Financial Statements of

THE LEARNING PARTNERSHIP

And Independent Auditors' Report thereon

Year ended June 30, 2021

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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, 2021
- 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, 2021, and its results 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, 2021

THE LEARNING PARTNERSHIP

Statement of Financial Position

June 30, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	$ 389,137	$ 419,088
Investments (note 2)	3,352,771	3,961,124
Amounts receivable (note 10)	322,704	574,073
Program materials	106,584	171,819
Prepaid expenses	61,157	69,604
	4,232,353	5,195,708
Capital and intangible assets (note 3)	86,197	141,557
	$ 4,318,550	$ 5,337,265
Liabilities, Deferred Capital Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 247,593	$ 243,208
Deferred contributions (note 4)	239,789	266,595
	487,382	509,803
Deferred lease inducement	16,170	21,021
Deferred capital contributions (note 5)	18,015	18,015
Net assets:		
Internally restricted (note 6)	3,796,983	4,788,426
Lease commitments (note 7)		
	$ 4,318,550	$ 5,337,265

See accompanying notes to financial statements.

On behalf of the Board:

______________ Director

______________ Director

THE LEARNING PARTNERSHIP

Statement of Operations

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Fees and program designated contributions (notes 4 and 5)	$ 1,454,647	$ 1,462,809
Donations, member and other contributions	406,655	338,058
Operating designated contributions (notes 4 and 5)	640,575	916,059
Interest and other	42,042	80,227
	2,543,919	2,797,153
Expenses:		
Program (notes 8 and 10)	2,081,475	2,202,893
Administrative and fundraising (notes 9 and 10)	1,453,887	2,021,282
	3,535,362	4,224,175
Deficiency of revenue over expenses	$ (991,443)	$ (1,427,022)

See accompanying notes to financial statements.

THE LEARNING PARTNERSHIP

Statement of Changes in Net Assets

Year ended June 30, 2021, with comparative information for 2020

	Internally restricted (note 6)	Unrestricted	2021 Total	2020 Total
Balance, beginning of year	$ 4,788,426	$ –	$ 4,788,426	$ 6,215,448
Deficiency of revenue over expenses	(626,828)	(364,615)	(991,443)	(1,427,022)
Interfund transfer (note 6)	(364,615)	364,615	–	–
Balance, end of year	$ 3,796,983	$ –	$ 3,796,983	$ 4,788,426

See accompanying notes to financial statements.

THE LEARNING PARTNERSHIP

Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Cash flows from (used in):		
Operating activities:		
Deficiency of revenue over expenses	$ (991,443)	$ (1,427,022)
Items not affecting cash:		
Amortization of capital assets	34,394	36,104
Amortization of intangible assets	20,966	87,465
Amortization of deferred lease inducement	(4,851)	(4,851)
Change in non-cash operating working capital:		
Amounts receivable	251,369	166,078
Program materials	65,235	84,383
Prepaid expenses	8,447	13,112
Accounts payable and accrued liabilities	4385	(112,051)
Deferred contributions	(26,806)	100,549
Deferred revenue	–	(100,000)
	(638,304)	(1,156,233)
Investing activities:		
Purchase of capital assets	–	(1,659)
Sale of investments, net	608,353	1,471,359
	608,353	1,469,700
Increase (decrease) in cash	(29,951)	313,467
Cash, beginning of year	419,088	105,621
Cash, end of year	$ 389,137	$ 419,088

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.

Fees, interest and other income are recognized in income when 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.

1. Significant accounting policies (continued):

(b) Financial instruments:

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

Financial assets measured at fair value 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.

(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.

1. Significant accounting policies (continued):

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

Capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to TLP's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital assets and intangibles are less than their net carrying amounts.

(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. 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:

	2021	2020
Cash and cash equivalents	$ 1,352,771	$ 1,534,688
Guaranteed investment certificates	2,000,000	2,426,436
	3,352,771	3,961,124
Less current portion	3,352,771	3,961,124
Long-term portion	$ –	$ –

Guaranteed investment certificates have maturity dates of six months (2020 - one year) and bear interest at 0.25% (2020 - 1.60% to 2.17%).

3. Capital and intangible assets:

Capital assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Furniture and fixtures	$ 106,272	$ 75,489	$ 30,783	$ 41,047
Office equipment	11,775	5,792	5,983	7,161
Computer hardware	112,893	106,896	5,997	17,461
Leasehold improvements	103,632	65,338	38,294	49,782
	$ 334,572	$ 253,515	$ 81,057	$ 115,451

Intangible assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Software and website development costs	$ 895,165	$ 890,025	$ 5,140	$ 26,106

4. Deferred contributions:

The changes in the deferred contributions balance are as follows:

	2021	2020
Balance, beginning of year	$ 266,595	$ 166,046
Restricted contributions received during the year	2,068,416	2,479,417
Revenue recognized during the year:		
Fees and program designated contributions	(1,454,647)	(1,462,809)
Operating designated contributions	(640,575)	(916,059)
Balance, end of year	$ 239,789	$ 266,595

5. Deferred capital contributions:

The deferred capital contributions represent the unamortized amount of externally restricted contributions receivable or received for the purchase of capital and intangible assets. Included in deferred capital contributions is $18,015 (2020 - $18,015) that remains unspent. Amortization will commence once spent on an eligible asset.

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 2021, the Board of Directors approved the transfer of $364,615 from internally restricted net assets to unrestricted net assets (2020 - $686,938).

7. Lease commitments:

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

2022	$ 161,060
2023	159,423
2024	145,956
2025	48,652
	$ 515,091

8. Program expenses:

	2021	2020
Labour costs (note 10)	$ 1,289,738	$ 1,248,857
Program resources	784,647	878,439
Events	6,979	52,505
Travel	111	23,092
	$ 2,081,475	$ 2,202,893

9. Administrative and fundraising expenses:

	2021	2020
Labour costs (note 10)	$ 813,312	$ 1,105,380
Office and general (note 10)	316,546	521,047
Other administrative	324,029	394,855
	$ 1,453,887	$ 2,021,282

10. Risk management:

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

(a) 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.

(b) Market risk:

Due to the COVID-19 pandemic impact on global economies, there continues to be material disruption which may continue to impact the risks described above. Management has taken measures to manage this risk and is actively monitoring the situation to minimize its impact to TLP, including the application to the Canada Emergency Wage Subsidy program and the Canada Emergency Rent Subsidy program. Included as a recovery within Program labour costs and Administrative and fundraising labour costs is $317,924 (2020 - $203,826) and included within Administrative office and general costs is $116,333 (2020 - nil) of subsidies related to the year ended June 30, 2021. Included in amounts receivable at year end is $103,392 (2020 - $16,477) related to the subsidies applied for and not yet received.

11. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.