

ANNUAL REPORT

2005 ... 2006



www.ccl-cca.ca

Ottawa Office

215–50 O'Connor Street
Ottawa ON K1P 6L2

Tel.: 613.782.2959
Fax: 613.782.2956

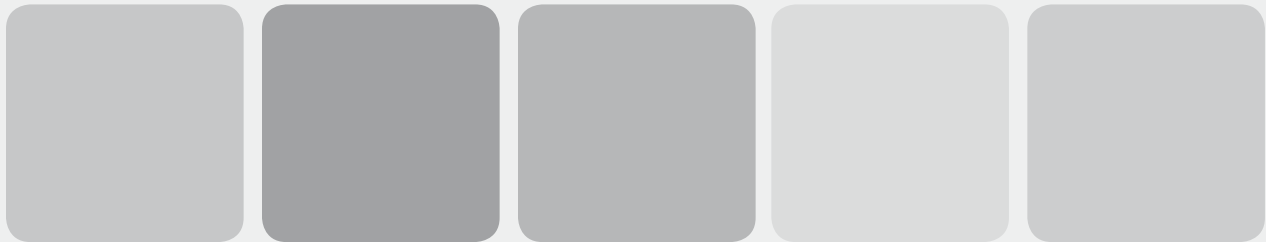
Vancouver Office

1805–701 West Georgia Street
P.O. Box 10132, Vancouver BC V7Y 1C6

Tel.: 604.662.3101
Fax: 604.662.3168

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MESSAGE FROM THE CHAIR

Over the past year, the Canadian Council on Learning has built a strong foundation to realize its vision of being a catalyst for lifelong learning across Canada.

We have opened our knowledge centres. We have developed relationships with learning organizations both inside and outside Canada. We have begun to make a contribution.

This progress would not have been possible without the dedication of our volunteer board members who provide strategic direction and oversight to the Council. I would like to thank them for their tireless support and I look forward to another year of working with them.

Their efforts, along with those of President and CEO Paul Cappon and the rest of CCL's management team and staff, are an indicator of the strength of our organization—people. People are CCL's greatest asset and people are the reason our organization was created.

The number of jobs that require well-educated knowledge workers has doubled in the last generation, both in Canada and around the world. It is not technology or money that will keep Canada competitive in the global economy—it is people. And it is people who will build a strong society. People who recognize the value of continuing to learn throughout their lives. That is why our work is so important and so rewarding.

Change is needed in the way we as Canadians think about and undertake learning, and CCL is leading the way.



Robert Giroux

Chair of the Board
of Directors

MESSAGE FROM THE PRESIDENT AND CEO

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Paul Cappon

Paul Cappon
President and CEO

In our first annual report, I expressed great optimism about the potential of the Canadian Council on Learning. The establishment of CCL offers a rare opportunity to set in place a vision, a mission and a model for continuous learning that can strengthen both our society and our economy.

Based on the successes of this past year, and those I see on the horizon, I am happy to report that my optimism was well founded.

Over the past year, we have seen evidence that learning is a priority for Canadians, that we have the capacity to pursue better learning opportunities and outcomes—and more importantly, that we have the commitment necessary to realize those opportunities and outcomes on a pan-Canadian basis.

One source of evidence is the people who came together to create CCL's five knowledge centres across Canada. Although located in distinct geographical areas and concerned with distinct themes, the knowledge centres have nonetheless attracted individuals and groups from throughout the country who are dedicated to the improvement of learning. Each centre unites representatives from research bodies, education institutions, government, industry and the community to pursue a common goal.

We have devoted much time in the past year to the development of the world's first Composite Learning Index, which was released in May 2006. The index provides researchers, policy-makers and the general public with a comprehensive measurement of the state of learning across Canada—in the home, the classroom, the workplace and the community. The goal is to provoke discussion of how learning can help achieve our personal and societal goals. The index is just one of the many compelling and innovative initiatives that CCL developed in 2005–2006 to fulfil its mandate to report on the state of learning and identify effective approaches to learning.

From my conversations with Canadians across the country during the past year, it is clear that people are engaging with the idea that continuous learning is the key to personal development, social cohesion and collective prosperity. Learning does not start and end in the classroom. We need to move beyond examining 'incapacity'—what is wrong—to developing our shared potential to achieve progress in our communities and in Canada.



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A CATALYST FOR **LIFELONG LEARNING**

ASKING THE RIGHT QUESTIONS

Asking questions is the basis of learning—and the Canadian Council on Learning is asking a lot of questions. Like, what works and doesn't work in improving adult literacy? What are the keys to early childhood learning? How can we use education to improve the health of Canadians?

Our purpose in asking these questions is to move beyond the rhetoric about lifelong and life-broad learning to find the ideas, strategies and programs that really work.

A highly educated population is the foundation of a healthy society and a successful economy. The task is to determine the best ways to attain the level and breadth of learning that Canada requires. To that end, CCL monitors and reports on the progress of learning in Canada, supports research, and promotes knowledge exchange in order to achieve better learning opportunities and outcomes for all Canadians.

A strong, vibrant and creative learning culture is key to strengthening the many advantages our country offers. It is fundamental to maintaining a high quality of life for ourselves and for future generations. It is vital if we are to evolve, innovate and remain competitive. It will enrich our lives, strengthen our communities and help secure a prosperous future for Canada.

It begins with the simple act of asking a question, because when it comes to better learning for Canadians, asking questions is the answer.

FOCUSED ON RESULTS

At CCL, we ask questions with a purpose. CCL is working to improve learning outcomes for Canadians and foster the growth of a pan-Canadian learning architecture by:

- informing Canadians about the state of learning;
- fostering quality research on learning;
- facilitating evidence-based decision-making about learning through knowledge exchange; and
- becoming Canada's authoritative resource on learning.

In 2005–2006, CCL established a result-based management framework that mirrors best practices found in private and public sector organizations. This focus on results guides CCL's business plans, budgets, goals and inquiries; directs our deployment of resources and our priorities; and keeps us focussed on achieving progress for our organization, our partners and Canada as a whole.

A MODEL OF COLLABORATION

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OUTREACH

CCL is built on a model of collaboration, reflecting its mandate to promote knowledge and information exchange among learning partners. Throughout 2005–2006, the board of directors, president and CEO and senior staff invested a great deal of time and effort in developing partnerships with existing organizations with expertise in the different areas of lifelong learning to build on and complement their work.

The activities identified in this annual report demonstrate the many partnerships that have been founded, but it is worth highlighting a few.

CCL is establishing relationships with a number of provincial ministries of education, to provide research and analysis to support effective decision-making in priority areas. We have partnered with various learning organizations to promote effective research and knowledge exchange, through joint sponsorship of conferences on issues such as post-secondary education, students at risk and aboriginal learning, to name only a few. To engage business and labour leaders in learning issues, we instituted a series of roundtable discussions in cities across Canada. And throughout the development of our Composite Learning Index, we conducted public consultations to involve the learning community in identifying the most effective measures of learning throughout the lifespan.

The development conferences leading to the creation of CCL's knowledge centres brought together over 500 different learning organizations, and the consortia created for each centre demonstrate CCL's commitment to engage groups from the ground up in its research, reporting and knowledge exchange activities.

CCL's e-bulletin and website illustrate the growing awareness of and interest in our mandate—starting with only two hundred subscribers in April 2005, The Learning Link had over 2,000 subscribers by the end of March 2006, and that number continues to grow. Website visits show a similar trend, as more learners, educators and others become aware of CCL and its work.

Throughout 2006–2007, CCL's staff and board of directors will enhance their efforts to reach out to Canadians through speaking engagements, a wide range of media, and various publications to promote awareness of effective learning practices and further CCL's vision to serve as a catalyst for lifelong learning throughout our country.

PROGRESS

In 2005–2006, CCL established a solid base from which to pursue our key goals. We have built strategic partnerships, created five knowledge centres, and developed and implemented detailed programs in the areas of research, knowledge mobilization, monitoring, reporting and knowledge exchange. In short, we have set in motion activities and projects that will bear fruit in the immediate future and for years to come.



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FIVE KEY THEMES

KNOWLEDGE CENTRES

Located across Canada, CCL's knowledge centres have a mandate to explore five of Canada's most critical learning challenges.

All five knowledge centres were created in 2005–2006 following an extensive public process that included a call for expressions of interest, development conferences and an application process. Each centre prepares an annual work plan that details activities to support better outcomes in each learning domain. The primary focus for their activities is in the area of knowledge exchange.

Aboriginal Learning

The Aboriginal Learning Knowledge Centre will identify and share practices that will strengthen learning outcomes among Canada's Aboriginal Peoples. Led by the First Nations Adult and Higher Education Consortium and the Aboriginal Education Research Centre, this centre is based in the region encompassing the Prairie provinces, the Northwest Territories and Nunavut. This 80-member consortium has representatives from Aboriginal groups, networks and federations, research organizations, education institutions, government and community partners across Canada.

Adult Learning

The Adult Learning Knowledge Centre examines ways to help Canadians take advantage of the learning opportunities available to them throughout their lives. Led by the College of Extended Learning at the University of New Brunswick, this centre is based in Atlantic Canada and consists of a 35-member consortium with representatives from education institutions, government, community partners and industry across Canada.

Early Childhood Learning

The Early Childhood Learning Knowledge Centre, led by the Centre of Excellence for Early Childhood Development at the University of Montréal, seeks ways to set Canadians on the right path from the very beginning, by advancing learning approaches that help every child to reach his or her full potential. The centre is composed of a 32-member consortium with representatives from education institutions and communities across Canada.

Health and Learning

The Health and Learning Knowledge Centre examines the relationship between health and learning. Led by the University of Victoria, this knowledge centre is based in British Columbia and Yukon. This 17-member consortium includes representatives from education and health organizations across Canada.

Work and Learning

The Work and Learning Knowledge Centre identifies and encourages methods that will help Canadian employers and employees to succeed in a global economy. Based in Ontario and led by the Canadian Labour and Business Centre, this 82-member consortium includes representatives from business associations, labour organizations, research organizations, education institutions, sector councils and community partners across Canada.

TRANSLATING KNOWLEDGE INTO ACTION

RESEARCH AND KNOWLEDGE MOBILIZATION

To meet its unique mandate to identify ways to improve learning and to report on Canada's progress throughout all stages of learning, CCL has organized its efforts under four areas of activity: Research and Knowledge Mobilization, Monitoring and Reporting, Knowledge Exchange and Strategic Initiatives. The year 2005–2006 saw significant achievement and progress toward future goals in each area.

In the area of Research and Knowledge Mobilization, CCL is building capacity for, and encouraging the use of, research on learning to inform decisions. To receive support, research projects must demonstrate their relevance, utility and economic feasibility, include an explicit strategy for knowledge mobilization and create partnerships among researchers, NGOs and various levels of government.

In 2005–2006, CCL's Research and Knowledge Mobilization activities included:

- Commissioning state-of-the-field reviews designed to identify the most effective practices and procedures to promote learning, major knowledge gaps, and tactics for addressing those gaps;
- Surveying more than 5,000 Canadians with respect to their learning activities and attitudes toward learning. Statistics Canada carried out the fieldwork and CCL will conduct the analysis and reporting;
- Enumerating the data collected by provincial and territorial governments pertinent to the many dimensions of learning;
- Adjudicating more than 140 research proposals and providing support to more than 30 of the most promising research projects;
- Commissioning several other agencies and researchers to undertake investigations that will help CCL address gaps in research on learning;
- Completing question-scan reports, systematic reviews of research and original research projects;
- Co-sponsoring a researcher-in-residence pilot project with the Vancouver School Board; and
- Building research capacity by partnering with a variety of non-governmental and governmental agencies.



TRANSLATING KNOWLEDGE INTO ACTION (CONTINUED)

CCL will continue its work to expand the pool of high-quality research available to decision-makers and Canadians in general, and to expand the audience for that research.

Looking ahead to 2006–2007, CCL will:

- Release *Learning in Canada: A Pan-Canadian Survey of Attitudes*. This survey of more than 5,000 Canadian households will provide information about regional and national attitudes toward learning and provide the basis for tracking changes in those attitudes over time. The results will be valuable to policy-makers, researchers and educators, and will promote awareness of the importance of lifelong learning.
- Commission, conduct and sponsor research projects in order to develop the base of evidence related to CCL's learning themes. It is anticipated that CCL will contribute to between 50 and 100 peer-reviewed research projects.
- Create and maintain the *Canadian Journal of Applied Research on Learning*, the first publication devoted to this topic in Canada. The on-line journal will focus on applied Canadian research that is useful to learning practitioners and policy-makers. Articles will be refereed and will adhere to high standards of scholarship.
- Conduct workshops and institutes for researchers and community groups to build research capacity by educating interested parties about best practices in research.
- Release a *Catalogue of Provincial and Territorial Data* related to CCL's learning themes. This catalogue will serve as a useful tool to researchers and others interested in data about learning.
- Provide co-funding to support a researcher-in-residence in a range of learning organizations, in order to build research capacity and develop evidence that will be useful to learning practitioners and organizations across Canada.

THE FUNDAMENTALS OF BETTER LEARNING

MONITORING AND REPORTING

In the area of Monitoring and Reporting, CCL is fulfilling the need for data and analysis to inform Canadians of their progress in learning.

In 2005–2006, CCL's Monitoring and Reporting activities included:

- Developing and implementing the framework and conceptual model for the Composite Learning Index (CLI) to assess Canada's performance in the area of learning, which included extensive consultations with the learning community in Canada and overseas;
- Undertaking preliminary work on an annual report on the state of post-secondary education in Canada;
- Developing the data infrastructure required to report on the state of learning across all CCL learning domains; and
- Developing tools to report on progress in CCL's learning themes.

Looking ahead to 2006–2007, CCL will:

- Publish the first Composite Learning Index, which will measure the state of lifelong learning in Canada and increase Canadians' understanding of how to achieve lifelong learning. CCL's website will provide extensive links to index data, making it easily accessible for use by researchers, policy-makers and the general public.
- Release the first in a series of annual reports on learning in Canada, each of which will address a specific learning-related topic. These include:
 - **The Annual Report on the State of Post-secondary Education (PSE) in Canada**, which will assess whether Canada's PSE system meets today's economic and social challenges.
 - **The Annual Report on the State of Learning in Canada**, a narrative report designed to inform Canadians about the state of learning in Canada from early childhood through to adult and workplace learning. The report will be available on CCL's website, with links to databases for all the indicators, related reports, research briefs and other relevant material.
 - Annual reports will be published on the following themes: early childhood learning, health and learning, work and learning, and literacy; and work will be undertaken on reports on these themes: structured learning, adult learning; gender and learning, culture and learning, e-learning, and learning in French-language minority settings.



KNOWLEDGE EXCHANGE

In the area of Knowledge Exchange, CCL facilitates better decision-making by bringing evidence in a timely way and in a useful format to those who need it. CCL draws upon existing expertise in lifelong learning, supports the exchange of research evidence and proven best practices, and engages with those who use the knowledge to ensure that it helps to inform the decisions they must make.

In 2005–2006, CCL's Knowledge Exchange activities included:

- Launching an on-line publication called **Lessons in Learning** that addresses specific learning challenges and identifies promising solutions from across Canada and around the world;
- Hosting a National Dialogue on Aboriginal Learning;
- Partnering with the Canadian Federation for the Humanities and Social Sciences to host the National Dialogue on Post-Secondary Education;
- Partnering with 11 federal departments to organize and host the National Aboriginal Policy Research Conference; and
- Convening leaders to exchange knowledge on such topics as:
 - chronic learning issues for people with disabilities;
 - problems facing students at risk; and
 - dropout rates among students from French-language schools outside Quebec.

Looking ahead to 2006–2007, CCL will:

- Continue to publish **Lessons in Learning**, addressing topical issues covering all phases of learning from early childhood through to the workplace and beyond. The articles in **Lessons in Learning** are written in accessible language and in a consistent format to appeal to a broad audience—researchers, decision-makers, educators, learners and the general public. Each issue also provides links to sources of data used in the articles, related research in Canada and abroad, and any other useful resources.
- Create a **Virtual Library** that will bring together a collection of learning resources that is based on CCL's themes, effectively organized and readily available through a web-based catalogue. CCL will develop relationships with other libraries and resource centres to foster information sharing and build the library's resources catalogue.
- Issue a knowledge exchange RFP intended to support community-based initiatives and to improve learning outcomes by fostering relationships that facilitate the exchange of evidence. Each initiative will focus on a particular learning issue or theme and will involve the sharing of existing evidence between relevant stakeholders in a format that is likely to result in changed behaviours or attitudes.

Looking ahead to 2006–2007 (continued):

- Build stronger and more direct connections between the research that is produced and those who must make decisions about learning, by forming partnerships and sponsoring knowledge exchange events and functions. These events will include roundtables, dialogues, workshops and other interactive activities. In some cases, CCL will provide financial support and, in others, will offer expertise in conducting effective knowledge exchange. Planned activities include:
 - Holding a national roundtable on employer investment in training, in autumn 2006;
 - Hosting a symposium on Work and Learning at the Conférence de Montréal, in June 2006;
 - Partnering with the National Association of Friendship Centres and the Aboriginal Network to produce a comic book encouraging Aboriginal youth to stay in school; and
 - Hosting a national dialogue among Canadian leaders in the area of adult learning.



STRATEGIC INITIATIVES

In the area of Strategic Initiatives, CCL is building partnerships with regional, national and international organizations. CCL is also examining issues that intersect all areas of learning: gender, e-learning, literacy, culture and learning in French-language minority settings.

In 2005–2006, CCL's Strategic Initiatives activities included:

- **Launching the 21st Century Learning Initiative (Canada)**, a program designed to engage Canadians in dialogue about the relationship between learning and the community, in order to promote new ways of thinking about learning that draw upon the most current insights into the human brain, the functioning of human societies and learning as a community-wide activity. The launch was followed by a series of workshops across Canada.
- Developing a strategic relationship with the Canadian Federation for Economic Education (CFEE) to engage the business and labour sectors in the dialogue on learning.
- Signing a multilateral agreement with Saskatchewan Learning, Saskatchewan Literacy Commission and Saskatchewan Communications Network to govern work in areas of mutual interest.

Looking ahead to 2006–2007, CCL will:

- Pursue partnerships with provincial and territorial governments and national NGOs in the area of structured learning.
- Continue to develop the 21st Century Learning Initiative (Canada). This will include hosting additional strategic events with John Abbott and creating various resource materials, such as a one-hour overview DVD, a three-hour video catalogue and a virtual library of resources in Canada.
- Develop partnerships with regional and national NGOs and coordinate joint work with CCL and its knowledge centres in the area of each cross-cutting theme.

LOOKING BACK

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Under the terms of its funding agreement with Human Resources and Social Development Canada, CCL is required to report on progress made with respect to its business plan. CCL's business plan was developed during CCL's early days, before a full complement of staff had been hired. Consequently, the milestones identified in the business plan do not reflect many of the activities and accomplishments outlined in this annual report. Below is a brief overview of the milestones identified in the business plan and a status report.

Knowledge Centres

CCL fulfilled its commitment to establish its five knowledge centres in 2005–2006.

Partnerships

CCL aims to establish partnerships with relevant NGOs on an ongoing basis in order to promote the exchange of knowledge and provide valuable input to CCL's program. Throughout 2005–2006, there were discussions with numerous NGOs about possible partnerships, and some of these discussions have already led to joint projects in areas of mutual interest. Examples include joint research projects with the Canadian Teachers' Federation, a "researcher in residence" program with the Vancouver School Board and an arrangement with the Canadian Foundation for Economic Education to facilitate information exchange with the private sector and labour.

The proposed partnership with Canadian Education Statistics Council was intended to provide resources that would further the monitoring, reporting and research of CCL in formal learning, and provide a vehicle for receiving input from provinces and territories. CCL submitted a proposal to the Council of Ministers of Education (Canada) and received no conclusive response. CCL remains committed to working in partnership with provinces and territories and therefore decided to pursue bilateral partnerships with individual provinces and territories based on specific areas of interest. To date, CCL has signed a bilateral agreement with the Province of Saskatchewan and joint projects have been undertaken with British Columbia and Newfoundland and Labrador.

Conferences

It was proposed that a research colloquium be held in Ottawa to coincide with the CESC-SSHRC Education Research Initiative (CSERI) Symposium. The colloquium was intended to look at the strategic use of provincial, territorial and national data to inform education processes. This conference did not proceed, but CCL did undertake work on a catalogue of provincial and territorial data in a number of areas of learning, reflecting CCL's key learning themes.

CCL also proposed to convene partners involved in adult literacy for the release of Canadian results of the ALL (Adult Literacy and LifeSkills) Survey, in partnership with Statistics Canada and HRSDC. All three parties later agreed not to undertake this event. CCL prepared an article on the ALL survey for its Lessons in Learning series.

Composite Learning Index

CCL proposed to develop a composite learning index using indicators that reflect the full spectrum of lifelong learning. The index was developed in 2005–2006 and released in May 2006.



FINANCIAL STATEMENTS

INVESTING IN CANADA, NOW AND FOR THE FUTURE

As we work toward our stated goals, we are mindful of the importance of fiscal accountability and our responsibility to use our resources wisely. To that end, CCL's activities are governed by the following overall principles:

- A minimum of 40% of the total funds will be spent to inform Canadians of Canada's progress on learning outcomes;
- A minimum of 40% of the total funds will serve to promote knowledge and information exchange among learning partners;
- 10% of the total funds will be made available to fund strategic initiatives and the formative and summative evaluation processes required by our funding agreement; and
- No more than 10% of the total funds will be used for administrative costs.

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AUDITOR'S REPORT

To the Members of

Canadian Council on Learning

We have audited the balance sheet of the Canadian Council on Learning as at March 31, 2006, and the statements of revenue and expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2006, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Deloitte & Touche LLP

Chartered Accountants
April 21, 2006

FINANCIAL STATEMENTS

STATEMENT OF REVENUE AND EXPENSES AND CHANGES
IN NET ASSETS, YEAR ENDED MARCH 31, 2006

	2006	2005
REVENUE		
Amortization of restricted deferred contributions	\$ 9,636,723	\$ 1,598,169
Amortization of deferred contributions related to capital assets	206,701	22,213
Other	28,816	-
	9,872,240	1,620,382
EXPENSES		
Knowledge Centres	3,111,207	1,081
Structured learning	107,340	-
Research and knowledge mobilization	1,091,120	11,669
Knowledge exchange	523,774	-
Monitoring and reporting	825,134	455,953
Strategic initiatives and liaison	1,189,739	202,450
Communications	785,777	295,411
Operations and administration	2,238,149	653,818
	9,872,240	1,620,382
EXCESS OF REVENUE OVER EXPENSES	-	-
NET ASSETS, BEGINNING AND END OF YEAR	\$ -	\$ -

BALANCE SHEET AS AT MARCH 31, 2006

	2006	2005
CURRENT ASSETS		
Cash	\$ 3,935,389	\$ 742,638
Accounts receivable (note 3)	1,165,871	127,114
Prepaid expenses	42,720	55,406
	5,143,980	925,158
LONG-TERM INVESTMENTS (note 4)	73,485,938	85,000,000
CAPITAL ASSETS (note 5)	898,788	129,030
	\$ 79,528,706	\$ 86,054,188
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,246,679	\$ 785,516
Deferred revenue	11,174	-
Current portion of capital lease obligations (note 6)	6,056	-
	1,263,909	785,516
CAPITAL LEASE OBLIGATION (note 6)	22,635	-
LEASE INDUCEMENTS (note 7)	49,188	18,096
DEFERRED CONTRIBUTIONS (note 8)	77,322,877	85,121,546
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 9)	870,097	129,030
	79,528,706	86,054,188
NET ASSETS	-	-
	\$ 79,528,706	\$ 86,054,188

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STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2006

	2006	2005
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ -	\$ -
Adjustments for non-cash items		
Amortization of capital assets	206,701	22,213
Amortization of deferred contributions related to capital assets	(206,701)	(22,213)
Amortization of deferred contributions	(9,636,723)	(1,598,169)
	(9,636,723)	(1,598,169)
Changes in non-cash operating working capital items (note 10)	376,624	677,773
	(9,260,099)	(920,396)
INVESTING AND FINANCING		
Acquisition of capital assets	(976,459)	(151,243)
Decrease (increase) in investments	11,514,062	(85,000,000)
Deferred contributions	-	85,000,000
Interest received on deferred contributions	1,855,464	1,796,181
Capital lease obligation	34,351	-
Payments of capital lease obligation	(5,660)	-
Lease inducements	43,388	19,276
Amortization of lease inducements	(12,296)	(1,180)
	12,452,850	1,663,034
NET CASH INFLOW	3,192,751	742,638
CASH, BEGINNING OF YEAR	742,638	-
CASH, END OF YEAR	\$ 3,935,389	\$ 742,638

1. DESCRIPTION OF THE ORGANIZATION

The Canadian Council on Learning (the Council) is a national not-for-profit organization incorporated under Part II of the Canada Corporations Act on December 11, 2003. It commenced active operations in April 2004.

The Council's mandate is to improve learning across Canada for the benefit of all Canadians, by informing Canadians on the progress of learning in Canada, by promoting a Canada-wide learning culture with all of our partners, and by promoting and facilitating the exchange of knowledge and information among those involved in delivering learning across the country.

The Council is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and include the following significant accounting policies:

Revenue recognition

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

Investment revenue

Interest revenue is recorded when it is earned. Interest on non-restricted investments is recorded as income in the period when earned. Interest earned on restricted investments is deferred and recognized as revenue in the statement of revenue and expenses as the eligible expenses are incurred.

Contributions to Knowledge Centres

Contributions to Knowledge Centres for various programs are expensed once disbursements have been approved.

Investments

Investments are recorded at cost net of unamortized premiums and/or discounts. If the market value of the investments is lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Capital assets

Capital assets are recorded at cost. Amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Office furniture and equipment	5 years
Computer hardware	3 years
Computer software	3 years
Furniture under capital lease	3 years
Leasehold improvements	Term of lease

Financial instruments

The Council's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. Investments in financial instruments render the Council subject to investment risks. These include the risks arising from changes in interest rates. It is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying values of the Council's financial instruments approximate their fair values unless otherwise noted.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

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3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following

	2006	2005
Accounts receivable	\$ 1,500	\$ -
Accrued receivable	6,762	-
Accrued interest	1,005,135	74,777
Goods and service tax recoverable	151,265	45,713
Travel advances	1,209	6,624
	\$ 1,165,871	\$ 127,114

4. LONG-TERM INVESTMENTS

The investments consist of low risk financial instruments which mature on various dates up to December 17, 2011. Interest earned but not received is recorded in accounts receivable.

	2006		2005	
	Cost	Market Value	Cost	Market Value
GIC/Treasury bills	\$ 2,000,000	\$ 2,000,000	\$ 85,000,000	\$ 85,000,000
Cash	663,831	663,831	-	-
Canadian - fixed income				
Government of Canada Bonds (2.75 % - 5.75 %)	47,631,691	47,453,883	-	-
Provincial Bonds (5.2 % - 6.0 %)	8,773,649	8,721,370	-	-
Corporate Bonds (3.4 % - 6.0 %)	14,416,767	14,330,200	-	-
	\$ 73,485,938	\$ 73,169,284	\$ 85,000,000	\$ 85,000,000

5. CAPITAL ASSETS

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	\$ 203,361	\$ 29,314	\$ 174,047	\$ 40,400
Computer hardware	450,587	103,326	347,261	70,598
Computer software	290,625	55,644	234,981	18,032
Furniture lease	34,351	3,435	30,916	-
Leasehold improvements	148,777	37,194	111,583	-
	\$ 1,127,701	\$ 228,913	\$ 898,788	\$ 129,030

6. CAPITAL LEASE OBLIGATION

During the year, the Council entered into a capital lease for furniture and equipment. Minimum lease payments under the capital lease, which expires in November 2009, together with the balance of the obligation are as follows:

2006	\$ 11,758
2007	11,758
2008	11,758
2009	7,310
Total minimum lease payments	42,584
Less interest	13,893
	28,691
Less current portion of capital lease	6,056
Long-term portion of capital lease	\$ 22,635

7. LEASE INDUCEMENTS

In 2005, the Council entered into an office lease agreement for a forty-six month period, effective June 2005, which provided for a three-month rent-free period prior to the commencement of the lease valued at \$54,288. This will be amortized over the term of the lease as an annual decrease in rent expense. Accordingly, \$10,621 (2005 - \$1,180) was amortized during the year.

During the year, the Council entered into an office lease agreement for a forty-five month period, which provides for a one-month rent-free period valued at \$8,376. This inducement will be amortized over the term of the lease as an annual decrease in rent expense. Accordingly, \$1,675 was amortized during the year.

8. DEFERRED CONTRIBUTIONS

In April 2004, the Council received \$85 million in funding from Human Resources and Skills Development Canada (HRSDC) to promote and support evidence-based decision making in all areas of life-long learning. The funds, and all income earned on the funds, are to be used to inform Canadians regularly on Canada's progress on learning outcomes, and to promote knowledge and information exchange among learning partners. The funding agreement contains certain restrictions on the use of the funds, and specifies that the funds shall be fully expended by March 31, 2009.

Changes in the deferred contributions balance are as follows:

	2006	2005
Balance, beginning	\$ 85,121,546	\$ -
Contribution received from HRSDC	-	85,000,000
Restricted investment revenue	2,785,822	1,870,958
Amount recognized as revenue	(9,636,723)	(1,598,169)
Amount transferred to deferred contributions related to capital assets	(947,768)	(151,243)
Balance, ending	\$ 77,322,877	\$ 85,121,546

NOTES TO THE FINANCIAL STATEMENTS

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9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2006	2005
Balance, beginning	\$ 129,030	\$ -
Amount transferred from deferred contributions	947,768	151,243
Amount recognized as revenue	(206,701)	(22,213)
Balance, ending	\$ 870,097	\$ 129,030

10. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	2006	2005
Accounts receivable less accrued interest	\$ (108,399)	\$ (51,289)
Prepaid expenses	12,686	(55,406)
Accounts payable and accrued liabilities	461,163	752,961
Deferred start-up costs	-	31,507
Deferred revenue	11,174	-
	\$ 376,624	\$ 677,773

11. COMMITMENTS

The Council has entered into leases for office space and equipment.

The minimum amounts payable over the next three years are as follows:

2007	\$ 460,915
2008	460,915
2009	464,207
	\$ 1,386,037

12. RETIREMENT BENEFIT PLANS

The Council has a defined contribution plan for its employees. The Council matches the contributions of member employees up to a maximum of 6% of each employee's base salary. Additionally, the Council has a retirement compensation plan. The expense during the year for these plans was \$100,189 (2005 - \$209).

13. COMPARATIVE FIGURES

Certain numbers of the previous year, presented for comparative purposes, have been reclassified to conform to the current year's presentation.



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