

**Waterloo Education  
Foundation Inc.**

**Financial Statements  
July 31, 2018**



November 19, 2018

## **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, 2018 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 revenues, excess of revenues over expenses and cash flows from operations for the years ended July 31, 2018 and July 31, 2017, current and total assets as at July 31, 2018 and July 31, 2017 and fund balances as at the beginning and the end of the years ended July 31, 2018 and July 31, 2017. Our audit opinion on the financial statements for the year ended July 31, 2017 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, 2018 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, 2018**

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	2018 \$	2017 \$
<b>Assets</b>		
Cash	1,054,346	549,401
Short-term investments (note 2)	1,311,855	1,284,621
Accounts receivable (note 3)	36,863	24,341
	<u>2,403,064</u>	<u>1,858,363</u>
<b>Liabilities</b>		
Accounts payable	<u>34,142</u>	<u>96,062</u>
<b>Fund balances</b>		
General - unrestricted	104,579	91,063
Externally restricted	<u>2,264,343</u>	<u>1,671,238</u>
	<u>2,368,922</u>	<u>1,762,301</u>
	<u>2,403,064</u>	<u>1,858,363</u>

**Approved by the Board of Directors**

  
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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, 2018**

	2018			2017		
	General Fund \$	Externally Restricted Funds \$	Total \$	General Fund \$	Externally Restricted Funds \$	Total \$
<b>Revenue</b>						
Donations						
Cash	37,358	1,299,326	1,336,684	14,966	940,616	955,582
In kind	-	12,197	12,197	-	35,037	35,037
Interest	38,298	708	39,006	29,507	546	30,053
	<u>75,656</u>	<u>1,312,231</u>	<u>1,387,887</u>	<u>44,473</u>	<u>976,199</u>	<u>1,020,672</u>
<b>Expenses</b>						
Fundraising and administration	20,890	-	20,890	20,427	-	20,427
Gifts in kind to schools	-	12,197	12,197	-	35,037	35,037
Restricted accounts	-	748,179	748,179	-	845,638	845,638
	<u>20,890</u>	<u>760,376</u>	<u>781,266</u>	<u>20,427</u>	<u>880,675</u>	<u>901,102</u>
<b>Excess of revenue over expenses</b>	54,766	551,855	606,621	24,046	95,524	119,570
<b>Interfund transfers</b>	(41,250)	41,250	-	(39,600)	39,600	-
<b>Fund balances - Beginning of year</b>	91,063	1,671,238	1,762,301	106,617	1,536,114	1,642,731
<b>Fund balances - End of year</b>	<u>104,579</u>	<u>2,264,343</u>	<u>2,368,922</u>	<u>91,063</u>	<u>1,671,238</u>	<u>1,762,301</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, 2018

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	2018	2017
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	606,621	119,570
Net change in working capital	<u>(74,442)</u>	<u>85,571</u>
	532,179	205,141
<b>Investing activities</b>		
Net purchase of short-term investments	<u>(27,234)</u>	<u>(26,670)</u>
<b>Increase in cash</b>	504,945	178,471
<b>Cash - Beginning of year</b>	<u>549,401</u>	<u>370,930</u>
<b>Cash - End of year</b>	<u>1,054,346</u>	<u>549,401</u>

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

# **Waterloo Education Foundation Inc.**

## **Notes to Financial Statements**

**July 31, 2018**

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### **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, 2018

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### 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 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) 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.
- iii) Accounts payable 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, 2018 the carrying value reported in the balance sheet for accounts receivable and accounts payable 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

Included in accounts receivable are government remittances receivable of \$2,583 (2017 - \$3,422) none of which are in arrears.