

Financial Statements of

THE LEARNING PARTNERSHIP

And Independent Auditors' Report thereon

Year ended June 30, 2020



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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, 2020
- 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, 2020, 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.



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- 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, 2020

THE LEARNING PARTNERSHIP

Statement of Financial Position

June 30, 2020, with comparative information for 2019

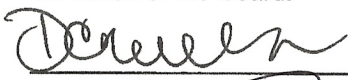
	2020	2019
Assets		
Current assets:		
Cash	\$ 419,088	\$ 105,621
Investments (note 2)	3,961,124	3,013,020
Amounts receivable	574,073	740,151
Program materials	171,819	256,202
Prepaid expenses	69,604	82,716
	<u>5,195,708</u>	<u>4,197,710</u>
Investments (note 2)	–	2,419,463
Capital and intangible assets (note 3)	141,557	263,467
	<u>\$ 5,337,265</u>	<u>\$ 6,880,640</u>

Liabilities, Deferred Capital Contributions and Net Assets

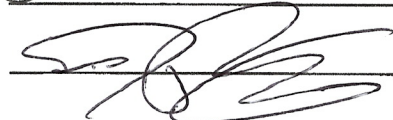
Current liabilities:		
Accounts payable and accrued liabilities	\$ 243,208	\$ 355,259
Deferred contributions (note 4)	266,595	166,046
Deferred revenue	–	100,000
	<u>509,803</u>	<u>621,305</u>
Deferred lease inducement	21,021	25,872
Deferred capital contributions (note 5)	18,015	18,015
Net assets:		
Internally restricted (note 6)	4,788,426	6,215,448
Lease commitments (note 7)		
Subsequent event (note 11)		
	<u>\$ 5,337,265</u>	<u>\$ 6,880,640</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

THE LEARNING PARTNERSHIP

Statement of Operations

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Fees and program designated contributions (notes 4 and 5)	\$ 1,462,809	\$ 3,603,395
Donations, member and other contributions	338,058	172,668
Operating designated contributions (notes 4 and 5)	916,059	719,885
Interest and other	80,227	110,168
	<u>2,797,153</u>	<u>4,606,116</u>
Expenses:		
Program (notes 8 and 11)	2,202,893	3,561,726
Administrative and fundraising (note 9)	2,021,282	1,921,545
	<u>4,224,175</u>	<u>5,483,271</u>
Deficiency of revenue over expenses	<u>\$ (1,427,022)</u>	<u>\$ (877,155)</u>

See accompanying notes to financial statements.

THE LEARNING PARTNERSHIP

Statement of Changes in Net Assets

Year ended June 30, 2020, with comparative information for 2019

			2020	2019
	Internally restricted (note 6)	Unrestricted	Total	Total
Balance, beginning of year	\$ 6,215,448	\$ -	\$ 6,215,448	\$ 7,092,603
Deficiency of revenue over expenses	(740,084)	(686,938)	(1,427,022)	(877,155)
Interfund transfer (note 6)	(686,938)	686,938	-	-
Balance, end of year	\$ 4,788,426	\$ -	\$ 4,788,426	\$ 6,215,448

See accompanying notes to financial statements.

THE LEARNING PARTNERSHIP

Statement of Cash Flows

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Cash flows from (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (1,427,022)	\$ (877,155)
Items not affecting cash:		
Amortization of capital assets	36,104	39,200
Amortization of intangible assets	87,465	116,596
Amortization of deferred lease inducement	(4,851)	(4,851)
Loss on disposal of capital assets	—	900
Amortization of deferred capital contributions	—	(57,687)
Change in non-cash operating working capital:		
Amounts receivable	166,078	394,005
Program materials	84,383	41,989
Prepaid expenses	13,112	111,250
Accounts payable and accrued liabilities	(112,051)	(547,206)
Deferred contributions	100,549	(443,825)
Deferred revenue	(100,000)	(6,882)
	(1,156,233)	(1,233,666)
Investing activities:		
Purchase of capital assets	(1,659)	—
Purchase of intangible assets	—	(61,792)
Sale of investments, net	1,471,359	1,190,861
	1,469,700	1,129,069
Increase (decrease) in cash	313,467	(104,597)
Cash, beginning of year	105,621	210,218
Cash, end of year	\$ 419,088	\$ 105,621

See accompanying notes to financial statements.

THE LEARNING PARTNERSHIP

Notes to Financial Statements

Year ended June 30, 2020

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.

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Notes to Financial Statements (continued)

Year ended June 30, 2020

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.

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Notes to Financial Statements (continued)

Year ended June 30, 2020

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
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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.

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. 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.

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Notes to Financial Statements (continued)

Year ended June 30, 2020

2. Investments:

Investments comprise fixed income securities as follows:

	2020	2019
Cash and cash equivalents	\$ 1,534,688	\$ 1,356,223
Guaranteed investment certificates	2,426,436	4,076,260
	3,961,124	5,432,483
Less current portion	3,961,124	3,013,020
Long-term portion	\$ —	\$ 2,419,463

Guaranteed investment certificates have maturity dates of one year (2019 - one to two years) and interest rates ranging from 1.60% to 2.17% (2019 - 1.60% to 2.60%).

3. Capital and intangible assets:

Capital assets:

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 106,272	\$ 65,225	\$ 41,047	\$ 51,311
Office equipment	11,775	4,614	7,161	8,338
Computer hardware	112,893	95,432	17,461	28,977
Leasehold improvements	103,632	53,850	49,782	61,270
	\$ 334,572	\$ 219,121	\$ 115,451	\$ 149,896

Intangible assets:

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
Software and website development costs	\$ 895,165	\$ 869,059	\$ 26,106	\$ 113,571

Included in software and website development costs is work in process of \$130,964 (2019 - \$131,144).

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Notes to Financial Statements (continued)

Year ended June 30, 2020

4. Deferred contributions:

The changes in the deferred contributions balance are as follows:

	2020	2019
Balance, beginning of year	\$ 166,046	\$ 609,871
Restricted contributions received during the year	2,479,417	3,821,768
Revenue recognized during the year:		
Fees and program designated contributions	(1,462,809)	(3,545,708)
Operating designated contributions	(916,059)	(719,885)
Balance, end of year	\$ 266,595	\$ 166,046

5. Deferred capital contributions:

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

	2020	2019
Balance, beginning of year	\$ 18,015	\$ 75,702
Revenue recognized during the year:		
Program designated contributions	–	(57,687)
Balance, end of year	\$ 18,015	\$ 18,015

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 (2019 - \$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 2020, the Board of Directors approved the transfer of \$686,938 from internally restricted net assets to unrestricted net assets (2019 - \$918,823).

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Notes to Financial Statements (continued)

Year ended June 30, 2020

7. Lease commitments:

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

2021	\$ 155,333
2022	161,057
2023	159,430
2024	145,962
2025	48,654
	<u>\$ 670,436</u>

8. Program expenses:

	2020	2019
Labour costs (note 11)	\$ 1,248,857	\$ 1,793,844
Program resources	878,439	1,188,443
Events	52,505	489,703
Travel	23,092	89,736
	<u>\$ 2,202,893</u>	<u>\$ 3,561,726</u>

9. Administrative and fundraising expenses:

	2020	2019
Labour costs (note 11)	\$ 1,107,806	\$ 1,209,906
Office and general	518,620	433,195
Other administrative	394,856	278,444
	<u>\$ 2,021,282</u>	<u>\$ 1,921,545</u>

THE LEARNING PARTNERSHIP

Notes to Financial Statements (continued)

Year ended June 30, 2020

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.

11. Subsequent event:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption in Canada to our fundraising efforts. In addition, during the year TLP applied for and collected the Canadian Emergency Wage Subsidy totalling \$203,826, which was provided to TLP as government assistance and recorded as a recovery within Program labour costs and Administrative and fundraising labour costs. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in donations and income.

