Financial Statements of

THE LEARNING PARTNERSHIP

And Independent Auditors' Report thereon

Year ended June 30, 2019

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Learning Partnership

Opinion

We have audited the financial statements of The Learning Partnership (the Entity), which comprise:

- the statement of financial position as at June 30, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2019, and its result of 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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

November 25, 2019

THE LEARNING PARTNERSHIP

Statement of Financial Position

June 30, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 105,621	$ 210,218
Investments (note 2)	3,013,020	2,583,298
Amounts receivable	740,151	1,134,156
Program materials	256,202	298,191
Prepaid expenses	82,716	193,966
	4,197,710	4,419,829
Investments (note 2)	2,419,463	4,040,046
Capital and intangible assets (note 3)	263,467	358,371
	$ 6,880,640	$ 8,818,246
Liabilities, Deferred Capital Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 355,259	$ 902,465
Deferred contributions (note 4)	166,046	609,871
Deferred revenue	100,000	106,882
	621,305	1,619,218
Deferred lease inducement	25,872	30,723
Deferred capital contributions (note 5)	18,015	75,702
Net assets:		
Internally restricted (note 6)	6,215,448	7,092,603
Lease commitments (note 7)		
	$ 6,880,640	$ 8,818,246

See accompanying notes to financial statements.

On behalf of the Board:

________________ Director

________________ Director

THE LEARNING PARTNERSHIP

Statement of Operations

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

	2019	2018
Revenue:		
Fees and program designated contributions (notes 4 and 5)	$ 3,603,395	$ 5,274,594
Donations, member and other contributions	172,668	424,171
Tribute events	–	385,225
Operating designated contributions (notes 4 and 5)	719,885	515,501
Interest and other	110,168	110,527
	4,606,116	6,710,018
Expenses:		
Program (note 8)	3,561,726	5,244,656
Administrative and fundraising (note 9)	1,921,545	2,639,597
	5,483,271	7,884,253
Deficiency of revenue over expenses	$ (877,155)	$ (1,174,235)

See accompanying notes to financial statements.

THE LEARNING PARTNERSHIP

Statement of Changes in Net Assets

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

	Internally restricted (note 6)	Unrestricted	2019 Total	2018 Total
Balance, beginning of year	$ 7,092,603	$ –	$ 7,092,603	$ 8,266,838
Excess (deficiency) of revenue over expenses	41,668	(918,823)	(877,155)	(1,174,235)
Interfund transfer (note 6)	(918,823)	918,823	–	–
Balance, end of year	$ 6,215,448	$ –	$ 6,215,448	$ 7,092,603

See accompanying notes to financial statements.

THE LEARNING PARTNERSHIP
Statement of Cash Flows

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

	2019	2018
Cash flows from (used in):		
Operating activities:		
Deficiency of revenue over expenses	$ (877,155)	$ (1,174,235)
Items not affecting cash:		
Amortization of capital assets	39,200	39,899
Amortization of intangible assets	116,596	153,758
Amortization of deferred lease inducement	(4,851)	(4,852)
Loss on disposal of capital assets	900	4,142
Amortization of deferred capital contributions	(57,687)	(59,974)
Change in non-cash operating working capital:		
Amounts receivable	394,005	342,429
Program materials	41,989	(53,547)
Prepaid expenses	111,250	12,832
Accounts payable and accrued liabilities	(547,206)	458,481
Deferred contributions	(443,825)	(652,040)
Deferred revenue	(6,882)	96,882
	(1,233,666)	(836,225)
Investing activities:		
Purchase of capital assets	–	(28,864)
Purchase of intangible assets	(61,792)	(26,531)
Sale of investments, net	1,190,861	1,038,499
	1,129,069	983,104
Increase (decrease) in cash	(104,597)	146,879
Cash, beginning of year	210,218	63,339
Cash, end of year	$ 105,621	$ 210,218

See accompanying notes to financial statements.

The Learning Partnership ("TLP"), incorporated as The Learning Partnership Canada/Partenariat Canadien en Éducation, is a corporation without share capital under the laws of Ontario. TLP is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

TLP is governed by a Board of Directors, which consists of representatives from business, education and the community.

TLP is dedicated to building stakeholder partnerships to support, promote and advance publicly funded education in Canada. TLP does this through four key deliverables:

- innovative student programs;
- executive leadership for educators;
- policy and knowledge mobilization; and
- ongoing collaborations across Canada.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations applied within the framework of the accounting policies summarized below.

(a) Revenue recognition:

TLP follows the deferral method of accounting for contributions. Grants and unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received, since pledges are not legally enforceable claims. Externally restricted contributions are deferred when initially received and recognized as revenue in the year in which the related expenses are recognized. Operating designated contribution amounts are recorded based on a stated percentage or allowable amount of program expenses.

1. Significant accounting policies (continued):

Fees are recognized in income when earned. Interest and other income is recognized as earned.

TLP recognizes revenue relating to gifts-in-kind when they would otherwise have been purchased and where the fair value can be readily determined.

These financial statements do not reflect the substantial value of volunteer time contributed to the work of TLP.

(b) Financial instruments:

TLP initially measures its financial assets and financial liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, amounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs related to investments are capitalized and amortized on a straight-line basis over the useful life of the related investment.

(c) Program materials:

Program materials are valued at the lower of cost, on a first-in, first-out basis, and replacement cost.

(d) Program expenses:

The cost of each function includes the cost of personnel and other expenses that are directly related to the function. General support and other support costs are not allocated.

1. Significant accounting policies (continued):

(e) Capital and intangible assets:

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution less accumulated amortization. Intangible assets consist of software and website development costs, and are recorded at cost less accumulated amortization. Amortization is computed on a straight-line basis over the estimated useful lives of the capital and intangible assets as follows:

Capital assets:

Furniture and fixtures	10 years
Office equipment	10 years
Computer hardware	5 years
Leasehold improvements	Over the remaining term of the lease

Intangible assets:

Software and website development costs	3 years

Work in process comprises direct development and other costs incurred to prepare an asset for use. No amortization is recorded until development is substantially complete and the assets are ready for use.

(f) Use of estimates:

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Board of Directors may undertake in the future. Significant accounting estimates include allocations of personnel and other expenses to program expenses and estimated useful lives of capital and intangible assets. Actual results could differ from those estimates.

2. Investments:

Investments comprise fixed income securities as follows:

	2019	2018
Cash and cash equivalents	$ 1,356,223	$ 1,757,005
Guaranteed investment certificates	4,076,260	4,866,339
	5,432,483	6,623,344
Less current portion	3,013,020	2,583,298
	$ 2,419,463	$ 4,040,046

Guaranteed investment certificates have maturity dates of one to two years (2018 - one to three years) and interest rates ranging from 1.60% to 2.60% (2018 - 1.60% to 2.60%).

3. Capital and intangible assets:

Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Furniture and fixtures	$ 106,272	$ 54,961	$ 51,311	$ 61,594
Office equipment	11,775	3,437	8,338	9,516
Computer hardware	111,235	82,258	28,977	46,127
Leasehold improvements	103,632	42,362	61,270	72,759
	$ 332,914	$ 183,018	$ 149,896	$ 189,996

Intangible assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Software and website development costs	$ 895,165	$ 781,594	$ 113,571	$ 168,375

Included in software and website development costs is work in process of $131,144 (2018 - $69,172).

4. Deferred contributions:

The changes in the deferred contributions balance are as follows:

	2019	2018
Balance, beginning of year	$ 609,871	$ 1,261,911
Restricted contributions received during the year	3,821,768	5,078,081
Revenue recognized during the year:		
Fees and program designated contributions	(3,545,708)	(5,214,620)
Operating designated contributions	(719,885)	(515,501)
Balance, end of year	$ 166,046	$ 609,871

5. Deferred capital contributions:

The changes in the deferred capital contributions balance are as follows:

	2019	2018
Balance, beginning of year	$ 75,702	$ 135,676
Revenue recognized during the year:		
Program designated contributions	(57,687)	(59,974)
Balance, end of year	$ 18,015	$ 75,702

6. Internally restricted net assets:

Internally restricted net assets include funds that have been internally restricted by the Board of Directors for spending on ongoing and future strategic initiatives and national expansion with the approval of the Board of Directors, and as a contingency reserve to protect TLP against unforeseen loss of revenue or significant unanticipated expenses.

In 2019, the Board of Directors approved the transfer of $918,823 from internally restricted net assets to unrestricted net assets (2018 - $1,204,173).

7. Lease commitments:

Future minimum lease payments for the office premises and office equipment of TLP are as follows:

2020	$ 155,957
2021	155,333
2022	161,057
2023	159,430
2024	145,962
Thereafter	48,654
	$ 826,393

8. Program expenses:

	2019	2018
Labour costs	$ 1,793,844	$ 3,109,452
Program resources	1,188,443	1,407,887
Events	489,703	510,719
Travel	89,736	216,598
	$ 3,561,726	$ 5,244,656

9. Administrative and fundraising expenses:

	2019	2018
Labour costs	$ 1,209,906	$ 1,746,249
Tribute events	–	181,543
Office and general	433,195	422,061
Other administrative	278,444	289,744
	$ 1,921,545	$ 2,639,597

10. Financial instruments:

TLP is exposed to various risks related to financial instruments. See note 2 regarding maturity and interest rate risks related to investments.

Credit risk:

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject TLP to credit risk consist principally of cash, amounts receivable and fixed income investments.