

FINANCIAL STATEMENTS
For
OTTAWA NETWORK FOR EDUCATION
For year ended
JUNE 30, 2022

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, 2022, 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, 2022, 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.

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 6, 2022.

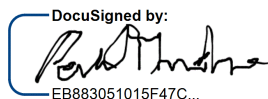
OTTAWA NETWORK FOR EDUCATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 757,004	\$ 2,326,687
Investments (note 4)	2,859,273	817,282
Accounts receivable	24,497	63,986
Government remittances recoverable	23,059	28,235
Prepaid expenses	<u>33,188</u>	<u>32,797</u>
	3,697,021	3,268,987
CAPITAL ASSETS (note 5)	<u>10,371</u>	<u>21,750</u>
	<u>\$ 3,707,392</u>	<u>\$ 3,290,737</u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 287,213	\$ 190,365
Deferred contributions (note 6)	<u>2,021,166</u>	<u>1,926,052</u>
	<u>2,308,379</u>	<u>2,116,417</u>
FUND BALANCES		
Operating Fund	1,165,168	1,160,475
Restricted Reserve Fund	220,000	-
Program Fund	<u>13,845</u>	<u>13,845</u>
	<u>1,399,013</u>	<u>1,174,320</u>
	<u>\$ 3,707,392</u>	<u>\$ 3,290,737</u>

Approved on behalf of the Board:

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..... Director

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..... Director

(See accompanying notes)

OTTAWA NETWORK FOR EDUCATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

	Operating Fund	Program Fund	Restricted Reserve Fund	2022	2021
Revenue					
Provincial government	\$ 8,575	\$ 1,969,244	\$ -	\$ 1,977,819	\$ 1,666,741
Educational institutions	380,807	355,871	-	736,678	568,109
Organizations	19,231	133,227	-	152,458	189,876
Foundations and charities	5,482	1,208,907	-	1,214,389	877,712
Municipal government	28,278	541,873	-	570,151	735,762
Individuals	37,229	139,173	-	176,402	183,366
Third party events	38,728	9,840	-	48,568	3,500
Investment income	14,812	-	-	14,812	18,234
Federal government	-	8,452	-	8,452	8,430
Government assistance (note 9)	6,840	8,989	-	15,829	321,611
Allocation of centralized fundraising (note 8)	(308,450)	308,450	-	-	-
	<u>231,532</u>	<u>4,684,026</u>	<u>-</u>	<u>4,915,558</u>	<u>4,573,341</u>
Expenses					
Salaries and benefits	494,511	814,063	-	1,308,574	1,524,206
Subcontractors	-	-	-	-	21,233
Direct program costs	6,756	2,828,836	-	2,835,592	2,400,686
Consulting and professional fees	179,110	79,562	-	258,672	109,755
Rent and office expenses	48,796	-	-	48,796	67,704
Amortization	11,379	-	-	11,379	32,641
Marketing and communication	3,440	544	-	3,984	10,803
Other costs	115,145	108,723	-	223,868	159,670
Allocations between funds	(852,298)	852,298	-	-	-
	<u>6,839</u>	<u>4,684,026</u>	<u>-</u>	<u>4,690,865</u>	<u>4,326,698</u>
Excess of revenue over expenses	224,693	-	-	224,693	246,643
Transferred to Restricted Reserve Fund	(220,000)	-	220,000	-	-
Fund balances, beginning of year	<u>1,160,475</u>	<u>13,845</u>	<u>-</u>	<u>1,174,320</u>	<u>927,677</u>
Fund balances, end of year	<u>\$ 1,165,168</u>	<u>\$ 13,845</u>	<u>\$ 220,000</u>	<u>\$ 1,399,013</u>	<u>\$ 1,174,320</u>

(See accompanying notes)

OTTAWA NETWORK FOR EDUCATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 224,693	\$ 246,643
Non-cash item:		
Amortization	<u>11,379</u>	<u>32,641</u>
	236,072	279,284
Changes in working capital balances:		
Accounts receivable	39,489	122,184
Government remittances recoverable	5,176	(11,860)
Prepaid expenses	(391)	(3,250)
Accounts payable and accrued liabilities	96,848	(23,693)
Deferred revenue	<u>95,114</u>	<u>856,277</u>
	<u>472,308</u>	<u>1,218,942</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	-	(16,931)
(Purchases) proceeds from redemption of investments - net	<u>(2,041,991)</u>	<u>25,031</u>
	<u>(2,041,991)</u>	<u>8,100</u>
INCREASE (DECREASE) IN CASH	(1,569,683)	1,227,042
CASH AT BEGINNING OF YEAR	<u>2,326,687</u>	<u>1,099,645</u>
CASH AT END OF YEAR	<u>\$ 757,004</u>	<u>\$ 2,326,687</u>

(See accompanying notes)

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 Research and 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 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 a registered charity and 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.

The Restricted Reserve Fund represents amounts internally restricted by the Organization's Board of Directors to cover unexpected future liabilities or contingencies.

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, 2022

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 contributions, 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.

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.

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Contributed services

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

Government Assistance

The Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS), form of temporary government assistance introduced in response to the COVID-19 pandemic, were subsidies initiated by the federal government to enable employers to re-hire workers previously laid off, to retain those who were already on payroll and to assist with commercial rent payments.

The subsidies have been recorded in the period to which they relate as long as the amount of the subsidy could be reasonably estimated at that point in time. The amount of the assistance received is recorded as revenue in the statement of operations and is further described in note 9.

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, 2022.

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, 2022, 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.

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.

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2022

3. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Cont'd.

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 not exposed to other price risk.

Changes in risk

There were no significant changes to the Organization's risk exposures from the prior year.

4. INVESTMENTS

	2022		2021	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Guaranteed investment certificates	\$ 2,849,999	\$ 2,859,273	\$ 813,087	\$ 817,282

Investments have effective yields ranging from 0.06% to 4.25% with maturity dates from July 2022 to June 2024.

5. CAPITAL ASSETS

	2022		2021	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Equipment	\$ 53,100	\$ 42,729	\$ 10,371	\$ 21,750
Furniture	28,161	28,161	-	-
Software	120,267	120,267	-	-
	<u>\$ 201,528</u>	<u>\$ 191,157</u>	<u>\$ 10,371</u>	<u>\$ 21,750</u>

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2022

6. DEFERRED CONTRIBUTIONS

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,926,052	\$ 1,069,775
Less amounts recognized as revenue in the year	(2,221,098)	(1,109,300)
Plus amount received for the following year	<u>2,316,212</u>	<u>1,965,577</u>
Balance, end of year	<u>\$ 2,021,166</u>	<u>\$ 1,926,052</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, 2022 are as follows:

	<u>Premises</u>	<u>Office Equipment</u>	<u>Total</u>
2023	\$ 24,050	\$ 2,855	\$ 26,905
2024	1,833	2,690	4,523
2025	<u>-</u>	<u>1,793</u>	<u>1,793</u>
	<u>\$ 25,883</u>	<u>\$ 7,338</u>	<u>\$ 33,221</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 government assistance revenue on the statement of operations is \$15,102 related to the federal wage subsidies and \$727 for the federal rent subsidy due to the COVID-19 pandemic.

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.