

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Financial Statements

Year Ended June 30, 2020

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Index to Financial Statements

Year Ended June 30, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

INDEPENDENT AUDITOR'S REPORT

To the Members of Community Learning Network - An Alberta Association of Leaders in Lifelong Learning

Opinion

We have audited the financial statements of Community Learning Network - An Alberta Association of Leaders in Lifelong Learning (the Organization), which comprise the statement of financial position as at June 30, 2020, and the statements of changes in net assets, revenues and expenditures 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, 2020, 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 other ethical responsibilities in accordance with those 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 relating 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:

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Independent Auditor's Report to the Members of Community Learning Network - An Alberta Association of Leaders in Lifelong Learning (*continued*)

- 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.

Edmonton, Alberta
August 27, 2020


RADKE PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Statement of Financial Position

June 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash <i>(Note 3)</i>	\$ 466,774	\$ 626,666
Term deposits <i>(Note 4)</i>	108,224	106,242
Accounts receivable		7,290
Grants receivable	2,030	
Goods and services tax recoverable	2,937	3,063
Prepaid expenses and deposits	11,229	12,233
	\$ 591,194	\$ 755,494
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 8,487	\$ 15,747
Wages payable	34,268	33,368
Deferred revenues	23,165	40,690
Deferred contributions <i>(Note 5)</i>	325,069	468,038
	390,989	557,843
 NET ASSETS		
General fund	20,205	17,651
Internally restricted fund <i>(Note 6)</i>	180,000	180,000
	200,205	197,651
	\$ 591,194	\$ 755,494
 LEASE COMMITMENTS <i>(Note 7)</i>		

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Statement of Changes in Net Assets

Year Ended June 30, 2020

	General Fund	Internally Restricted Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 17,651	\$ 180,000	\$ 197,651	\$ 195,047
EXCESS OF REVENUES OVER EXPENSES	2,554	-	2,554	2,604
NET ASSETS - END OF YEAR	\$ 20,205	\$ 180,000	\$ 200,205	\$ 197,651

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Statement of Revenues and Expenditures

Year Ended June 30, 2020

	2020	2019
REVENUES		
Grants	\$ 1,396,999	\$ 1,327,062
Fee for service and registrations	60,395	66,815
Interest	8,478	7,347
Other revenues	3,500	150
Sale of materials	405	143
	<u>1,469,777</u>	<u>1,401,517</u>
EXPENSES		
Salaries and wages	841,973	846,715
Meeting expenses	183,753	183,180
Project contractor fees	129,027	38,430
Travel	107,175	157,941
Consulting fees <i>(Note 8)</i>	96,232	75,321
Office	29,604	22,780
Rental	21,986	21,525
Technology-related expenses	12,377	11,984
Telephone	10,839	10,764
Event promotion	13,523	8,111
Professional development	9,366	9,809
Professional fees	5,638	5,239
Insurance	3,597	3,906
Bank charges	2,133	3,208
	<u>1,467,223</u>	<u>1,398,913</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 2,554	\$ 2,604

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

**Statement of Cash Flows
Year Ended June 30, 2020**

	2020	2019
OPERATING ACTIVITIES		
Cash receipts from grantors, customers and others	\$ 1,323,589	\$ 1,808,153
Cash paid to suppliers and employees	(1,490,103)	(1,382,357)
Interest received	8,478	7,347
Goods and services tax	126	2,449
	<u>(157,910)</u>	<u>435,592</u>
Cash flow from (used by) operating activities		
INVESTING ACTIVITY		
Term deposits	<u>(1,982)</u>	<u>(1,528)</u>
INCREASE (DECREASE) IN CASH FLOW	(159,892)	434,064
Cash - beginning of year	<u>626,666</u>	<u>192,602</u>
CASH - END OF YEAR	\$ 466,774	\$ 626,666

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Notes to Financial Statements

Year Ended June 30, 2020

1. PURPOSE OF ORGANIZATION

The Community Learning Network (the "CLN") is to lead a visionary network of learning communities. The CLN's mission is to support community adult learning programs through leadership, resources, training and connections.

The CLN is incorporated under the Societies Act of Alberta and is a registered non-profit charitable organization under the Income Tax Act of Canada and as such is exempt from income taxes. In order to maintain its status as a registered not-for-profit charitable organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFO).

Cash and short term investments

Short-term debt securities purchased with maturity of three months or less are classified as cash equivalents.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	45%	declining balance method
Office equipment	20%	declining balance method

The Organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Restricted contributions for the purchase of capital assets are recognized over the useful life of the asset. Unrestricted contributions are recognized as revenue in the year when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed goods and services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Donated goods are recorded at their fair market value at the time of the donation when the value can reasonably be determined.

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**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Notes to Financial Statements

Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability.

The Organization assess impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year net earnings.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. RESTRICTED CASH

The Organization has externally restricted cash of \$348,234 (2019 - \$508,728).

4. TERM DEPOSITS

The Organization has a credit card facility to a maximum of \$20,000. Term deposits of \$20,000 are held as security for this facility.

5. DEFERRED CONTRIBUTIONS

The deferred contributions relate to funding received in the current period for future period operations and are externally restricted by the Government of Alberta.

	Opening	Amounts Received	Recognized as Revenue	Closing
Support Services Grant	\$ 22,973	\$ 1,252,000	\$ 1,176,247	\$ 98,726
Development Stream Project	296,743	-	142,227	154,516
Mental Health Training for Community-Based Adult Learning Practitioners	148,322	-	76,495	71,827
Canada-Alberta Job Grant Program	-	2,030	2,030	-
	<u>\$ 468,038</u>	<u>\$ 1,254,030</u>	<u>\$ 1,396,999</u>	<u>\$ 325,069</u>

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Notes to Financial Statements

Year Ended June 30, 2020

6. INTERNALLY RESTRICTED FUND

A total of \$180,000 (2019 - \$180,000) has been restricted to cover operating expenses in the event of delayed or terminated funding.

7. LEASE COMMITMENTS

The Organization leases premises under a long term lease that expires on September 30, 2021. The commitment for base rent are as follows:

2021	\$	21,600
2022		<u>5,400</u>
	\$	<u>27,000</u>

8. RELATED PARTY TRANSACTIONS

The Organization's Board of Directors is composed of individuals that are members of various Community Adult Learning Program organizations in Alberta.

During the year, the Organization made purchases of \$800 (2019 - \$2,300) from the Manning Community Adult Learning & Literacy Council (the "MCALLC"). The MCALLC is represented on the Organization's Board of Directors by an individual member.

During the year, the Organization made purchases of \$1,500 (2019 - \$NIL) from the Wetaskiwin Community Learning Program (the "WCLP"). The WCLP is represented on the Organization's Board of Directors by an individual member.

During the year, the Organization made purchases of \$1,250 (2019 - \$NIL) from the Flagstaff Community Adult Learning (the "FCAL"). The FCAL is represented on the Organization's Board of Directors by an individual member.

During the year, the Organization made purchases of \$850 (2019 - \$NIL) from the Newell Further Education Council (the "NFEC"). The NFEC is represented on the Organization's Board of Directors by an individual member.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. ECONOMIC DEPENDENCE

The Organization receives grant proceeds from the Government of Alberta. The grants account for 95% (2019 - 95%) of its total revenue. Should this funder substantially change its dealings with the Organization, management is of the opinion that operations would require substantial alterations to have a continued viable organization.

10. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of June 30, 2020.

Fair Value

(continues)

**COMMUNITY LEARNING NETWORK - AN ALBERTA ASSOCIATION OF LEADERS IN
LIFELONG LEARNING**

Notes to Financial Statements

Year Ended June 30, 2020

10. FINANCIAL INSTRUMENTS *(continued)*

The Organization holds various forms of financial instruments, consisting of cash, term deposits, accounts receivable, accounts payable and deferred contributions. Due to the short term nature of these instruments, the carrying value approximates their fair value.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from customers purchasing materials. The Organization considers this risk minimal as individual sale amounts are insignificant and the Organization has a significant number of customers which minimizes concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Organization is exposed to interest rate risk primarily through its credit facility. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities which includes payments of all balances on a regular basis.

11. SUBSEQUENT EVENT

During the fiscal period, the Government of Alberta declared a public health emergency requiring, among other restrictions, the closure of non-essential businesses in the Province of Alberta. This closure applied to the Community Learning Network. Emergency measures have also been enacted by the other Provinces, the Federal Government and other governments worldwide. The restrictions have caused a material disruption to business and the situation is ongoing. The economic impact of these restrictions on the Organization, if any, is unknown.
