

**Waterloo Education
Foundation Inc.**

**Financial Statements
July 31, 2016**



November 21, 2016

Independent Auditor's Report

**To the Directors of
Waterloo Education Foundation Inc.**

We have audited the accompanying financial statements of Waterloo Education Foundation Inc., which comprise the statement of financial position as at July 31, 2016 and the statements of operations and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise 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.

Auditor's 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 procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 qualified audit opinion.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Basis for qualified opinion

In common with many not-for-profit organizations, Waterloo Education Foundation Inc. derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Waterloo Education Foundation Inc. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the years ended July 31, 2016 and July 31, 2015, current assets as at July 31, 2016 and July 31, 2015 and fund balances as at the beginning and the end of the years ended July 31, 2016 and July 31, 2015. Our audit opinion on the financial statements for the year ended July 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Waterloo Education Foundation Inc. as at July 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo Education Foundation Inc.

Statement of Financial Position

As at July 31, 2016

	2016 \$	2015 \$
Assets		
Cash	370,930	842,156
Short-term investments (note 2)	1,257,951	911,726
Accounts receivable	32,368	21,351
Prepaid	11,043	9,597
	<u>1,672,292</u>	<u>1,784,830</u>
Liabilities		
Accounts payable	<u>29,561</u>	<u>30,557</u>
Fund balances		
General - unrestricted	106,617	95,168
Externally restricted	<u>1,536,114</u>	<u>1,659,105</u>
	<u>1,642,731</u>	<u>1,754,273</u>
	<u>1,672,292</u>	<u>1,784,830</u>

Approved by the Board of Directors

 Director

The accompanying notes are an integral part of these financial statements.

Waterloo Education Foundation Inc.
Statement of Operations and Changes in Fund Balances
For the year ended July 31, 2016

	2016			2015		
	General Fund \$	Externally Restricted Funds \$	Total \$	General Fund \$	Externally Restricted Funds \$	Total \$
Revenue						
Donations						
Cash	28,973	830,418	859,391	43,605	931,620	975,225
In kind	-	62,787	62,787	-	15,301	15,301
Interest	32,550	554	33,104	33,465	758	34,223
	<u>61,523</u>	<u>893,759</u>	<u>955,282</u>	<u>77,070</u>	<u>947,679</u>	<u>1,024,749</u>
Expenses						
Fundraising and administration	9,074	-	9,074	25,301	-	25,301
Gifts in kind to schools	-	62,787	62,787	-	15,301	15,301
Restricted accounts	-	994,963	994,963	-	657,330	657,330
	<u>9,074</u>	<u>1,057,750</u>	<u>1,066,824</u>	<u>25,301</u>	<u>672,631</u>	<u>697,932</u>
Excess of (expenses over revenues) revenue over expenses	52,449	(163,991)	(111,542)	51,769	275,048	326,817
Interfund transfers	(41,000)	41,000	-	(31,500)	31,500	-
Fund balances - Beginning of year	<u>95,168</u>	<u>1,659,105</u>	<u>1,754,273</u>	<u>74,899</u>	<u>1,352,557</u>	<u>1,427,456</u>
Fund balances - End of year	<u>106,617</u>	<u>1,536,114</u>	<u>1,642,731</u>	<u>95,168</u>	<u>1,659,105</u>	<u>1,754,273</u>

The accompanying notes are an integral part of these financial statements.

Waterloo Education Foundation Inc.

Statement of Cash Flows

For the year ended July 31, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Excess of (expenses of revenues) revenue over expenses	(111,542)	326,817
Net change in working capital	<u>(13,459)</u>	<u>(10,021)</u>
	(125,001)	316,796
Investing activities		
Net purchase of short-term investments	<u>(346,225)</u>	<u>(27,682)</u>
Increase (decrease) in cash	(471,226)	289,114
Cash - Beginning of year	<u>842,156</u>	<u>553,042</u>
Cash - End of year	<u>370,930</u>	<u>842,156</u>

The accompanying notes are an integral part of these financial statements.

Waterloo Education Foundation Inc.

Notes to Financial Statements

July 31, 2016

1 Purpose of the Foundation

The Waterloo Education Foundation Inc. (“the Foundation”) is dedicated to enhancing the quality of public education in the Regional Municipality of Waterloo. The Foundation was incorporated without share capital under the laws of the Province of Ontario as a not for profit organization and is a registered charity under the Income Tax Act.

2 Significant accounting policies

Basis of presentation

The Foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Fund accounting

The Foundation uses the restricted fund method of accounting for contributions.

The general fund accounts for the Foundation’s administrative activities. This fund represents unrestricted resources.

The restricted fund accounts for donations restricted for specific purposes by the donor.

Revenue recognition

Externally restricted contributions are recognized as revenue of the Externally Restricted Funds in the year received.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Gifts in kind are recorded as revenue and expense of the Foundation at appraised value.

Use of estimates

The preparation of the financial statements, in conformity with ASNPO, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Short-term investments

Short-term investments include guaranteed investment certificates held with the Education Credit Union.

Waterloo Education Foundation Inc.

Notes to Financial Statements

July 31, 2016

Financial instruments

Financial instruments are measured at either fair value or amortized cost. The following table summarizes information regarding the carrying values of the Foundation's financial instruments:

- i) Cash and short-term deposits and investments are measured at fair value and the gains or losses resulting from the re-measurement at the end of each period are recognized as excess of revenue over expenditures.
- ii) Short-term investments are measured at fair value and the gains or losses resulting from the remeasurement at the end of each period are recognized as excess of revenue over expenditures.
- iii) Accounts receivable are measured at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.
- iv) Accounts payable and accrued liabilities are measured at their amortized cost which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.

At July 31, 2016 the carrying value reported in the balance sheet for receivables, accounts payable and accrued liabilities represent fair value due to the short-term nature of these instruments.

The Foundation is subject to interest rate risk due to changes in the prime rate as investments mature and are renewed.

3 Government remittances

No statutory remittances were due as of July 31, 2016 (2015 - \$nil).

The Foundation had no overdue government remittances at July 31, 2016 (2015 - \$nil).