

# **Waterloo Education Foundation Inc.**

Financial Statements  
**July 31, 2012**

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November 7, 2012

## **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, 2012 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 generally accepted accounting principles, 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

*PricewaterhouseCoopers LLP  
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**Basis for qualified opinion**

In common with many charitable organizations, Waterloo Education Foundation Inc. derives revenue from donations and bequests, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Waterloo Education Foundation Inc. and we were not able to determine whether any adjustments might be necessary to cash, donations and fund balances.

**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 Fund Inc. as at July 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants, Licensed Public Accountants**

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# Waterloo Education Foundation Inc.

## Statement of Financial Position

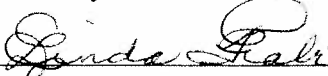
As at July 31, 2012

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	2012	2011
	\$	\$
<b>Assets</b>		
Cash	486,862	123,367
Short-term investments	796,818	772,000
Accounts receivable	23,585	25,343
	<hr/>	<hr/>
	1,307,265	920,710
<b>Liabilities</b>		
Accounts payable	53,694	-
	<hr/>	<hr/>
<b>Fund balances</b>		
General - unrestricted	57,036	26,403
Externally restricted	1,196,535	894,307
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	1,253,571	920,710
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	1,307,265	920,710

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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, 2012

	General Fund \$	Externally Restricted Funds \$	2012 Total \$	2011 Total \$
<b>Revenue</b>				
Donations				
Cash	63,447	806,411	869,858	492,592
In kind	-	87,746	87,746	118,758
Interest	28,256	500	28,756	16,635
	<u>91,703</u>	<u>894,657</u>	<u>986,360</u>	<u>627,985</u>
<b>Expenses</b>				
Fundraising and administration	35,570	-	35,570	20,282
Gifts in kind to schools	-	87,746	87,746	118,758
Restricted accounts	-	530,183	530,183	395,774
	<u>35,570</u>	<u>617,929</u>	<u>653,499</u>	<u>534,814</u>
<b>Excess of revenue over expenses</b>	56,133	276,728	332,861	93,171
<b>Interfund transfers</b>	(25,500)	25,500	-	-
<b>Fund balances - Beginning of year</b>	<u>26,403</u>	<u>894,307</u>	<u>920,710</u>	<u>827,539</u>
<b>Fund balances - End of year</b>	<u>57,036</u>	<u>1,196,535</u>	<u>1,253,571</u>	<u>920,710</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, 2012

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	2012	2011
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	332,861	93,171
Net change in working capital	30,634	(20,330)
	<u>363,495</u>	<u>72,841</u>
<b>Investing activities</b>		
Purchase of short-term investments	-	(750,000)
<b>Increase in cash</b>	363,495	(677,159)
<b>Cash - Beginning of year</b>	123,367	800,526
<b>Cash - End of year</b>	<u>486,862</u>	<u>123,367</u>

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

# Waterloo Education Foundation Inc.

## Notes to Financial Statements

July 31, 2012

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### 1 Purpose of the Foundation

The Foundation is dedicated to enhancing the quality of public education in the Regional Municipality of Waterloo. The Waterloo Education Foundation Inc. ("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

The Foundation utilizes the accrual basis of accounting and has adopted the following policies in the preparation of its accounts.

#### 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.

#### 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 Canadian generally accepted accounting principles, 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.

#### Financial instruments

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following categories: held for trading, held to maturity, available for sale, loans and receivables and other financial liabilities. The following table summarizes information regarding the carrying values of the Foundation's financial instruments:

# Waterloo Education Foundation Inc.

## Notes to Financial Statements

July 31, 2012

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- i) Cash and short-term deposits and investments are classified as “Held for Trading”. They 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) Accounts receivable are classified as “Loans and receivables”. They are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.
- iii) Accounts payable and accrued liabilities are classified as “Financial liabilities”. They are recorded at their 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, 2012 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 Capital disclosures

The Foundation’s capital includes its fund balances.

The Foundation’s capital management objectives are to ensure stability of its capital so as to support continued operations, ensure the Foundation is able to meet its obligations and generate benefit for stakeholders in the community, in line with the purpose of the Foundation.



