

**Waterloo Education
Foundation Inc.**

Financial Statements
July 31, 2019



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, 2019 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, 2019;
- 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 net income (loss) and cash provided by (used in) operating activities for the years ended July 31, 2019 and 2018, assets as at July 31, 2019 and 2018 and fund balances as at the beginning and the end of the years ended July 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended July 31, 2018 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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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
April 15, 2020

Waterloo Education Foundation Inc.

Statement of Financial Position

As at July 31, 2019

	2019 \$	2018 \$
Assets		
Cash	991,142	1,054,346
Short-term investments (note 2)	1,340,168	1,311,855
Accounts receivable (note 3)	17,732	36,863
	<u>2,349,042</u>	<u>2,403,064</u>
Liabilities		
Accounts payable	<u>399,153</u>	<u>34,142</u>
Fund balances		
General – unrestricted	138,817	104,579
Externally restricted	<u>1,811,072</u>	<u>2,264,343</u>
	<u>1,949,889</u>	<u>2,368,922</u>
	<u>2,349,042</u>	<u>2,403,064</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, 2019

	2019			2018		
	General Fund \$	Externally Restricted Funds \$	Total \$	General Fund \$	Externally Restricted Funds \$	Total \$
Revenue						
Donations						
Cash	48,085	787,909	835,994	37,358	1,299,326	1,336,684
In kind	-	11,697	11,697	-	12,197	12,197
Interest	46,284	747	47,031	38,298	708	39,006
	<u>94,369</u>	<u>800,353</u>	<u>894,722</u>	<u>75,656</u>	<u>1,312,231</u>	<u>1,387,887</u>
Expenses						
Fundraising and administration	24,381	-	24,381	20,890	-	20,890
Gifts in kind to schools	-	11,697	11,697	-	12,197	12,197
Restricted accounts	-	1,277,677	1,277,677	-	748,179	748,179
	<u>24,381</u>	<u>1,289,374</u>	<u>1,313,755</u>	<u>20,890</u>	<u>760,376</u>	<u>781,266</u>
Excess of (expenses over revenue) revenue over expenses	69,988	(489,021)	(419,033)	54,766	551,855	606,621
Interfund transfers	(35,750)	35,750	-	(41,250)	41,250	-
Fund balances – Beginning of year	<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>
Fund balances – End 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>

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, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Excess of (expenses over revenue) revenue over expenses	(419,033)	606,621
Net change in working capital	384,142	(74,442)
	(34,891)	532,179
Investing activities		
Net purchase of short-term investments	(28,313)	(27,234)
(Decrease) increase in cash during the year	(63,204)	504,945
Cash – Beginning of year	1,054,346	549,401
Cash – End of year	991,142	1,054,346

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

Waterloo Education Foundation Inc.

Notes to Financial Statements

July 31, 2019

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).

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, 2019

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, 2019 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 \$811 (2018 – \$2,583) none of which are in arrears.

4 Subsequent events

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. At this time, it is unknown when schools will be reopened. The outbreak may also 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.