

Consolidated financial statements of

Commonwealth of Learning

June 30, 2024

Commonwealth of Learning

June 30, 2024

Table of contents

Independent Auditor’s Report 1-2

Consolidated statement of revenue and expenditures 3

Consolidated statement of changes in net assets 4

Consolidated statement of financial position 5

Consolidated statement of cash flows 6

Notes to the consolidated financial statements.....7-14

Consolidated schedule of member governments funding15

To the Members of Commonwealth of Learning:

Opinion

We have audited the consolidated financial statements of Commonwealth of Learning (the "Agency"), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Agency as at June 30, 2024, and the results of its consolidated operations and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Agency'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 Agency'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 consolidated 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 Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Agency to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Vancouver, British Columbia
November 28, 2024

MNP LLP

Chartered Professional Accountants

MNP

Commonwealth of Learning

Consolidated statement of revenue and expenditures

Year ended June 30, 2024

(Expressed in Canadian dollars)

	Notes	2024	2023
		\$	\$
Revenue			
Member governments (Schedule)		7,347,495	9,107,996
Grants	7	3,363,985	1,291,647
Interest		769,132	584,838
		11,480,612	10,984,481
Expenditures			
Programmes and grants	12	11,406,163	10,475,148
Organisational management	12	1,337,481	1,170,216
Governance		291,796	235,814
Amortisation		115,476	117,454
Loss (Gain) on disposal of property and equipment		491	(129)
Foreign exchange gain		(54,005)	(83,412)
		13,097,402	11,915,091
Deficiency of revenues over expenditures		(1,616,790)	(930,610)

The accompanying notes are an integral part of the consolidated financial statements.

Commonwealth of Learning

Consolidated statement of changes in net assets

Year ended June 30, 2024

(Expressed in Canadian dollars)

	Invested in property and equipment	Internally restricted (Note 5)	Capital fund (Note 5)	Programme expansion (Note 5)	Unrestricted	Total
	\$	\$	\$	\$	\$	\$
Balance, June 30, 2022	190,183	11,070,717	10,223,871	996,944	4,294,761	26,776,476
Deficiency of revenue over expenditures	(70,477)	-	-	(189,364)	(670,769)	(930,610)
Internal restriction	-	-	-	584,838	(584,838)	—
Internal transfer to meet revenue shortfalls	-	-	-	(892,418)	892,418	—
Net investment in property and equipment	42,432	-	-	-	(42,432)	—
Balance, June 30, 2023	162,138	11,070,717	10,223,871	500,000	3,889,140	25,845,866
Deficiency of revenue over expenditures	(69,120)	-	-	(107,492)	(1,440,178)	(1,616,790)
Internal restriction	-	-	-	760,824	(760,824)	—
Internal transfer to meet revenue shortfalls	-	(500,000)	-	(1,153,332)	1,653,332	—
Net investment in property and equipment	42,928	-	-	-	(42,928)	—
Balance, June 30, 2024	135,946	10,570,717	10,223,871	-	3,298,542	24,229,076

The accompanying notes are an integral part of the consolidated financial statements.

Commonwealth of Learning
Consolidated statement of financial position

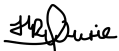
As at June 30, 2024

(Expressed in Canadian dollars)

	Notes	2024	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		6,520,364	7,733,610
Temporary investments	5	9,279,902	9,829,114
Contributions receivable		73,187	24,820
Accounts receivable		158,229	124,604
Prepaid expenses and deposit on leased premises		84,667	242,245
		16,116,349	17,954,393
Deposit on leased premises		-	37,020
Investments	5	12,945,541	12,866,713
Property and equipment	6	182,555	266,204
		29,244,445	31,124,330
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,172,083	1,243,360
Government remittances payable		24,718	23,673
Deferred revenue	7	3,622,098	3,632,134
Current portion of obligation under capital leases	8	2,569	11,703
Current portion of deferred contributions	9	77,058	119,675
		4,898,526	5,030,545
Obligation under capital leases	8	-	2,569
Deferred lease inducements	10	78,416	163,956
Deferred contributions	9	38,427	81,394
		5,015,369	5,278,464
Commitments	14		
Net assets			
Invested in property and equipment		135,946	162,138
Internally restricted	5	10,570,717	11,070,717
Internally restricted for capital fund	5	10,223,871	10,223,871
Internally restricted for programme expansion	5	-	500,000
Unrestricted		3,298,542	3,889,140
		24,229,076	25,845,866
		29,244,445	31,124,330

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Governors

 _____ Governor

 _____ Governor

Commonwealth of Learning
Consolidated statement of cash flows
Year ended June 30, 2024
(Expressed in Canadian dollars)

	2024	2023
	\$	\$
Operating activities		
Cash received from member governments	7,359,917	9,029,750
Cash received from grants and contract services	3,357,942	3,971,808
Interest received from investments and temporary investments	656,160	512,068
Cash paid for operating activities	(13,540,303)	(12,585,897)
	(2,166,284)	927,729
Investing activities		
Proceeds from investments and temporary investments	11,413,617	6,691,459
Purchase of investments and temporary investments	(10,417,651)	(5,563,498)
Purchase of property and equipment	(31,224)	(31,517)
	964,742	1,096,444
Financing activities		
Repayment of capital lease obligations	(11,704)	(10,915)
	(11,704)	(10,915)
Net change in cash and cash equivalents	(1,213,246)	2,013,258
Cash and cash equivalents, beginning of year	7,733,610	5,720,352
Cash and cash equivalents, end of year	6,520,364	7,733,610

The accompanying notes are an integral part of the consolidated financial statements.

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2024

(Expressed in Canadian dollars)

1. Formation of the Agency

The Commonwealth of Learning (the "Agency") is an International Agency established under a Memorandum of Understanding as agreed by Commonwealth Governments on September 1, 1988, and subsequently amended on October 31, 1995.

An agreement between the Agency and the Government of Canada dated November 14, 1988 established the privileges of the Agency in locating its headquarters in Vancouver. Under the terms of this agreement, the Agency has immunity from every form of legal process, is exempt from all direct taxes, custom duties and import and export restrictions, and its non-Canadian employees are exempt from income tax on salaries paid to them by the Agency.

On July 1, 1993, the Agency qualified as a registered charity, as defined by the Income Tax Act, Canada.

2. Operations

The Agency is committed to assisting Commonwealth member governments develop and share open learning and distance education knowledge, resources, and technologies. The Agency is also committed to helping developing nations improve access to quality education and training.

The Agency receives substantially all of its revenue on the basis of voluntary contributions from Commonwealth Governments. These consolidated financial statements have been prepared on the basis that the Agency will continue to receive this funding from member governments for the foreseeable future. Accordingly, these consolidated financial statements do not include any adjustments to assets or liabilities that might be necessary should the Agency not receive sufficient levels of funding in the foreseeable future.

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organisations ("ASNPO") and reflect the following significant accounting policies:

(a) Basis of presentation and consolidation

These consolidated financial statements include the accounts of the Agency and its controlled organisation, Commonwealth Educational Media Centre for Asia ("CEMCA"). All material inter-agency transactions and balances have been eliminated on consolidation.

(b) Financial instruments

The Agency initially measures its financial assets and financial liabilities at fair value when the Agency becomes a party to the contractual provisions of the financial instrument. Subsequently, investments in equity instruments in an active market are measured at fair value and all financial instruments are measured at amortised cost.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instrument are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognised over the expected life of the item using the straight-line method and recognised in the statement of revenue and expenditures as interest income or expense.

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2024

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

With respect to financial assets measured at amortised cost, the Agency recognises in the statement of revenues and expenditures an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in the statement of revenues and expenditures in the period the reversal occurs.

(c) Property and equipment

Property and equipment are recorded at cost less accumulated amortisation. The Agency provides for amortisation over the estimated useful life of the asset on a straight-line basis at the following annual rates:

Audio-visual and communication equipment	10%
Computer equipment and software	20%
Equipment under capital lease	Term of lease
Furniture and fixtures	10%
Leasehold improvements	Term of lease

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Agency or no longer contributes to the Agency's ability to provide services. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its estimated residual value. No impairment has been identified by the Agency for the year ended June 30, 2024.

(d) Revenue recognition

The Agency follows the deferral method for recognising contributions from member governments and grants. Unrestricted contributions are recognised as revenue in the period to which they relate. Externally restricted contributions are deferred and recognised as revenue in the period in which the related expenses are incurred. Contributions are recognised as receivable when the amount can be reasonably estimated and ultimate collection is reasonably assured.

Revenue resulting from the supply of contracted services is recognised using the percentage of completion method as the related costs are incurred.

In-kind contributions from member governments received in the form of goods and services are recognised as revenue when a fair value can be reasonably determined.

Interest earned on cash and cash equivalents, temporary investments, investments, and any realised gains or losses on the sale of investments are included in revenue in the period earned.

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2024

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(e) Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated at the period-end exchange rate. Gains and losses realised from foreign currency transactions are recognised in the statement of revenues and expenditures.

The Agency translates the accounts of its integrated foreign operations using the temporal method whereby monetary assets and liabilities are translated at the exchange rate prevailing at the balance sheet date and non-monetary assets and liabilities are translated at their historical exchange rates. Revenues and expenses are translated at the average exchange rate for the year. Foreign currency translation gains and losses are included in the statement of revenues and expenditures in the year in which they arise.

(f) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Estimates are used for, but not limited to, rates of amortisation, potential impairment of property and equipment, and recording of accrued liabilities and contingencies. Actual results could materially differ from those estimates.

(g) Allocation of expenses

Expenditures are recorded on an accrual basis. Human resources, site and office costs, are allocated proportionately to the corresponding programme area that benefits from the activity. The Agency allocates human resources, site and office costs by identifying the appropriate basis of allocating each expense and applies that basis consistently each year. The basis of all allocations is reviewed annually during budget preparation and may be revised according to changing requirements.

Additional disclosures are included in Note 12.

4. Controlled organisation

Commonwealth Educational Media Centre for Asia

CEMCA ("the Centre") was established by the Agency to facilitate programs to promote cooperation and collaboration between educational and media organisations in the use of electronic media for distance education. The Centre was accorded full international agency status by the Government of India on August 31, 1998 and the Centre is exempt from all direct taxes in India.

CEMCA is governed by an Advisory Council (the "Council") of which the Agency has the ability to nominate the majority of its members. The Council functions as the advisory body to the Agency on CEMCA affairs and has the responsibility for broad policy formulation and for monitoring and evaluating the Centre's operations. The ultimate authority for the direction and control of the operations of CEMCA vests with the Agency who gives due and proper consideration to the views of the Council.

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2024

(Expressed in Canadian dollars)

5. Temporary investments, investments and net assets internally restricted

In accordance with its Reserve Policy, the Agency has set aside \$10,570,717 (\$11,070,717 in 2023) of interest bearing guaranteed investments renewable at fixed intervals. The Agency maintains a reserve of no less than 12 months of the annual plan of expenditures which is intended to cover unforeseen significant variations from budgeted revenues and expenditures.

The Agency has established a capital fund of \$10,223,871 (\$10,223,871 in 2023) for the future acquisition of a permanent site.

The contingency fund that was established to enable programme expansion was closed at June 30, 2024. During the year, the contingency fund utilised \$107,492 for programme expansion (\$189,364 in 2023), added interest revenue of \$760,824 (\$584,838 in 2023) and the balance of \$1,153,332 (\$892,418 in 2023) was transferred to unrestricted net assets towards covering the deficiency of revenues over expenditures incurred during the year due to member government revenue shortfalls.

6. Property and equipment

	\$	\$	\$ 2024	\$ 2023
Audio-visual and communication equipment	75,349	66,154	9,195	12,892
Computer equipment and software	644,953	578,692	66,261	70,805
Equipment under capital lease	53,100	39,193	13,907	22,758
Furniture and fixtures	289,316	253,920	35,396	38,905
Leasehold improvements	667,260	609,464	57,796	120,844
	1,729,978	1,547,423	182,555	266,204

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2024

(Expressed in Canadian dollars)

7. Deferred revenue

	2023	Funds received	Revenue recognised	2024
	\$	\$	\$	\$
Grants and special projects				
Association of Commonwealth Universities	-	8,124	(8,124)	-
Government of Canada - Global Affairs	1,994,365	2,058,273	(1,837,378)	2,215,260
Government of India - AYUSH and Ministry of Information and Broadcasting	-	211,315	(211,315)	-
Government of New Zealand - Ministry of Foreign Affairs and Trade	1,182,849	525,137	(793,069)	914,917
Materials Development Fund	50,370	27,515	(45,510)	32,375
UNESCO	-	112,375	(64,039)	48,336
William and Flora Hewlett Foundation	404,550	411,210	(404,550)	411,210
	3,632,134	3,353,949	(3,363,985)	3,622,098

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2024

(Expressed in Canadian dollars)

8. Obligation under capital lease

The Agency's lease agreement for office equipment expires in August 2025. The repayments under the terms of the lease are as follows:

	2024	2023
	\$	\$
2024	-	11,703
2025	2,924	2,924
	2,924	14,627
Less: amount representing interest at 3.9% per annum	355	355
	2,569	14,272
Current portion	2,569	11,703
	-	2,569

9. Deferred contributions

The Agency has deferred member government contributions from three countries as at June 30, 2024 (five countries in 2023) which relate to funding for the next fiscal year for two countries and the next two fiscal years for the third country.

10. Deferred lease inducements

The deferred lease inducements represent the reimbursement by the landlord of certain expenditures for leasehold improvements undertaken by the Agency, early occupancy benefit and graduated rental increases as inducements to enter into a long-term lease. These inducements are amortised as a reduction of rental expense over the term of the lease. During the year ended June 30, 2024, \$85,540 (\$85,541 in 2023) was recognised in the consolidated statement of revenues and expenditures.

11. Salaries, benefits and allowances

The Agency's Headquarters Agreement with the Government of Canada stipulates that employees of the Agency shall be exempt from taxation on the salaries and emoluments paid to them by the Agency. This exemption shall not apply to any employee who is a Canadian citizen residing in or ordinarily resident in Canada.

The Agency withholds an internal levy corresponding to the income taxes that would otherwise be withheld from employees' remuneration. The proceeds from the levy are used to defray the expenses of the Agency and are not required to be remitted to the Government of Canada.

During the year ended June 30, 2024, \$396,404 (\$349,686 in 2023) arising from these internal levies relating to employees who are not exempted from taxation has been offset against salaries expense.

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2024

(Expressed in Canadian dollars)

12. Allocation of expenses

Human resources, site and office costs of \$5,240,300 (\$5,017,455 in 2023) have been allocated as follows:

	2023	2023
	\$	\$
Programme and grants	3,965,493	3,958,094
Organisational management	1,274,807	1,059,361
	5,240,300	5,017,455

13. Financial instruments

(a) Credit risk exposures

Credit risk is the risk that a counterparty will fail to perform its obligations. The Agency's exposure to credit risk represented by the carrying amount of its cash and cash equivalents, temporary investments, accounts receivable, contributions receivable, investments, and deposit on leased premises. The Agency assesses, on a continuous basis, its accounts receivable and contributions receivable, and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Agency's cash and cash equivalents, temporary investments, and investments are kept with reputable banks in Canada and India.

(b) Interest rate risk exposures

All of the Agency's financial instruments are non-interest bearing except for cash and cash equivalents, investments, and temporary investments that earn interest at market rates. The Agency does not use derivative financial instruments to mitigate this risk.

(c) Foreign exchange risk exposure

The Agency realises revenue, incurs expenditures and holds financial instruments denominated in various currencies including UK pounds, US dollars, NZ dollars, and Indian rupees.

The Agency is exposed to the risk of loss depending on the relative movement of these currencies against the Canadian dollar. At June 30, 2024, the approximate net assets denominated in UK pounds are £13,130 (£43,905 in 2023), in US dollars are \$359,377 (\$489,154 in 2023), in NZ dollars are \$1,380,222 (\$1,538,128 in 2023) and in Indian rupees are Rs32,497,463 (Rs74,662,303 in 2023). The Agency does not use derivative financial instruments to mitigate this risk.

(d) Liquidity risk

The Agency's objective is to have sufficient liquidity to meet its liabilities when due. The Agency monitors its cash balances and cash flows generated from funding to meet its requirements.

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2024

(Expressed in Canadian dollars)

14. Commitments

The Agency is committed to lease office premises for the years ended June 30, 2025 with minimum lease payments as follows:

	\$
2025	275,637

15. Comparative figures

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Changes include \$57,470 of Contract services revenue being reclassified to Grants, and \$38,507 of Contract services expense being reclassified to Programmes and grants. Such reclassification does not have any impact on the deficiency of revenue over expenses or net assets previously reported.

Commonwealth of Learning**Consolidated schedule of member governments funding**

Year ended June 30, 2024

(Expressed in Canadian dollars)

	2024	2023
	\$	\$
Canada	2,600,000	2,600,000
United Kingdom	1,374,080	1,300,560
New Zealand	825,490	842,590
Australia	445,884	443,987
South Africa	250,000	250,000
India	215,148	1,952,072
Botswana	135,390	134,220
Namibia	132,000	131,000
Trinidad and Tobago	100,688	100,665
Mauritius	100,000	100,000
Bahamas	81,234	-
Samoa	80,556	79,914
Papua New Guinea	80,552	-
Lesotho	70,000	70,000
Fiji	67,091	66,595
Jamaica	60,413	56,961
Barbados	60,366	60,840
Kenya	59,468	121,041
Malaysia	45,724	45,488
Sri Lanka	41,010	40,455
Saint Kitts and Nevis	40,455	40,776
Bangladesh	40,293	40,560
Belize	40,266	38,826
Tanzania	40,216	82,020
Cameroon	38,927	38,927
eSwatini	27,414	25,628
Kiribati	27,064	25,844
Tonga	26,970	25,844
Saint Lucia	25,205	24,820
Zambia	22,070	-
Togo	20,568	14,674
Malta	20,524	20,174
Guyana	20,321	19,422
Seychelles	20,302	19,978
Cyprus	17,354	15,608
The Gambia	13,674	-
Solomon Islands	13,508	6,850
Tuvalu	13,450	12,658
Uganda	13,399	62,572
Grenada	6,844	6,841
Maldives	6,770	6,742
Vanuatu	6,770	6,760
Antigua and Barbuda	6,734	6,742
Saint Vincent and the Grenadines	6,711	22,164
Nauru	6,592	6,379
Mozambique	-	80,221
Sierra Leone	-	40,350
Rwanda	-	20,228
	7,347,495	9,107,996