



Financial Statements

Educational Computing Network of Ontario
(ECNO)

August 31, 2021

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10

Independent Auditor's Report

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To the Members of
Educational Computing Network of Ontario (ECNO)

Opinion

We have audited the financial statements of Educational Computing Network of Ontario (ECNO), ("the organization"), which comprise the statement of financial position as at August 31, 2021, and the statements of operations, changes in net assets, 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 August 31, 2021, 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 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.

Independent Auditor's Report (continued)

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.

Waterloo, Canada
November 12, 2021

Chartered Professional Accountants
Licensed Public Accountants

Educational Computing Network of Ontario (ECNO) Statement of Operations

Year ended August 31	2021 Budget (unaudited) Note 4	2021 Actual	2020 Actual
Revenues			
Shared technology services fees	\$ 370,848	\$ 342,914	\$ 413,171
Product licensing	316,450	326,242	320,302
RISA project income	567,500	325,122	103,826
VASP project income	165,600	278,000	-
Operations fees	290,454	241,784	236,580
Reference architecture income	165,000	175,001	-
Product support and enhancement fees	111,550	112,428	135,951
Interest and other	85,000	40,104	74,931
Conference (Note 8)	365,000	28,200	-
	<u>2,437,402</u>	<u>1,869,795</u>	<u>1,284,761</u>
Cost of sales			
Microsoft premier (Note 6)	292,335	363,997	350,146
Shared technology services	368,566	324,920	267,290
Data reference architecture pro	165,000	227,162	-
VASP vetting of applications	165,600	173,391	-
Annual maintenance contract service fees	167,500	162,934	52,917
RISA Project expenses	387,700	153,154	95,474
Communications and marketing	10,000	43,470	74,154
Conference expense (Note 8)	322,100	6,783	973
Software purchases for resale	26,400	-	-
	<u>1,905,201</u>	<u>1,455,811</u>	<u>840,954</u>
Gross profit	<u>532,201</u>	<u>413,984</u>	<u>443,807</u>
Expenditures			
Salaries and related benefits	330,050	322,956	334,748
Professional fees	47,000	23,208	16,334
Office and general	18,670	21,959	22,943
Insurance	7,200	7,271	7,104
Travel	102,700	140	46,669
Meals and entertainment	12,100	-	15,509
Donations	-	-	6,000
Consulting fees	11,000	-	-
Rent	1,500	-	-
	<u>530,220</u>	<u>375,534</u>	<u>449,307</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,981</u>	<u>\$ 38,450</u>	<u>\$ (5,500)</u>

Educational Computing Network of Ontario (ECNO)

Statement of Changes in Net Assets

Year ended August 31, 2021

	Balance, beginning of year	Excess (deficiency) of revenues over expenditures	Balance, end of year
Internally restricted assets	\$ 3,086,632	\$ 77,959	\$ 3,164,591
Unrestricted net assets	<u>1,219,821</u>	<u>(39,509)</u>	<u>1,180,312</u>
	<u>\$ 4,306,453</u>	<u>\$ 38,450</u>	<u>\$ 4,344,903</u>

Year ended August 31, 2020

	Balance, beginning of year	Excess (deficiency) of revenues over expenditures	Balance, end of year
Internally restricted assets	\$ 2,927,290	\$ 159,342	\$ 3,086,632
Unrestricted net assets	<u>1,384,663</u>	<u>(164,842)</u>	<u>1,219,821</u>
	<u>\$ 4,311,953</u>	<u>\$ (5,500)</u>	<u>\$ 4,306,453</u>

Educational Computing Network of Ontario (ECNO)

Statement of Financial Position

August 31

2021

2020

Assets

Current

Cash	\$ 3,986,357	\$ 4,022,995
Accounts receivable (Note 3)	66,339	15,258
Interest receivable	2,588	2,663
Prepaid expenses	433,726	399,763
Government remittances receivable	<u>33,520</u>	<u>-</u>
	<u>\$ 4,522,530</u>	<u>\$ 4,440,679</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 98,228	\$ 35,854
Unearned revenue (Note 4)	79,399	65,315
Government remittances payable	<u>-</u>	<u>33,057</u>
	<u>177,627</u>	<u>134,226</u>

Net assets

Internally restricted assets	3,164,591	3,086,632
Unrestricted net assets	<u>1,180,312</u>	<u>1,219,821</u>
	<u>4,344,903</u>	<u>4,306,453</u>
	<u>\$ 4,522,530</u>	<u>\$ 4,440,679</u>

Commitment (Note 6)

On behalf of the board

_____ Member

_____ Member

Educational Computing Network of Ontario (ECNO)

Statement of Cash Flows

Year ended August 31

2021

2020

Increase (decrease) in cash

Operating

Excess (deficiency) of revenues over expenditures	\$ 38,450	\$ (5,500)
Change in non-cash working capital items		
Accounts receivable	(51,081)	128,301
Prepaid expenses	(33,963)	(157,186)
Goods and services tax	(66,577)	168,031
Accounts payable and accrued liabilities	62,374	(24,230)
Unearned revenue	14,084	37,898
	(36,713)	147,314

Investing

Decrease in interest receivable	75	4,949
Repayment of note receivable	-	200,000
	75	204,949

(Decrease) increase in cash

(36,638) 352,263

Cash

Beginning of year	4,022,995	3,670,732
End of year	\$ 3,986,357	\$ 4,022,995

Educational Computing Network of Ontario (ECNO)

Notes to the Financial Statements

August 31, 2021

1. Nature of operations

Educational Computing Network of Ontario (ECNO), "the organization" was incorporated under the Business Corporations Act of Ontario on September 26, 1996.

The purpose of the organization is to make arrangements for the provision of information technology services including, but not limited to, computer applications, technical services and related products, services and information to school boards and other educational institutions and organizations in Ontario and elsewhere.

The organization is a not-for-profit entity and is exempt from income tax.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The organization follows the deferral method of accounting for contributions which includes donations. Restricted contributions are recognized as revenue in the year in which the related expenses are made. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fee revenue and product licensing are recognized on a straight-line basis over the period covered by the service and licensing fees. Any advance payments received at the end of the year are classified as unearned revenue on the statement of financial position.

Special project revenues, which include VASP project income, RISA project income, and reference architecture income are deferred and recognized in the period that the related expenses are incurred.

Conference revenue is recognized when persuasive evidence of an arrangement exists, the service has been rendered, and there are no significant obligations remaining.

Internally restricted fund

The board has implemented an internally restricted fund to ensure that they have adequate funds for future projects.

Educational Computing Network of Ontario (ECNO)

Notes to the Financial Statements

August 31, 2021

2. Significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include accrued liabilities.

Financial instruments

The organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The organization accounts for the following as financial instruments:

- cash
- accounts receivable
- interest receivable
- accounts payable
- unearned revenue

A financial asset or liability is recognized when the organization becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The organization subsequently measures its financial assets and financial liabilities at amortized cost.

The organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Donated material and services

Donated assets, supplies and services are recorded in the financial statements at fair value on the date of the donation, provided a fair value can be reasonably determined.

Educational Computing Network of Ontario (ECNO)

Notes to the Financial Statements

August 31, 2021

3. Accounts receivable	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 66,339	\$ 15,258
Allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 66,339</u>	<u>\$ 15,258</u>

4. Unearned revenue

	<u>2021</u>	<u>2020</u>
Opening balance - Product licensing	\$ 65,315	\$ 27,417
Recognized in excess (deficiency) of revenues over expenses	(325,666)	(320,302)
Deferred - Product licensing	<u>339,750</u>	<u>358,200</u>
Ending balance - Product licensing	<u>\$ 79,399</u>	<u>\$ 65,315</u>

5. Budget amounts

The 2021 budget amounts on the Statement of Operations have been approved by the board of directors, are presented for information purposes only, are unaudited and not covered by the audit report of Grant Thornton LLP, Chartered Professional Accountants, dated November 12, 2021.

6. Commitment

The organization has entered into a one year contract with Microsoft for the provision of software maintenance and development. The contract expires on June 25, 2022 and calls for an annual payment of \$397,259 plus HST.

Educational Computing Network of Ontario (ECNO)

Notes to the Financial Statements

August 31, 2021

7. Financial instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposures and concentrations at August 31, 2021.

(a) 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's main credit risks relate to its accounts receivable. The entity provides credit to its clients in the normal course of its operations. The organization's credit risk is reduced as their services are provided to school boards and other educational institutions. There was no significant change in exposure from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. There was no significant change in exposure from the prior year.

8. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The organization had to hold their annual conference virtually, which impacted their conference revenue. The organization has set up prepaid expenses for costs incurred that will be applied to the next conference at a date to be determined. Certain costs associated to the conference that are not recoverable, have been recognized as expenditures for the current year. The organization has had no difficulties collecting their accounts receivables subsequent to year end. The organization has not laid off any employees as at the statement of financial position date. The organization has not applied for any government assistance.
