

FINANCIAL STATEMENTS
For
OTTAWA NETWORK FOR EDUCATION
For year ended
JUNE 30, 2023

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, 2023, 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, 2023, 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 5, 2023.

Welch LLP[®]

OTTAWA NETWORK FOR EDUCATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 661,725	\$ 843,183
Short-term investments (note 4)	2,562,549	2,572,864
Accounts receivable	44,531	24,497
Government remittances recoverable	22,422	23,059
Prepaid expenses	<u>41,507</u>	<u>33,188</u>
	3,332,734	3,496,791
INVESTMENTS (note 4)	206,852	200,230
CAPITAL ASSETS (note 5)	<u>4,808</u>	<u>10,371</u>
	<u>\$ 3,544,394</u>	<u>\$ 3,707,392</u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 308,671	\$ 287,213
Deferred contributions (note 6)	<u>1,773,043</u>	<u>2,021,166</u>
	<u>2,081,714</u>	<u>2,308,379</u>
FUND BALANCES		
Operating Fund	1,078,835	1,165,168
Restricted Reserve Fund	370,000	220,000
Program Fund	<u>13,845</u>	<u>13,845</u>
	<u>1,462,680</u>	<u>1,399,013</u>
	<u>\$ 3,544,394</u>	<u>\$ 3,707,392</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, 2023

	Operating Fund	Program Fund	Restricted Reserve Fund	2023	2022
Revenue					
Provincial government	\$ -	\$ 1,481,925	\$ -	\$ 1,481,925	\$ 1,977,819
Educational institutions	386,903	269,830	-	656,733	736,678
Organizations	86,100	171,756	-	257,856	152,458
Foundations and charities	39,307	1,390,262	-	1,429,569	1,214,389
Municipal government	-	373,895	-	373,895	570,151
Individuals	44,764	285,237	-	330,001	176,402
Third party events	66,292	75,222	-	141,514	48,568
Investment income	94,508	-	-	94,508	14,812
Federal government	-	6,942	-	6,942	8,452
Government assistance	-	-	-	-	15,829
Allocation of centralized fundraising (note 8)	(644,206)	644,206	-	-	-
	<u>73,668</u>	<u>4,699,275</u>	<u>-</u>	<u>4,772,943</u>	<u>4,915,558</u>
Expenses					
Salaries and benefits	624,605	838,175	-	1,462,780	1,308,574
Direct program costs	7,648	2,498,447	-	2,506,095	2,835,592
Consulting and professional fees	176,168	143,634	-	319,802	258,672
Rent and office expenses	48,178	-	-	48,178	48,796
Amortization	5,563	-	-	5,563	11,379
Marketing and communication	5,558	4,590	-	10,148	3,984
Other costs	192,330	164,380	-	356,710	223,868
Allocations between funds (note 8)	(1,050,049)	1,050,049	-	-	-
	<u>10,001</u>	<u>4,699,275</u>	<u>-</u>	<u>4,709,276</u>	<u>4,690,865</u>
Excess of revenue over expenses	63,667	-	-	63,667	224,693
Transferred to Restricted Reserve Fund (note 8)	(150,000)	-	150,000	-	-
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 1,078,835</u>	<u>\$ 13,845</u>	<u>\$ 370,000</u>	<u>\$ 1,462,680</u>	<u>\$ 1,399,013</u>

(See accompanying notes)

OTTAWA NETWORK FOR EDUCATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 63,667	\$ 224,693
Adjustment for amortization	<u>5,563</u>	<u>11,379</u>
	69,230	236,072
Changes in working capital balances:		
Accounts receivable	(20,034)	39,489
Government remittances recoverable	637	5,176
Prepaid expenses	(8,319)	(391)
Accounts payable and accrued liabilities	21,458	96,848
Deferred contributions	<u>(248,123)</u>	<u>95,114</u>
	<u>(185,151)</u>	<u>472,308</u>
INVESTING ACTIVITIES		
Purchase of investments	(2,769,401)	(2,773,094)
Proceeds on maturity of investments	<u>2,773,094</u>	<u>817,282</u>
	<u>3,693</u>	<u>(1,955,812)</u>
DECREASE IN CASH	(181,458)	(1,483,504)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>843,183</u>	<u>2,326,687</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 661,725</u>	<u>\$ 843,183</u>

(See accompanying notes)

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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.

Third party events revenue is recognize as revenue when the corresponding event has occurred. Investment income is recognized when it is earned and collection is reasonably assured.

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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, bingo proceeds segregated in a separate bank account in accordance with the Alcohol and Gaming Commission of Ontario, and temporary investments (Guaranteed Investment Certificates) with maturing periods of less than ninety days from the date of acquisition. In accordance with the Organization's license agreement with the Alcohol and Gaming Commission of Ontario, funds raised can be used for our charitable activities. During the year, the Organization has not used these segregated funds.

Capital assets

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

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.

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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.

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.

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, its accounts receivable and follows up on any overdue amounts. At June 30, 2023, 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.

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2023

3. FINANCIAL INSTRUMENTS - Cont'd.

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.

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

	2023		2022	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Guaranteed Investment Certificates				
Short-term	\$ 2,540,770	\$ 2,562,549	\$ 2,563,820	\$ 2,572,864
Long-term	<u>200,000</u>	<u>206,852</u>	<u>200,000</u>	<u>200,230</u>
	<u>\$ 2,740,770</u>	<u>\$ 2,769,401</u>	<u>\$ 2,763,820</u>	<u>\$ 2,773,094</u>

Investments have effective yields ranging from 4.05% to 5.12% with maturity dates from July 2023 to September 2024.

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2023

5. CAPITAL ASSETS

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Equipment	\$ 53,100	\$ 48,292	\$ 4,808	\$ 10,371
Furniture	28,161	28,161	-	-
Software	<u>120,267</u>	<u>120,267</u>	<u>-</u>	<u>-</u>
	<u>\$ 201,528</u>	<u>\$ 196,720</u>	<u>\$ 4,808</u>	<u>\$ 10,371</u>

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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 2,021,166	\$ 1,926,052
Less amounts recognized as revenue in the year	(2,680,026)	(2,221,098)
Plus amount received during the year	<u>2,431,903</u>	<u>2,316,212</u>
Balance, end of year	<u>\$ 1,773,043</u>	<u>\$ 2,021,166</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, 2023 are as follows:

	<u>Premises</u>	<u>Office Equipment</u>	<u>Total</u>
2024	\$ 24,733	\$ 2,690	\$ 27,423
2025	24,800	1,793	26,593
2026	24,800	-	24,800
2027	<u>2,067</u>	<u>-</u>	<u>2,067</u>
	<u>\$ 76,400</u>	<u>\$ 4,483</u>	<u>\$ 80,883</u>

8. INTERFUND TRANSFERS AND INTERNAL RESTRICTIONS

During the year, the Board of Directors approved a transfer of \$150,000 from operations to the Restricted reserve fund. An allocation for centralized funding was transferred between the Operating Fund and the Program Fund during the year.

OTTAWA NETWORK FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2023

9. 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.

10. 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.

11. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the presentation adopted for the current year.