

Waterloo Education Foundation Inc.

Financial Statements
July 31, 2020



Independent auditor's report

To the Directors of Waterloo Education Foundation Inc.

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Waterloo Education Foundation Inc. (the Entity) as at July 31, 2020 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.

What we have audited

The Entity's financial statements comprise:

the statement of financial position as at July 31, 2020;

the statement of operations and changes in fund balances for the year then ended;

the statement of cash flows for the year then ended; and

the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

In common with many not-for-profit organizations, the Entity derives revenues 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 the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of expenses over revenue (2019 – revenue over expenses) and cash flows used in operating activities for the years ended July 31, 2020 and 2019, assets as at July 31, 2020 and 2019 and fund balances as at the beginning and the end of the years ended July 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended July 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

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



Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
November 17, 2020

Waterloo Education Foundation Inc.

Statement of Financial Position

As at July 31, 2020

	2020 \$	2019 \$
Assets		
Cash	598,250	991,142
Short-term investments (note 2)	1,369,526	1,340,168
Accounts receivable	79,799	17,732
	<u>2,047,575</u>	<u>2,349,042</u>
Liabilities		
Accounts payable	173,170	399,153
Fund balances		
General – unrestricted	128,637	138,817
Externally restricted	1,745,768	1,811,072
	<u>1,874,405</u>	<u>1,949,889</u>
	<u>2,047,575</u>	<u>2,349,042</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, 2020

	2020			2019		
	General Fund \$	Externally Restricted Funds \$	Total \$	General Fund \$	Externally Restricted Funds \$	Total \$
Revenue						
Donations						
Cash	22,426	521,170	543,596	48,085	787,909	835,994
In kind	-	6,239	6,239	-	11,697	11,697
Interest	38,627	717	39,344	46,284	747	47,031
	<u>61,053</u>	<u>528,126</u>	<u>589,179</u>	<u>94,369</u>	<u>800,353</u>	<u>894,722</u>
Expenses						
Fundraising and administration	71,233	-	71,233	24,381	-	24,381
Gifts in kind to schools	-	6,239	6,239	-	11,697	11,697
Restricted accounts	-	587,191	587,191	-	1,277,677	1,277,677
	<u>71,233</u>	<u>593,430</u>	<u>664,663</u>	<u>24,381</u>	<u>1,289,374</u>	<u>1,313,755</u>
Excess of (expenses over revenue) revenue over expenses	(10,180)	(65,304)	(75,484)	69,988	(489,021)	(419,033)
Interfund transfers	-	-	-	(35,750)	35,750	-
Fund balances – Beginning of year	<u>138,817</u>	<u>1,811,072</u>	<u>1,949,889</u>	<u>104,579</u>	<u>2,264,343</u>	<u>2,368,922</u>
Fund balances – End of year	<u>128,637</u>	<u>1,745,768</u>	<u>1,874,405</u>	<u>138,817</u>	<u>1,811,072</u>	<u>1,949,889</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, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue	(75,484)	(419,033)
Net change in working capital	(288,050)	384,142
	(363,534)	(34,891)
Investing activities		
Net purchase of short-term investments	(29,358)	(28,313)
Decrease in cash during the year	(392,892)	(63,204)
Cash – Beginning of year	991,142	1,054,346
Cash – End of year	598,250	991,142

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

Waterloo Education Foundation Inc.

Notes to Financial Statements

July 31, 2020

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 (Canada). As a result of its registered charity status, the Foundation is exempt from income tax and is able to issue donation receipts for income tax purposes.

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.

Interest income is recognized on the accrual basis.

Short-term investments

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

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost.

Waterloo Education Foundation Inc.

Notes to Financial Statements

July 31, 2020

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.

3 Risk management

Credit and market risk

Short-term investments consist of guaranteed investment certificates held with a reputable credit union and such does not have significant exposure to market or credit risk.

Currency risk

The Foundation's investments are denominated in Canadian dollars.

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Foundation's cash flows, financial position and income. The Foundation manages the interest rate price risk exposure by holding investments with varying terms to maturity

4 Significant event

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected the economy throughout Canada and the world. On March 12, 2020, the Ontario government ordered the closure of all public schools. The outbreak may cause delays or reductions in foundation donations, which may negatively impact the business, financial condition or results of operations of the Foundation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

