

# The power of collaboration and partnership



# 2015

\*ANNUAL  
REPORT



Savings | Choice | Service

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# Mission, Vision, and Values

Our strategic plan is shaped by our strong belief in our mission, vision, and values. These guide our actions and demonstrate who we are and what we do. Collaboration is the foundation of our business, enabling us to build a bridge between customers and supplier partners to foster an exceptional customer experience.

## Our Mission



Our strategy starts with a mission that explains why we exist. It shapes our today.

Generate savings to support excellence in education by unlocking the potential of collaborative strategic sourcing.

## Our Vision



Our vision is how we want to be perceived by our customers. It is our tomorrow.

To be the premier strategic sourcing partner for Ontario's education sectors.

## Our Values



We can prepare for tomorrow if we believe in our values. Our values decide what we do and how we do it. At OECM, each of us is accountable for ensuring that his or her actions are aligned with our values.

**Collaboration:** We are committed to working together to achieve common goals.

**Responsiveness:** We deliver on our promises in a timely way.

**Integrity:** We are open, honest, and accountable.

**Innovation:** We pursue creative solutions to foster an exceptional customer experience.

**Respect:** We listen to and value everyone's ideas and opinions in a fair, open, and attentive way.



# Message from the Board Chair and President and CEO



Georgina Steinsky  
Board Chair

2015 was a challenging year on two fronts: OECM continued to meet aggressive business targets as the foundation for growing and sustaining the business as well as launching our Vision 2020 Transformation agenda.

## Our business success continues

Strong results on several fronts demonstrates evidence of the acceptance of OECM's value and proof that collaboration works.

### Grow the business

From 2010 to 2015, customers have demonstrated their commitment by spending almost half a billion dollars through OECM agreements. In 2015, 114 education institutions (97%) and another 230 broader public sector organizations spent \$146 M on 49 categories of products and services through 131 supplier partners. This has grown from \$15 M in 2010. Customers have achieved savings (which OECM has validated) in excess of \$45.5 M on only six products and services between 2010 and 2015.

### Achieve sustainability

- + OECM completed its \$4.4 M transfer payment agreement (TPA) with MGCS and became financially self-sustaining. See Appendix A for 2015 financial statements.

### Enhance service and operational excellence

- + Our strong business results are not possible without strong customer and supplier feedback on how we can improve our services.
- + Our customers told us they are 91% satisfied overall with OECM's services.

## Benefits for students

Working together to consolidate purchases, increase the standardization of commonly used products and services and using technology more effectively can reduce effort, save money and increase discretionary spend and which ultimately results in creating potential benefits for student such as lowering student fees, investing in learning infrastructure and programs and creating academic staff capacity. OECM is prepared to undertake a leadership role to facilitate collaboration to bring about savings and efficiencies for the benefit of students.



Terry Kyritsis  
President & CEO



## Launching our Business Transformation agenda

In 2015, OECM's Board launched a business transformation initiative to develop our Vision 2020 Strategic Plan and a transformation roadmap to focus and guide OECM's journey over the next several years. The board believes that there is significant opportunity to prepare OECM to sustain success and grow during the next five years by:

- + Generating more savings for customers at a faster pace to meet budget constraints;
- + Increasing education sector spend under management to support the education sector's collaborative spend targets; and,
- + Stabilizing OECM's business model.

OECM, with assistance from Deloitte, conducted robust consultations with customers along with extensive outreach to Ontario Government senior officials. By December, the Board had reviewed future state operating model options and endorsed a preferred initial future state design for further investigation in 2016.

The outcome of this initiative is expected to lead to the renewal of the Board governance and a new financial model. This will facilitate the acquisition of more resources and technology tools to create capacity for OECM, resulting in more and better services for OECM's customers and ultimately more value for students in Ontario.

### Our Dynamic Team

We could not have achieved the ambitious goals that we set for ourselves in 2015 without the support of our dedicated Board of Directors, our OECM team, and most importantly, our customers and supplier partners.

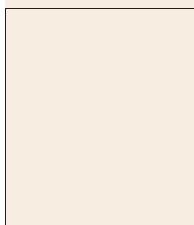
To close out the year we were given the news that, after almost four decades in the public sector, Terry Kyritsis plans to retire on May 30, 2016. Terry was a founding member of OECM and has been the President and CEO since 2011. During his leadership, Terry established strong relationships with education partners and suppliers in Ontario and developed networks with other group procurement organizations across Ontario, Canada and the US. Terry has built a solid foundation and on a strong path to continued success in providing excellent service to our customers and substantial savings to Ontario taxpayers and students. The OECM Board of Directors and staff thank Terry for his passion and commitment, and wish him well in his retirement. A search is underway for a new President and CEO to be in place in spring 2016.

Georgina Steinsky  
Chair, OECM Board of Directors

Terry Kyritsis  
President & CEO, OECM

# Our Board of Directors

## School Boards Sector (representing 72 institutions)



### **Leslie Miller**

Superintendent, Business Services  
Hastings and Prince Edward  
District School Board  
Joined the board: October 2013

### **Brian Jeffs**

Superintendent of Business  
Services  
Simcoe County School Board  
Joined the board: May 2014

## Colleges Sector (representing 24 institutions)



### **Deborah Brown**

Vice President,  
Corporate Services  
Mohawk College  
Joined the board: May 2015



### **Steven Parfeniuk**

Senior Vice President, Finance and  
Administration  
Sheridan College  
Joined the board: May 2014

## Universities Sector (representing 22 institutions)



### **Caroline Davis**

Vice-principal, Finance and Administration  
Queen's University  
Joined the board: September 2011

### **Jim Butler**

Vice-president, Finance and  
Administration  
Wilfrid Laurier University  
Joined the board: September 2011

## Independents



### **Georgina Steinsky (Chair)**

Joined the board  
March 2008



### **Debbie Fischer**

Chair, Governance  
and Human  
Resources Committee  
Joined the board  
September 2013



### **Arnie Strub**

Chair, Audit and Resources  
Committee; Vice Chair,  
Board of Directors  
Joined the board  
September 2011

## Ontario Government Ex-Officio Members



### **Carol Strachan**

Representing **David Carter-Whitney**,  
Assistant Deputy Minister, Post  
Secondary Education, Ministry of  
Training, Colleges and Universities

### **Vacant**

Ministry of Education

# Management and Staff

(as of December 31, 2015)



## Office of the President & CEO

Terry Kyritsis, President & Chief Executive Officer

Eileen Linton

Antonia Bassoulos

## Sourcing & Relationship Management

Karen Owen, Director

### Business Relationship Management

Glenda Schmidt

Bing Jie Zhang

Zakir Shaikh

Pooja Nagra

Michael Liaw

Sam Campisi

Monga Zhu

Viky Tchistakov

### Sourcing

Agnès Tijet

Patti Greer

Michelle Zhu

Doris Poon

Emma Sears

### Business Intelligence

David Chan

Jessie Liu

## HR, Marketing & Communications

Heather Barnett, Director

### Business Development

John Schenk

Vasilii Popov

### Marketing and Communications

Luba Medvedeva

Jeffrey Bomben

Kathy Stermann

### Finance & Corporate Services

Len Scavuzzo, Director

Belinda Yu

Jackie Zhu

### Business Transformation PM

Karen Watson

# Journey toward success

OECM is fast becoming a premier strategic sourcing partner in Ontario's public procurement landscape. We are committed to providing value for money for our customers, and we have demonstrated this through a robust validated savings program.

**97%** of Ontario's publicly-funded education institutions are currently buying through OECM Marketplace.

## Our history

Ontario's 118 publicly funded education sector institutions – school boards, colleges and universities – spend an estimated \$4 billion annually on products and services. Their collective goal is to promote a strong and vibrant education system that is focused on helping Ontarians build their careers and enhance learning throughout their lives.

The provincial government sought ways to find administrative savings that could be reinvested into furthering education opportunities. OECM was established by the education sectors with financial support from the provincial government as one method to generate savings through collaborative sourcing and customer/supplier partnership management. Hence, OECM was launched in 2006 as a not-for-profit Broader Public Sector (BPS) Group Procurement Organization (GPO), with ongoing input and support from the Ministry of Education and the Ministry of Training, Colleges and Universities.

## Mandate

OECM's core business is collaborative sourcing and customer/supplier partnership management. OECM's mandate is to generate savings and process efficiencies for public sector organizations, primarily education sector institutions (School Boards, Colleges, and Universities). Savings are realized when these organizations purchase collaboratively-sourced and competitively-priced products and services from OECM's supplier partners through OECM's Marketplace.

Our Marketplace is open to other publicly-funded organizations in Ontario such as developmental services agencies, municipalities, libraries, conservation authorities, not-for-profits and health services agencies. A growing number of these organizations have recognized the value of buying products and services through OECM's Marketplace.



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## Goal

OECM's Goal is to build a Marketplace of products and services, through collaborative sourcing, aligned with customers' business needs and promote the adoption of leading integrated supply chain management practices.

OECM's collaborative sourcing approach facilitates consistency and generates significant savings, making it easier and less costly for organizations to purchase goods and services, which results in more funds being available for core academic and administrative commitments.

Participation in OECM's Marketplace is voluntary. Our operations are funded by cost recovery fees from OECM's supplier partners. OECM became financially self-sufficient in 2015.

For more information, you can review our draft 2015 Audited Financial Statements (see Appendix A).



# 2015 Highlights



At OECM, we believe that the power of collaboration and partnership is the key to our success. It's about focusing on the needs of our customers.

## Goal 1: Grow the business

### We provided more choice of products and services

We expanded the range of products and services available through our Marketplace to align with our customers' needs.

**We launched 12 new categories of products and services and 6 retenders in 2015.**

### We helped customers get even better prices

Through the **Quick Quote** process, OECM's supplier partners help customers obtain better prices on the products and services in the Marketplace based on customers' requirements, quantities, and other specific needs.

### We provided Collaborative Spend Reports

We continued to provide **Collaborative Spend Reports** upon request, a service that was launched in 2013. These reports provide our customers with a year-over-year summary of their organizations spend on products and services through OECM's Marketplace.

Customers benefit by enabling informed decision-making to support their organization's budget and forecasting and facilitating the reporting of spend to meet collaborative spend targets. We will continue to provide Collaborative Spend Reports upon request.

### We shared knowledge of leading sourcing and procurement practices

228 procurement professionals and program owners took advantage of 15 webinars to launch new products and services and help them make informed buying decisions. We are planning even more webinars in collaboration with our supplier partners in 2016.

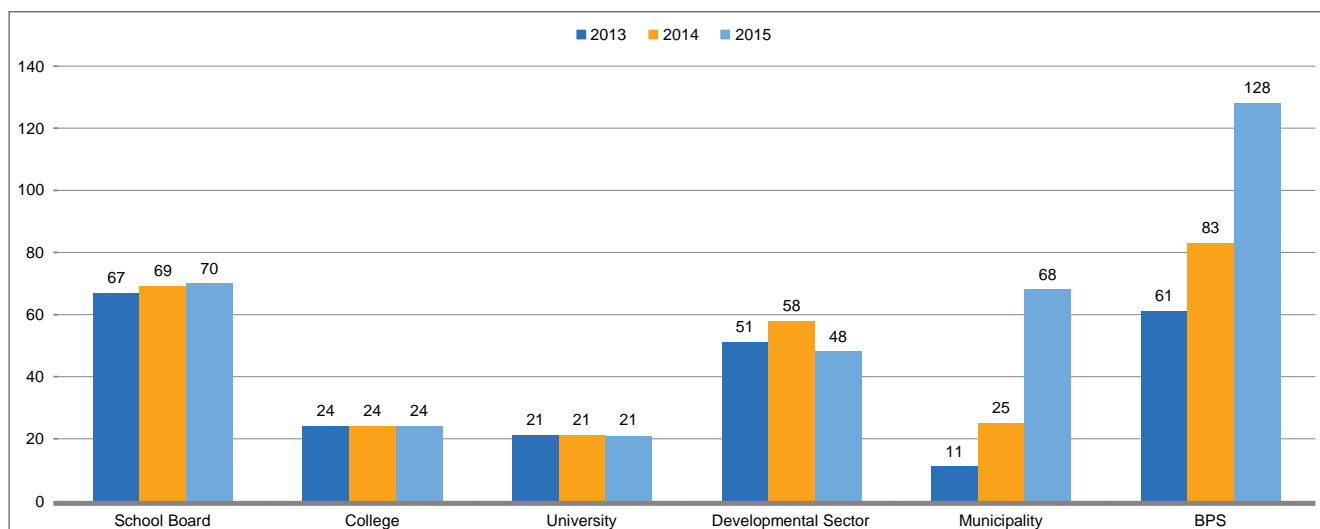


## Goal 2: Achieve sustainability

### Growth in customers using OECM's Marketplace

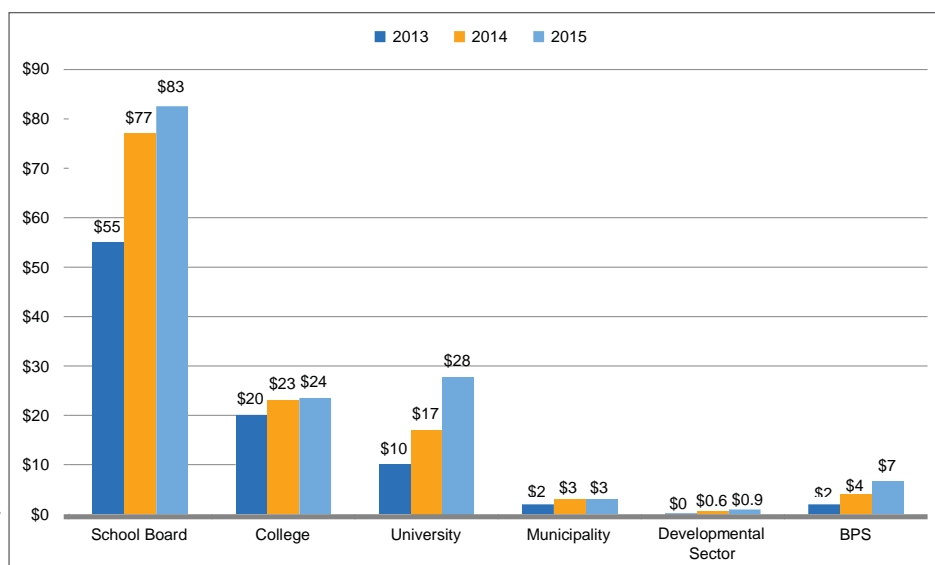
97% of Ontario's education sector institutions continued to use OECM's Marketplace. Participation by other BPS organizations grew by 55%.

### Participation growth by sector



### Increase in customer commitment to buying through OECM

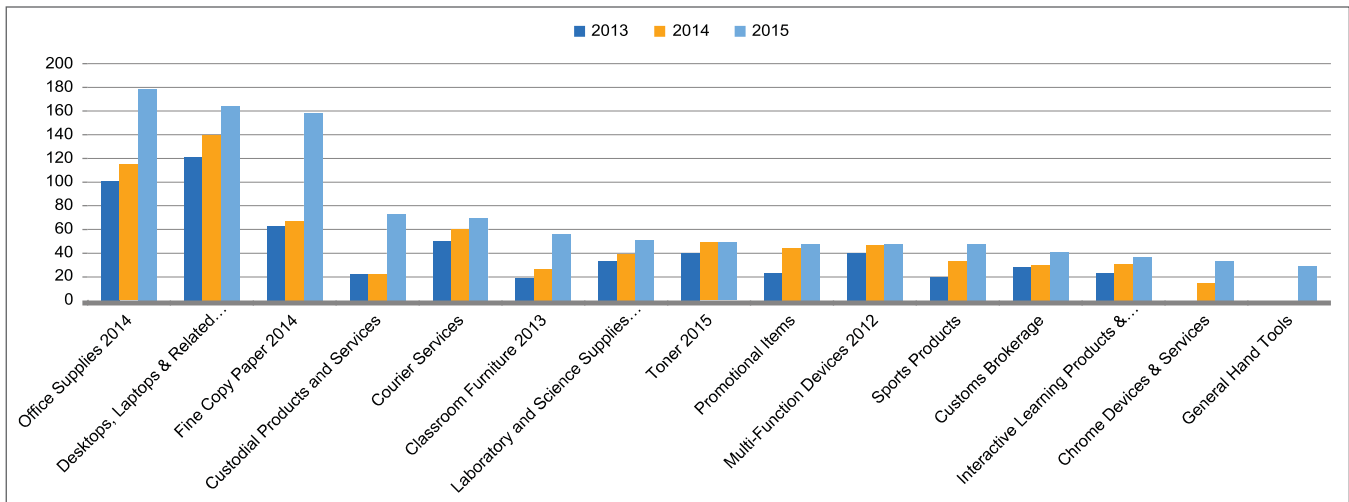
17% growth in customer spend through our Marketplace – \$146 million compared to \$125 million in 2014.



The BPS sector includes:  
Municipalities, Libraries, Health Care  
Agencies, Community Care Access Centres,  
Developmental Agencies.

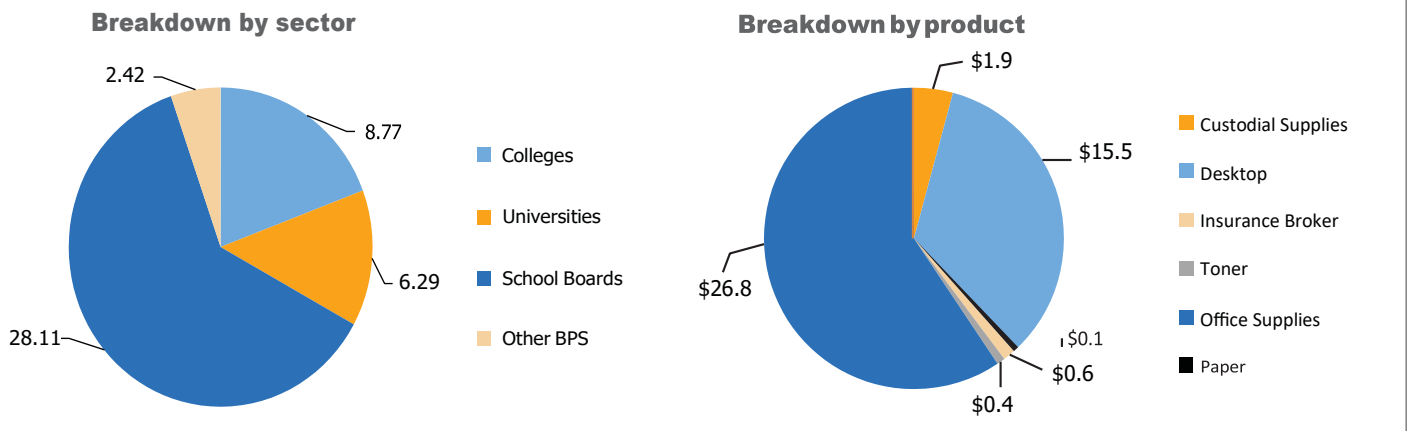
## Customers buy a wide range of products and services

Desktop products, office supplies, custodial supplies, fine copy paper, and MFDs were the top five products.



## Customers achieved savings of more than \$45.5 million

Our mission is to generate savings for products and services used by our customers to support excellence in education and administration. OECM has validated savings of \$45.5 million on only six products and services between 2010 and 2015.



These savings are clear evidence that our customers benefit by utilizing products and services from OECM's Marketplace. Work is underway to validate savings for more categories of products and services.



## Goal 3: Build strategic partnerships

### We seek out and enhance relationships

By developing strategic partnerships with sector associations, councils, committees and other stakeholder groups to enable collaboration, we are able to significantly enhance our ability to meet our mutual goals.

### Our partnership with Ontario's developmental services sector

The Developmental Services (DS) sector is comprised of 365 agencies across Ontario (174 dedicated and 191 multi-service providers).

In June 2014, OECM launched a two-year MGCS-funded pilot project to on-board DS agencies to OECM's Marketplace of collaboratively-sourced and competitively-priced products and services through dedicated outreach efforts.

*"Everyone should be using OECM. The cost savings alone is a reason to participate."*

*- Agency client*

At the close of 2015, more than 12% of DS agencies benefited from significant contract price improvements by using OECM's Marketplace of products and services.

This partnership also enabled DS agencies to comply with the BPS Procurement Directive and provided a platform for collaboration that can be leveraged for future initiatives.





### **We attract and retain quality supplier partners**

We increased the number of supplier partners to 131 to support the growth in our Marketplace of Products and Services. Our supplier partners provide leading-edge, top-quality products and services and are keen to bring their technologies to support academic and administrative excellence. Our suppliers play a critical role in our marketing, communications, and outreach efforts. For a complete list of supplier partners and the products and services they offer, visit [www.oecm.ca](http://www.oecm.ca)

### **We find more ways for customers to interact with our supplier partners**

We have created several channels for customers and supplier partners to interact with each other to learn about new products and services and to find out what's available in OECM's Marketplace. Educational webinars and joint participation in conferences and tradeshow were some of the channels used.

### **We are committed to forging deeper supplier partnerships**

We are dedicated to ensuring that our customers have access to top-quality, collaboratively-sourced, competitively-sourced and -priced products and services offered by our supplier partners. OECM initiated formal business reviews to evaluate supplier partners' performance in product quality, service delivery, shipping and delivery timelines, resolution of customer complaints, and research on innovative products to better meet customers' needs.



## Goal 4: Enhance service and operational effectiveness

### We're improving how we deliver our services

We continued to build on enhancing our Sourcing and Relationship Management team that is dedicated to promoting service excellence with our customers and supplier partners:

- + Our **Sourcing Solutions Group** focuses on efficient and timely execution of sourcing projects to bring new products and services to the Marketplace.
- + Our **Business Relationship Group** focuses on enhancing the utilization of OECM's products and services marketplace and managing agreements with supplier partners to meet customers' diverse needs.

### We're working to improve our customers' experience

OECM enjoys a high level of customer satisfaction, repeat purchases, and brand loyalty. We are committed to maintaining and sustaining our customers' high expectations, and bringing in new innovations for better customer experience.







### We're listening

The following chart represents highlights from our **Voice of the Customer 2015** survey and how they measure up against customer experience. We will always aim to improve the customer experience by continuing to strive for quality products and services, and excellent delivery.





# Looking ahead in 2016



We will continue to seek new opportunities and refine our strategies to create value and drive savings to help our customers meet their business needs and guide us toward achieving financial self-sufficiency. We will continue to focus on:

## **Expanding the choice of products and services**

We have 18 sourcing projects underway for launch in 2016 as shown on [www.oecm.ca/new-products-and-services-coming-soon](http://www.oecm.ca/new-products-and-services-coming-soon)

## **Pursuing strategic partnership opportunities**

OECM continues to be actively engaged with sector committee and association partners on a number of collaborative sourcing projects. Several initiatives related to software sourcing continue with education sector CIOs and consultations are underway with IT leaders to help them address newly emerging IT requirements.

## **Creating and delivering value for customers by developing a blueprint for moving forward**

Building on OECM's board endorsement of the initial future state design in December 2015, OECM will continue to develop, with Deloitte's assistance, to develop OECM's Vision 2020 strategic plan. The detailed future state business model design includes a renewed governance model, an updated financial model, and a five-year business transformation plan that will include:

- + Re-focused customer-centred service delivery;
- + Attracting and retaining top talent who are passionate about contributing to excellence in public sector administration by providing their collaborative sourcing, procurement, and supplier partnership management expertise;
- + Acquiring and embedding the technology tools to improve the customer experience and supplier management required to create, deliver and capture value for customers;
- + Re-building a sustainable financial model by gaining customer commitment through a membership model and improved organizational capacity.

OECM will be undertaking extensive consultations with sector councils and associations in spring 2016 with the goal to seek input on how we can continue to support education sector business needs. We look forward to meeting you and listening to your ideas.

# Appendix A Financial Statements

## **ONTARIO EDUCATION COLLABORATIVE MARKETPLACE**

**FINANCIAL STATEMENTS  
For the year ended December 31, 2015**

# **ONTARIO EDUCATION COLLABORATIVE MARKETPLACE**

**For the year ended December 31, 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Directors of  
**Ontario Education Collaborative Marketplace**

We have audited the accompanying financial statements of Ontario Education Collaborative Marketplace, which comprise the statement of financial position as at December 31, 2015, the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Education Collaborative Marketplace as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organization.

Date of Approval  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## STATEMENT OF FINANCIAL POSITION

As at December 31	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	2,327,848	913,378
Accounts receivable (Note 3)	611,110	825,300
Prepaid expenses (Note 4)	28,883	72,223
	2,967,841	1,810,901
<b>Capital Assets</b> (Note 5)	243,652	39,298
	3,211,493	1,850,199
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	347,051	154,225
Government remittances payable	156,493	344,800
	503,544	499,025
<b>Lease Inducements</b> (Note 6)	226,242	14,155
<b>Deferred Capital Contributions</b> (Note 7)	-	39,298
<b>Deferred Grants</b> (Note 8)	295,755	1,297,721
	1,025,541	1,850,199
<b>NET ASSETS</b>		
Unrestricted	-	-
Operating reserve (Page 3)	2,185,952	-
	2,185,952	-
	3,211,493	1,850,199

See accompanying notes to financial statements

# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## STATEMENT OF CHANGES IN NET ASSETS

As at December 31	Unrestricted	Operating Reserve	2015 Total	2014 Total
<b>Net Assets - Beginning of Year</b>	-	-	-	-
Excess of Revenue over Expenditures in the Year	2,185,952	-	2,185,952	-
Transfers	(2,185,952)	2,185,952	-	-
<b>Net Assets - End of Year</b>	-	2,185,952	2,185,952	-

*See accompanying notes to financial statements*

# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## STATEMENT OF OPERATIONS

For the year ended December 31	2015	2014
<b>Revenue</b>		
Government grants (Note 10)	1,905,617	614,717
Strategic sourcing	3,397,650	2,352,751
Interest income	13,703	11,300
Other income	58,249	47,058
Amortization of deferred capital contributions	39,297	114,097
	5,414,516	3,139,923
<b>Expenses</b>		
Advertising	15,559	36,854
Amortization of capital assets	53,334	114,097
Licensing fees	4,753	3,854
Office and general	27,134	16,092
Office services	142,285	141,466
Professional fees	93,156	103,130
Rent	139,464	165,804
Repairs and maintenance	-	198
Salaries and benefits	2,648,846	2,502,745
Technical consultant fees	72,512	31,499
Travel	31,521	24,184
	3,228,564	3,139,923
<b>Excess of Revenue over Expenses for the Year</b>	2,185,952	-

See accompanying notes to financial statements

# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## STATEMENT OF CASH FLOWS

For the year ended December 31	2015	2014
<b>Net Inflow (Outflow) of Cash Related to the Following Activities:</b>		
<b>Operating</b>		
Excess of revenue over expenses for the year	2,185,952	-
Item not affecting cash:		
Amortization of capital assets	53,334	114,097
Amortization of lease inducements (Note 6)	(14,155)	(56,621)
	2,225,131	57,476
<b>Changes in non-cash operating working capital items:</b>		
Accounts receivable	214,190	(388,309)
Prepaid expenses	43,340	(23,716)
Accounts payable and accrued liabilities	192,826	(51,894)
Government remittances payable	(188,307)	337,889
Deferred capital contributions	(39,297)	(109,447)
Deferred grants	(1,001,966)	(80,867)
	(779,214)	(258,868)
<b>Investing</b>		
Purchase of capital assets	(257,689)	(4,650)
Lease inducements (Note 6)	226,242	-
	(31,447)	(4,650)
<b>Net Cash Inflow (Outflow)</b>	1,414,470	(263,518)
<b>Cash - Beginning of Year</b>	913,378	1,176,896
<b>Cash - End of Year</b>	2,327,848	913,378

See accompanying notes to financial statements



# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

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### 1. PURPOSE OF THE ORGANIZATION

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The Organization was incorporated on August 8, 2006 without share capital as a not-for-profit corporation. The core purpose of Ontario Education Collaborative Marketplace ("OECM") is to support publicly funded education in Ontario by enabling opportunities for savings of time and money for reinvestment in core academic activities. Services provided to support this mandate include collaborative strategic sourcing that will generate additional financial benefit and process improvements for participating school boards, colleges and universities.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**(a) Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**(b) Fund Accounting**

The Organization follows the deferral method of accounting for contributions (see Note 2(e)). Revenues and expenses related to the operational activities are reported in the unrestricted fund. The net assets invested in the operating reserve fund reports the excess of revenue over expenses related to the Organization's operations.

**(c) Capital Assets**

Capital assets are stated at cost less accumulated amortization. Amortization based on the useful estimated life of the asset is calculated as follows:

Computer equipment	- Straight-line basis over 3 years
Computer software	- Straight-line basis over 3 years
Office equipment	- Straight line basis over 5 years
Leasehold improvements	- Straight line basis over the term of the lease

**(d) Lease Inducements**

Lease inducements relating to reimbursements on leasehold improvements are being amortized on a straight line basis, as a reduction of rent, over the term of the lease, ending May 2025.

# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

#### (e) Revenue Recognition

Externally restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are incurred. Investment income is recognized on an accrual basis and includes interest earned on funds held in the bank accounts.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Strategic sourcing revenue is recognized once services are complete and collection is reasonably assured.

#### (f) Financial Instruments

All financial instruments are initially recorded on the statement of financial position at fair value.

All financial instruments are subsequently measured at amortized cost.

3. ACCOUNTS RECEIVABLE	2015	2014
Trade receivables	595,910	817,207
Accrued receivables	15,200	8,093
	611,110	825,300

4. PREPAID EXPENSES	2015	2014
Rent	16,012	68,445
Insurance	3,309	3,681
Other	9,562	97
	28,883	72,223

# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

5.	CAPITAL ASSETS	Cost	Accumulated Amortization	2015	2014
	Leasehold improvements	240,205	17,525	222,680	24,487
	Office equipment	175,443	172,496	2,947	1,875
	Computer equipment	57,747	48,278	9,469	12,307
	Computer software	33,806	25,250	8,556	629
		507,201	263,549	243,652	39,298

## 6. LEASE INDUCEMENTS AND COMMITMENT

During 2009, the Organization entered into a rental agreement that expires March 2015 for approximately \$418,000 per year. Included in this rental agreement were two lease inducements. The first provided the Organization with five months free rent between November 2009 - March 2010 while the second provided the Organization with a cash inducement to support the purchase of leasehold improvements. Amortization of both the free rent period and the cash inducement for the purchase of leasehold improvements has been netted against rent on the statement of operations.

During 2015, the Organization entered into a rental agreement that expires May 2025. The rental agreement includes a lease inducement to support the purchase of leasehold improvements. Amortization of the lease inducement has been netted against rent on the statement of operations.

	2015	2014
Lease Inducements - beginning of the year	14,155	70,776
Inducements recognized during the year	(14,155)	(56,621)
Inducements added during the year	226,242	-
	212,087	(56,621)
Lease Inducements - end of year	226,242	14,155

# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balances are as follows:

	2015	2014
Balance beginning of the year	39,298	148,745
Add: Grants allocated for capital purchases	-	4,650
Less: Amortization of deferred capital contributions	(39,298)	(114,097)
	-	39,298

### 8. DEFERRED GRANTS

Deferred grants represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the grant revenue deferred to future periods are as follows:

	Operational Grant	Developmental Grant	Business Transformation Grant	2015	2014
Balance at the beginning of the year	1,231,751	65,970	-	1,297,721	1,378,588
Add: amounts received during the year	400,000	178,652	325,000	903,652	609,000
Less: amounts recognized as revenue in the year	(1,631,751)	(157,675)	(116,192)	(1,905,618)	(685,217)
Less: reallocated to deferred capital contributions	-	-	-	-	(4,650)
	-	86,947	208,808	295,755	1,297,721

### 9. INVESTMENT IN CAPITAL ASSETS

A. Investment in capital assets represents the following:

	2015	2014
Capital assets and development in progress	243,652	39,298
Less: amounts financed by deferred capital contributions (Note 7)	-	(39,298)
	243,652	-

# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

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### 10. GOVERNMENT GRANTS

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On June 28, 2011, OECM and the Ministry of Government and Consumer Services entered into a new Transfer Payment Agreement, whereby, the Ministry of Government and Consumer Services will provide funding of \$4.4 million, payable in nine installments during 2011 to 2014. As of December 31, 2015, installments totaling \$4,400,000 (2014 - \$4,000,000) have been received.

On March 18, 2014, OECM and the Ministry of Government and Consumer Services entered into a Transfer Payment Agreement, whereby, the Ministry of Government and Consumer Services will provide \$282,000 in Developmental Services funding in order to aid in formalizing collaborative procurement for those with developmental disabilities.

On March 25, 2015, OECM and the Ministry of Government and Consumer Services entered into Amending Agreement No. 1 to the March 2014 Transfer Payment Agreement, thereby increasing the total funding to \$356,322. These funds are payable by installments during 2014 to 2016. As of December 31, 2015, installments totalling \$317,151 (2014 - \$138,500) have been received.

On March 25, 2015, OECM and the Ministry of Government and Consumer Services entered into a new Transfer Payment Agreement, whereby, the Ministry will provide \$567,000 in project funding in order to review OECM's existing business strategy and determine the preferred approach for a sustainable future. These funds are payable by installments during 2015 and 2016. As of December 31, 2015 installments totalling \$325,000 have been received.

### 11. FINANCIAL INSTRUMENTS

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The significant risk to which the Organization is exposed is credit risk.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Organization does not anticipate significant loss for non-performance.

### 12. COMMITMENTS

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The Organization is committed to the lease of business premises in Toronto for a period of 10 years starting in April 2015 with the right to extend the lease for a further two years.

Future minimum lease payments are as follows:

2016 - 170,426	2017 - 176,515	2018 - 180,864	2019 - 184,924	2020 - 187,823
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# ONTARIO EDUCATION COLLABORATIVE MARKETPLACE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

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### 13. COMPARATIVE FIGURES

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Certain prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.



**Contact us at:**

Phone: 416-847-0698

email: [info@oecm.ca](mailto:info@oecm.ca)

Our offices are located at:

2 Lansing Square

Suite 200

Toronto, Ontario, M2J 4P8