832,792</u>	<u>\$ 842,313</u>	<u>\$ 1,031,125</u>	<u>\$ 1,031,125</u>

Investments have effective yields ranging from 1.58% to 2.60% with maturity dates from September 2020 to December 2020.

**OTTAWA NETWORK FOR EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED JUNE 30, 2020**

**5. CAPITAL ASSETS**

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Equipment	\$ 37,367	\$ 22,219	\$ 15,148	\$ 18,784
Furniture	28,161	27,429	732	1,609
Software	120,267	98,687	21,580	47,857
Leasehold improvements	<u>1,719</u>	<u>1,719</u>	<u>-</u>	<u>66</u>
	<u>\$ 187,514</u>	<u>\$ 150,054</u>	<u>\$ 37,460</u>	<u>\$ 68,316</u>

**6. 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:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 906,474	\$ 1,269,046
Less amounts recognized as revenue in the year	(1,860,390)	(1,072,609)
Plus amount received for the following year	<u>2,023,691</u>	<u>710,037</u>
Balance, end of year	<u>\$ 1,069,775</u>	<u>\$ 906,474</u>

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

**7. 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, 2020 are as follows:

	<u>Premises</u>	<u>Office Equipment</u>	<u>Total</u>
2021	\$ 32,533	\$ 3,528	\$ 36,061
2022	1,733	2,094	3,827
2023	<u>-</u>	<u>165</u>	<u>165</u>
	<u>\$ 34,266</u>	<u>\$ 5,787</u>	<u>\$ 40,053</u>

**8. INTERFUND TRANSFERS AND INTERNAL RESTRICTIONS**

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

**9. GOVERNMENT ASSISTANCE**

Included in accounts receivable on the statement of financial position and federal government revenue on the statement of operations is \$113,862 related to the federal wage subsidy due to the COVID-19 pandemic, further described in note 12.

**OTTAWA NETWORK FOR EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED JUNE 30, 2020**

**10. ECONOMIC DEPENDENCE**

The Organization is reliant on several large agreements with government agencies and school boards that have a material impact on operations. The agreements with these organizations are regularly reviewed.

**11. CONTINGENCIES**

The Organization has a maximum credit limit of \$10,000 on corporate credit cards provided by the bank. The credit cards are paid in full each month.

**12. COVID-19**

In March 2020 the Government of Canada instituted emergency measures in response to the public health concerns originating from the spread of COVID-19. As a result, schools transitioned to an online learning platform and school locations were closed. The Organization began distributing breakfast replacement kits to families who normally access its School Breakfast Program and they began an online digital platform for the Junior Achievement Program. Events scheduled for Fall 2020 have been rescheduled to later dates.

The organization has assessed the impact of COVID-19 on its balance sheet as at June 30, 2020, based on information available at the time. It is not possible to reliably estimate the length and severity of these developments, nor the impact of the financial position and financial results in the future period. Management believes that if the quarantine protocols continue for the foreseeable future or if schools again move to fully online learning, while it could have a material impact on operations, the Organization has developed a plan that will ensure any exposure to the risks addressed in note 3 will be assessed regularly as new information is made available.

**13. COMPARATIVE FIGURES**

Comparative figures have been audited by another auditor and have been reclassified where necessary to conform to the presentation adopted for the current year.