

Consolidated financial statements of

Commonwealth of Learning

June 30, 2013, June 30, 2012 and July 1, 2011
(Expressed in Canadian dollars)

Commonwealth of Learning

June 30, 2013

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Independent Auditor's Report

To the Board of
Governors of Commonwealth of Learning

We have audited the accompanying consolidated financial statements of Commonwealth of Learning (the "Agency"), which comprise the consolidated statements of financial position as at June 30, 2013 and June 30, 2012 and July 1, 2011, and the consolidated statements of revenues and expenditures, changes in net assets and cash flows for the years ended June 30, 2013 and June 30, 2012, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organisations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Agency as at June 30, 2013 and June 30, 2012 and July 1, 2011, and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Accountants
November 5, 2013
Vancouver, British Columbia

Commonwealth of Learning

Consolidated statements of revenues and expenditures years ended June 30, 2013 and June 30, 2012

(Expressed in Canadian dollars)

	2013	2012
		(Note 3)
	\$	\$
Revenues		
Member governments (Schedule)	8,625,237	8,212,864
Contract services (Note 9)	493,615	653,268
Grants (Note 9)	477,861	1,588,262
Interest	119,235	123,446
	9,715,948	10,577,840
Expenditures		
Programmes and grants (Note 14)	7,487,367	8,851,566
Organisational management (Note 14)	1,107,110	1,177,683
Contract services (Note 14)	519,520	674,515
Governance	162,758	190,503
Amortisation	118,794	117,386
Foreign exchange gain	(61,361)	(64,600)
	9,334,188	10,947,053
Excess (deficiency) of revenues over expenditures	381,760	(369,213)

See accompanying notes to the consolidated financial statements.

Commonwealth of Learning

Consolidated statements of changes in net assets
years ended June 30, 2013 and June 30, 2012
(Expressed in Canadian dollars)

	Invested in property and equipment	Internally restricted (Note 8)	Unrestricted	Total
	\$	\$	\$	\$
Balance, July 1, 2011 (Note 3)	181,146	3,314,866	5,897,758	9,393,770
(Deficiency) excess of revenues over expenditures	(81,294)	25,934	(313,853)	(369,213)
Net investment in property and equipment	60,790	-	(60,790)	-
Balance, June 30, 2012 (Note 3)	160,642	3,340,800	5,523,115	9,024,557
(Deficiency) excess of revenues over expenditures	(82,698)	(15,647)	480,105	381,760
Net investment in property and equipment	69,616	-	(69,616)	-
Balance, June 30, 2013	147,560	3,325,153	5,933,604	9,406,317

See accompanying notes to the consolidated financial statements.

Commonwealth of Learning

Consolidated statements of financial position


as at June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

	June 30, 2013	June 30, 2012 (Note 3)	July 1, 2011 (Note 3)
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	7,088,697	6,519,161	7,362,589
Pledges receivable	582,128	5,070	90,754
Accounts receivable	255,129	180,671	234,817
Prepaid expenses	57,520	36,400	70,468
	7,983,474	6,741,302	7,758,628
Deposits	27,995	27,995	27,995
Term deposit (Note 6)	151,796	150,450	150,308
Restricted cash (Note 7)	3,325,153	3,340,800	3,314,866
Property and equipment (Note 8)	221,247	283,912	357,056
	11,709,665	10,544,459	11,608,853
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	985,111	923,002	677,937
Government remittances payable	15,895	15,481	15,697
Deferred revenue (Note 9)	1,148,873	325,424	407,983
Current portion of obligations under capital leases (Note 10)	14,689	13,488	16,904
Deferred contributions (Note 11)	51,000	85,764	872,416
	2,215,568	1,363,159	1,990,937
Obligations under capital leases (Note 10)	1,853	16,542	29,673
Deferred lease inducements (Note 12)	85,927	140,201	194,473
	2,303,348	1,519,902	2,215,083
Net assets			
Net assets invested in property and equipment	147,560	160,642	181,146
Net assets internally restricted (Note 7)	3,325,153	3,340,800	3,314,866
Unrestricted net assets	5,933,604	5,523,115	5,897,758
	9,406,317	9,024,557	9,393,770
	11,709,665	10,544,459	11,608,853

Commitment (Note 16)

Approved by the Board of Governors

Commonwealth of Learning

Consolidated statements of cash flows

years ended June 30, 2013 and June 30, 2012

(Expressed in Canadian dollars)

	2013	2012
		(Note 3)
	\$	\$
Operating activities		
Cash received from member governments	8,013,415	7,511,896
Cash received from grants and contract services	1,862,137	2,130,595
Interest received from cash and cash equivalents	133,536	89,847
Cash paid for operating activities	(9,369,936)	(10,514,976)
	639,152	(782,638)
Investing activities		
Proceeds from restricted cash	1,850,000	1,750,000
Purchase of restricted cash	(1,850,000)	(1,750,000)
Purchase of property and equipment	(56,128)	(44,243)
	(56,128)	(44,243)
Financing activity		
Repayment of capital lease obligations	(13,488)	(16,547)
Increase (decrease) in cash and cash equivalents	569,536	(843,428)
Cash and cash equivalents, beginning of year	6,519,161	7,362,589
Cash and cash equivalents, end of year	7,088,697	6,519,161
Represented by		
Cash	6,981,328	6,500,091
Cash equivalents	107,369	19,070
	7,088,697	6,519,161

See accompanying notes to the consolidated financial statements.

Commonwealth of Learning

Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(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 helping developing nations improve access to quality education and training.

The Agency receives substantially all of its revenue on the basis of voluntary pledged 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. Accordingly, these consolidated financial statements do not include any adjustments to assets or liabilities that might result should the Agency not receive sufficient levels of funding.

3. Adoption of new accounting standards

Effective July 1, 2012, the Agency adopted the new Canadian accounting standards for not-for-profit organisations ("ASNPO") issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") as set out in Part III of the CICA Handbook ("Part III").

In accordance with Section 1501 of Part III of the CICA Handbook, *First-time Adoption*, ("Section 1501"), which outlines the transitional provisions in the Canadian accounting standards for not-for-profit organisations, the date of the transition to the new standards is July 1, 2011 and the Agency has prepared and presented an opening statement of financial position at the date of transition to the new standards.

This opening statement of financial position is the starting point for the Agency's accounting under the new standards. In its opening statement of financial position, under the requirements of Section 1501, the Agency:

- (a) recognised all assets and liabilities whose recognition is required by the new standards;
- (b) did not recognise items as assets or liabilities if the new standards do not permit such recognition;
- (c) reclassified items that it recognised previously as one type of asset, liability or component of net assets, but are recognised as a different type of asset, liability, or component of net assets under the new standards; and
- (d) applied the new standards in measuring all recognised assets and liabilities.

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

3. Adoption of new accounting standards (continued)

In accordance with the requirements of Section 1501, the accounting policies set out in Note 4 have been consistently applied to all years presented. Adjustments resulting from the adoption of the new standards have been applied retrospectively excluding cases where optional exemptions available under Section 1501 have been applied.

The impact of the adoption of the new standards on the Agency's previously reported amounts under the old standards as at July 1, 2011 is summarised as follows:

	Balance as previously reported June 30, 2011	Adjustment	Reference	Balance as adjusted as at July 1, 2011
	\$	\$		\$
Liabilities				
Accounts payable and accrued liabilities	693,634	(15,697)	(a)	677,937
Government remittances payable	-	15,697	(a)	15,697
	693,634	-		693,634

The impact of the adoption of the new standards on the Agency's previously reported amounts under the old accounting standards as at June 30, 2012 is summarised as follows:

	Balance as previously reported June 30, 2012	Adjustment	Reference	Balance as adjusted as at June 30, 2012
	\$	\$		\$
Liabilities				
Accounts payable and accrued liabilities	938,483	(15,481)	(a)	923,002
Government remittances payable	-	15,481	(a)	15,481
	938,483	-		938,483

Explanation of adjustments

(a) Government remittances

The new standard requires separate disclosure of the amount of government remittances payable and, accordingly, these have been reclassified from accounts payable and accrued liabilities.

In addition, the new standards have also resulted in changes to financial statement disclosures for financial instruments.

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

4. Significant accounting policies

These financial statements are prepared in accordance with 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 other financial instruments 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 instrument using the straight-line method. Any premium or discount related to an instrument measured at amortised cost is amortised over the expected life of the item using the straight-line method and recognised in the statement of revenues and expenditures as interest income or expense.

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) *Cash and cash equivalents*

For purposes of determining cash flows, cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing securities with maturities at their purchase date of three months or less.

(d) *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 years ended June 30, 2013 and June 30, 2012.

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

4. Significant accounting policies (continued)

(e) 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, when the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred and recognised as revenue in the period in which the related expenses are incurred. Pledges are recognised as contribution 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 revenue is recognised when received or when it becomes receivable.

Interest earned on cash and cash equivalents, term deposits, temporary investments, and any realised gains or losses on the sale of investments are included in revenue in the statement of revenues and expenditures.

(f) 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.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results could differ from those estimates. The most significant estimates included in these financial statements include the collectability of accounts and pledges receivable and the amount of accrued liabilities.

(h) 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 14.

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

5. Controlled organisations

Commonwealth Educational Media Centre for Asia ("CEMCA")

CEMCA 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. CEMCA was accorded full international agency status by the Government of India on August 31, 1998. CEMCA 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 CEMCA'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.

6. Term deposit

The Agency has deposited a total of \$151,796 (June 30, 2012- \$150,450, July 1, 2011 - \$150,308) with a Canadian chartered bank as collateral for a letter of credit pertaining to the lease of the office premises and for credit card facilities. The Agency has indicated that this term deposit will be held long-term.

7. Restricted cash and net assets internally restricted

In accordance with its Cash Reserve Policy, the Agency has set aside cash of \$3,300,000 (June 30, 2012 - \$3,300,000, July 1, 2011 - \$3,300,000) in the form of interest bearing guaranteed investment certificates renewable at fixed intervals. At June 30, 2013 accrued interest amounted to \$25,153 (June 30, 2012 - \$40,800, July 1, 2011 - \$14,866). The Agency maintains a restricted cash reserve of no less than 4 months of the annual plan of expenditures. Commencing July 1, 2013 the cash reserve will be increased to maintain a reserve of no less than 6 months of the annual plan of expenditures. The cash reserve is intended to cover unforeseen significant variations from budgeted revenues and expenditures.

8. Property and equipment

	June 30, 2013		
	Cost	Accumulated amortisation	Net book value
	\$	\$	\$
Audio-visual and communication equipment	71,257	40,965	30,292
Computer equipment and software	401,183	312,723	88,460
Equipment under capital lease	63,121	45,859	17,262
Furniture and fixtures	247,243	220,028	27,215
Leasehold improvements	389,576	331,558	58,018
	1,172,380	951,133	221,247

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

8. Property and equipment (continued)

			June 30, 2012 (Note 3)
	Cost	Accumulated amortisation	Net book value
	\$	\$	\$
Audio-visual and communication equipment	41,477	36,458	5,019
Computer equipment and software	393,092	282,354	110,738
Equipment under capital lease	63,121	32,371	30,750
Furniture and fixtures	243,396	200,862	42,534
Leasehold improvements	389,576	294,705	94,871
	<u>1,130,662</u>	<u>846,750</u>	<u>283,912</u>

			July 1, 2011 (Note 3)
	Cost	Accumulated amortisation	Net book value
	\$	\$	\$
Audio-visual and communication equipment	41,477	33,440	8,037
Computer equipment and software	352,744	236,581	116,163
Equipment under capital lease	63,121	20,004	43,117
Furniture and fixtures	239,502	181,487	58,015
Leasehold improvements	389,576	257,852	131,724
	<u>1,086,420</u>	<u>729,364</u>	<u>357,056</u>

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

9. Deferred revenue

	June 30, 2012	Funds received	Revenue recognised	June 30, 2013
	\$	\$	\$	\$
Grants and special projects				
Athabasca University	-	12,000	(12,000)	-
Canadian International Development Agency	-	840,000	(42,919)	797,081
Ford Foundation	22,662	92,086	(73,258)	41,490
Foundation Open Society Institute	5,346	-	(4,547)	799
Government of India	-	37,142	(37,142)	-
Institute of International Education	-	1,797	(1,797)	-
Materials Development Fund	52,769	49,302	(33,167)	68,904
Miscellaneous	-	16,197	(16,197)	-
Open University	-	15,623	-	15,623
UNESCO	-	28,631	(513)	28,118
UNICEF	61,363	(45,062)	(16,301)	-
University of London	-	7,694	-	7,694
William and Flora Hewlett Foundation	183,284	163,860	(240,020)	107,124
	325,424	1,219,270	(477,861)	1,066,833
Contract services for eLearning				
Commonwealth Secretariat	-	5,950	(5,950)	-
Inter-American Development Bank	-	31,085	(23,085)	8,000
International Labour Organization	-	62,114	(35,714)	26,400
United Nations High Commission for Refugees	-	221,072	(189,647)	31,425
World Bank	-	187,848	(171,633)	16,215
World Health Organization	-	67,586	(67,586)	-
	-	575,655	(493,615)	82,040
	325,424	1,794,925	(971,476)	1,148,873

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

9. Deferred revenue (continued)

	July 1, 2011 (Note 3)	Funds received	Revenue recognised	June 30, 2012 (Note 3)
	\$	\$	\$	\$
Grants and special projects				
Akuan Kerajaan Malaysia	-	25,000	(25,000)	-
Commonwealth Secretariat	85,552	28,223	(113,775)	-
Ford Foundation	-	71,711	(49,049)	22,662
Foundation Open Society Institute	-	29,814	(24,468)	5,346
Government of India	-	275,711	(275,711)	-
Institute of International Education	-	24,730	(24,730)	-
Materials Development Fund	9,403	43,366	-	52,769
Miscellaneous	-	9,521	(9,521)	-
UNESCO	-	19,576	(19,576)	-
UNICEF	215,730	415,277	(569,644)	61,363
William and Flora Hewlett Foundation	36,058	620,974	(473,748)	183,284
World Bank	-	3,040	(3,040)	-
	346,743	1,566,943	(1,588,262)	325,424
Contract services for eLearning				
Commonwealth Secretariat	-	56,442	(56,442)	-
Inter-American Development Bank	-	16,766	(16,766)	-
International Labour Organization	29,000	-	(29,000)	-
Miscellaneous	-	561	(561)	-
United Nations High Commission for Refugees	3,000	228,035	(231,035)	-
United Nations - Office of Internal Oversight Services	-	18,747	(18,747)	-
World Bank	26,840	164,175	(191,015)	-
World Health Organization	2,400	107,302	(109,702)	-
	61,240	592,028	(653,268)	-
	407,983	2,158,971	(2,241,530)	325,424

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

10. Obligations under capital lease

The Agency has entered into a lease agreement for office equipment. The agreement expires in August 2014. The estimated repayments under the terms of the lease are as follows:

	June 30, 2013	June 30, 2012 (Note 3)	July 1, 2011 (Note 3)
	\$	\$	\$
2012	-	-	19,627
2013	-	15,588	15,588
2014	15,588	15,588	15,588
2015	2,598	2,598	2,598
	18,186	33,774	53,401
Less: Amount representing interest at 6.9% per annum	1,644	3,744	6,824
	16,542	30,030	46,577
Current portion	14,689	13,488	16,904
	1,853	16,542	29,673

11. Deferred contributions

The Agency has deferred member government contributions from one country as at June 30, 2013 (June 30, 2012 - three countries, July 1, 2011 - two countries) which relate to funding for the next fiscal year.

12. Deferred lease inducements

			June 30, 2013
	Cost	Accumulated amortisation	Net book value
	\$	\$	\$
Tenant improvements	382,000	324,855	57,145
Early occupancy benefit	192,386	163,604	28,782
	574,386	488,459	85,927

			June 30, 2012 (Note 3)
	Cost	Accumulated amortisation	Net book value
	\$	\$	\$
Tenant improvements	382,000	288,760	93,240
Early occupancy benefit	192,386	145,425	46,961
	574,386	434,185	140,201

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Notes to the consolidated financial statements

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(Expressed in Canadian dollars)

12. Deferred lease inducements (continued)

			July 1, 2011 (Note 3)
	Cost	Accumulated amortisation	Net book value
	\$	\$	\$
Tenant improvements	382,000	252,667	129,333
Early occupancy benefit	192,386	127,246	65,140
	<u>574,386</u>	<u>379,913</u>	<u>194,473</u>

13. Salaries, benefits and allowances

The Agency's Headquarters Agreement with the Government of Canada stipulates that the 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 the employees' remuneration. The proceeds from the levy are used to defray the expenses of the Agency and is not required to be remitted to the Government of Canada as withholdings.

During the year ended June 30, 2013, \$333,032 (June 30, 2012 - \$464,830) arising from these internal levies relating to employees who are not exempted from taxation has been offset against salaries.

14. Allocation of expenses

Human resources, site and office costs of \$4,203,626 (June 30, 2012 - \$4,242,245) have been allocated as follows:

	2013	2012 (Note 3)
	\$	\$
Programmes and grants	2,978,229	2,950,722
Organisational management	979,639	1,013,292
Contract services	245,758	278,231
	<u>4,203,626</u>	<u>4,242,245</u>

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Notes to the consolidated financial statements

June 30, 2013, June 30, 2012 and July 1, 2011

(Expressed in Canadian dollars)

15. Financial instruments

(a) Credit risk exposures

Credit risk is the risk that a counterparty will fail to perform its obligations. The Agency's exposures to credit risk are as indicated by the carrying amount of its accounts receivable, pledges receivable, and restricted cash. The Agency assesses, on a continuous basis, its accounts receivable and pledges receivable, and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Agency's cash and cash equivalents, term deposit and restricted cash are kept with reputable banks in Canada, India and the United Kingdom.

(b) Interest rate risk exposures

All of the Agency's financial instruments are non-interest bearing except for cash and cash equivalents, term deposit and restricted cash that earn interest at market rates. The Agency does not use derivative financial instruments to mitigate 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 and India 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, 2013, the approximate net assets denominated in UK pounds are £117,114 (June 30, 2012 - £105,344, July 1, 2011 - £122,770), in US dollars are \$1,843,165 (June 30, 2012 - \$1,947,181, July 1, 2011 - \$2,744,934) and in Indian rupees are Rs11,668,855 (June 30, 2012 - Rs3,715,385, July 1, 2011 - Rs23,659,781). The Agency does not use derivative financial instruments to mitigate 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.

16. Commitment

The Agency is committed to lease office premises for the years ended June 30, 2014 through to 2016 with minimum lease payments as follows:

	\$
2014	384,638
2015	245,077
2016	26,560
	<hr/> 656,275 <hr/>

Commonwealth of Learning

Member Governments Funding - Schedule

years ended June 30, 2013 and June 30, 2012

(Expressed in Canadian dollars)

	2013	2012 (Note 3)
	\$	\$
Canada	2,600,000	2,600,000
United Kingdom	1,878,600	1,768,030
India	899,576	867,416
New Zealand	674,785	661,905
Australia	533,500	501,550
Nigeria	482,516	455,559
South Africa	250,000	250,000
Namibia	99,612	80,208
Botswana	98,960	45,783
Cameroon	83,160	-
Trinidad and Tobago	77,250	75,195
Lesotho	69,925	71,603
Ghana	60,600	61,548
Tanzania	60,594	-
Mauritius	60,000	60,000
Bahamas	59,376	60,438
Samoa	58,698	60,156
Mozambique	50,500	50,825
Malaysia	50,000	50,000
Jamaica	44,024	46,040
Barbados	44,023	45,117
Pakistan	35,000	35,000
Swaziland	30,160	-
Belize	29,763	30,762
Sri Lanka	29,763	-
Bangladesh	29,616	31,164
Zambia	29,616	30,522
Saint Kitts and Nevis	29,349	30,699
Kiribati	20,474	-
Tonga	19,842	20,068
Saint Lucia	18,153	17,962
Guyana	15,412	15,039
Cyprus	15,137	16,606
Seychelles	14,844	15,271
Malta	14,675	15,121
Rwanda	12,936	13,130
Tuvalu	9,921	10,026
Malawi	9,872	-
Maldives	5,155	4,969
Solomon Islands	5,050	5,070
Vanuatu	4,960	-
Antigua and Barbuda	4,948	5,013
Nauru	4,892	5,100
Kenya	-	43,760
Sierra Leone	-	15,450
Uganda	-	15,420
Papua New Guinea	-	15,199
Gambia	-	5,140
Dominica	-	5,000
	8,625,237	8,212,864

See accompanying notes to the consolidated financial statements.