



Financial Statements

Education Foundation of Niagara

August 31, 2019

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# Independent Auditor's Report

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**Grant Thornton LLP**  
80 King Street  
Suite 200  
St. Catharines, ON  
L2R 7G1

T +1 905 682 8363  
F +1 905 682 2191  
www.GrantThornton.ca

To the Directors of  
Education Foundation of Niagara

## Opinion

We have audited the financial statements of Education Foundation of Niagara, which comprise the statement of financial position as at August 31, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Education Foundation of Niagara as at August 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.

## Basis for opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2019 and 2018, current assets as at August 31, 2019 and 2018, and net assets as at September 1 and August 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended August 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 are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's Report (continued)

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

*Grant Thornton LLP*

St. Catharines, Canada  
November 20, 2019

Chartered Professional Accountants  
Licensed Public Accountants

# Education Foundation of Niagara

## Statement of Operations

Year ended August 31	2019	2018
<b>Revenues</b>		
Donations and grants	\$ 266,080	\$ 287,757
Events (Schedule 1)	102,256	96,680
DSBN grant	70,000	70,000
Student financial need fund	62,319	62,680
Interest income	3,467	3,143
	<u>504,122</u>	<u>520,260</u>
<b>Expenditures</b>		
Salaries and related benefits	149,615	151,898
Events (Schedule 1)	42,638	36,694
Advertising and promotion	27,905	2,834
Office and general	18,321	12,217
Professional fees	10,247	9,158
Student financial need fund campaign	810	-
Insurance	2,910	3,095
	<u>252,446</u>	<u>215,896</u>
Excess of revenues over expenditures before program expenses	<u>251,676</u>	<u>304,364</u>
<b>Program expenses</b>		
Program grants (Note 3)	145,025	132,720
Student financial need fund	51,246	60,215
Crowdfunding	3,329	8,169
Student awards	54,150	81,085
	<u>253,750</u>	<u>282,189</u>
(Deficiency) excess of revenues over expenditures	<u>\$ (2,074)</u>	<u>\$ 22,175</u>

## Education Foundation of Niagara Statement of Changes in Net Assets

Year ended August 31

	Edward Mirynech Endowment Fund (Note 5)	Niagara Community Foundation Endowment Funds (Note 6)	Student Financial Need Fund	Operating Reserve Fund	Unrestricted Net Assets (Deficiency)	Total 2019	Total 2018
Balance, beginning of year	\$ 85,784	\$ 495,395	\$ 57,573	\$ 46,000	\$ (31,876)	\$ 652,876	\$ 632,993
(Deficiency) excess of revenues over expenditures	-	-	10,264	-	(12,338)	(2,074)	22,175
Interfund transfers	-	9,995	-	-	(9,995)	-	-
Endowment investment income	1,873	6,181	-	-	-	8,054	708
Endowment disbursements	(3,000)	(14,934)	-	-	-	(17,934)	(3,000)
Balance, end of year	<u>\$ 84,657</u>	<u>\$ 496,637</u>	<u>\$ 67,837</u>	<u>\$ 46,000</u>	<u>\$ (54,209)</u>	<u>\$ 640,922</u>	<u>\$ 652,876</u>

See accompanying notes and schedule to the financial statements.

# Education Foundation of Niagara

## Statement of Financial Position

August 31

2019

2018

### Assets

#### Current

Cash	\$ 181,319	\$ 132,282
Accounts receivable	160	52,499
Prepaid expenses	100	100
HST receivable	<u>15,627</u>	<u>13,605</u>
	<u>197,206</u>	<u>198,486</u>

#### Restricted investments for endowment funds

Edward Miryneck endowment fund	84,657	85,784
Beneficial interest in assets held by the Niagara Community Foundation	<u>496,637</u>	<u>495,395</u>
	<u>581,294</u>	<u>581,179</u>
	<u>\$ 778,500</u>	<u>\$ 779,665</u>

### Liabilities


#### Current

Accounts payable and accrued liabilities	\$ 8,019	\$ 9,740
Deferred contributions (Note 4)	<u>129,559</u>	<u>117,049</u>
	<u>137,578</u>	<u>126,789</u>

### Net Assets

Edward Miryneck endowment fund (Note 5)	84,657	85,784
Niagara Community Foundation endowment funds (Note 6)	496,637	495,395
Student financial need fund	67,837	57,573
Operating reserve fund	46,000	46,000
Unrestricted net deficiency	<u>(54,209)</u>	<u>(31,876)</u>
	<u>640,922</u>	<u>652,876</u>
	<u>\$ 778,500</u>	<u>\$ 779,665</u>

On behalf of the board



Director



Director

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# Education Foundation of Niagara

## Statement of Cash Flows

Year ended August 31

2019

2018

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Increase (decrease) in cash

### Operating

(Deficiency) excess of revenues over expenditures	\$ (2,074)	\$ 22,175
Change in non-cash working capital items		
Accounts receivable	52,339	(9,879)
HST receivable	(2,022)	(6,330)
Accounts payable and accrued liabilities	(1,721)	2,201
Deferred contributions	<u>12,510</u>	<u>41,520</u>
	59,032	49,687

### Investing

Invested for endowment fund purposes	<u>(9,995)</u>	<u>(35,800)</u>
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Increase in cash	49,037	13,887
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### Cash

Beginning of year	<u>132,282</u>	<u>118,395</u>
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End of year	<u>\$ 181,319</u>	<u>\$ 132,282</u>
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# Education Foundation of Niagara

## Notes to the Financial Statements

August 31, 2019

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### 1. Nature of operations

The Education Foundation of Niagara ("the Foundation") is incorporated under the laws of Ontario. The Foundation is exempt from income tax under the Income Tax Act.

The Foundation supports DSNB students by engaging the community to provide needed funds and resources where government funding is not available. Through donors, the Foundation:

- provides support to students in financial need for basic necessities and extra-curricular activities;
- provides annual student awards and bursaries;
- supports progressive programs and services in our schools that enrich students' educational experiences;
- provides innovative community initiatives, and;
- manages designated gifts in accordance with donor specifications.

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### 2. Significant accounting policies

The Foundation applies the Canadian accounting standards for not-for-profit enterprises.

#### Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value.

The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, HST receivable, and accounts payable and accrued liabilities.

Restricted investments for endowment funds are measured at fair value.

#### Fund accounting

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

The endowment funds report resources contributed for endowment purposes.

The student financial need fund reports amounts for which the use is restricted by donors to provide relief for immediate student necessities.

The operating reserve fund reports amounts for which the use is internally restricted by the board.

The unrestricted fund recognizes all other contributions and expenses for service delivery and administration.

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# Education Foundation of Niagara

## Notes to the Financial Statements

August 31, 2019

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### 2. Significant accounting policies (continued)

#### Revenue recognition

Endowment fund contributions are recognized as a direct increase in net assets. Restricted investment income is retained in the endowment fund until expended on programs allowed under the terms of the endowment.

Contributions to externally restricted funds are recognized as revenue in the period received or receivable if the receivable can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized in the unrestricted fund as they are received or receivable if the receivable can be reasonably estimated and collection is reasonably assured. Externally restricted contributions for which there is no fund are deferred and recognized as revenue in the unrestricted fund in the period the related expenditures are incurred.

#### Contributed material and services

Donated investments are recorded in the financial statements at fair value on the date of donation. Donated materials and services are recorded where the fair market value is readily determinable. The value of volunteer time is not recognized in the financial statements due to the difficulty in estimating the benefit obtained.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenues over expenditures as appropriate in the year they become known.

There are no items subject to significant management estimates.

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# Education Foundation of Niagara

## Notes to the Financial Statements

August 31, 2019

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### 3. Program grants expenses

Program grant expenditures are funded through a combination of cash and in-kind donations which are reflected as revenue under the heading of "donations and grants". The \$145,025 of expenditures (2018 - \$132,720) is comprised of \$105,157 cash expenditures (2018 - \$67,123) and \$39,868 (2018 - \$65,597) related to the recognized in-kind donations.

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### 4. Deferred contributions

Contributions received for specific purposes with no related restricted fund are deferred in the unrestricted fund and recognized as revenue in the year the related expenditures are incurred.

	<u>2019</u>	<u>2018</u>
Balance beginning of year	\$ 117,049	\$ 75,528
Amounts received in the year	50,178	83,573
Amounts recognized as revenue in the year	<u>(37,668)</u>	<u>(42,052)</u>
	<u>\$ 129,559</u>	<u>\$ 117,049</u>

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### 5. Edward Mirynech endowment fund

The Edward Mirynech Endowment Fund is subject to an externally imposed restriction stipulating that the investment income earned be used to provide a grant of \$2,000 per year to support Connaught Public School and up to \$1,000 per year depending on the investment income earned by the fund be paid as a bursary to a graduate from Connaught Public School planning to attend Niagara College or Brock University. Expenditures are charged directly to the fund.

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# Education Foundation of Niagara

## Notes to the Financial Statements

August 31, 2019

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### 6. Niagara Community Foundation endowment funds

The Foundation established the following endowment funds, which are held by the Niagara Community Foundation, in which the Foundation has a beneficial interest.

These funds consist of amounts contributed by the Foundation, contributions by third parties directly to these funds and earnings thereon net of investment fees. Distributions of income earned from beneficial interest are received based on the spending policy adopted by the board of directors of the Niagara Community Foundation. The beneficial interest in assets held by the Niagara Community Foundation are accounted for in accordance with the requirements for financial instruments.

The Carol Leppert Music Fund - Steele St. Public School is subject to an externally imposed restriction stipulating that the funds be used to support the music program at Steele St. Public School. Investment income from these funds is to be distributed to the Foundation on an annual basis and is restricted.

The Carol Leppert Music Fund - Winger Public School is subject to an externally imposed restriction stipulating that the funds be used to support the music program at Winger Public School. Investment income from these funds is to be distributed to the Foundation on an annual basis and is restricted.

The Education Foundation of Niagara Poverty and Emergency Relief Fund is subject to a restriction that the funds be held in perpetuity and that the distributable investment income from these funds be distributed to the Foundation on an annual basis in support of programs for poverty and emergency relief for students and their families.

The Education Foundation of Niagara Fund is subject to a restriction that the funds be held in perpetuity and that the distributable investment income from these funds be distributed to the Foundation on an annual basis.

The Education Foundation of Niagara Fund for DSBN Students is subject to a restriction that the funds be held in perpetuity and that the distributable investment income from these funds be distributed to a qualified student in the form of a bursary. Investment income from these funds is to be distributed to the Foundation on an annual basis and is restricted.

The Education Foundation of Niagara Fund for DSBN Academy Students is subject to a restriction that the funds be held in perpetuity and that the distributable investment income from these funds be distributed to a qualified DSBN Academy student in the form of a bursary. Investment income from these funds is to be distributed to the Foundation on an annual basis and is restricted.

The Education Foundation of Niagara Medical Needs Fund is subject to a restriction that the funds be used to support the medical needs that arise in relation to DSBN students. Investment income from these funds is to be distributed to the Foundation on an annual basis and is restricted.

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# Education Foundation of Niagara

## Notes to the Financial Statements

August 31, 2019

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### 6. Niagara Community Foundation endowment funds (continued)

The balances of the previously noted funds are as follows:

	<u>2019</u>	<u>2018</u>
Carol Leppert Music Fund - Steele St. Public School	\$ 194,226	\$ 198,003
Carol Leppert Music Fund - Winger Public School	194,226	198,003
Education Foundation of Niagara Poverty and Emergency Relief Fund	11,124	11,336
Education Foundation of Niagara Fund	11,063	11,273
Education Foundation of Niagara Fund for DSBN Students	37,790	32,190
Education Foundation of Niagara Fund for DSBN Academy Students	42,448	38,826
Education Foundation of Niagara Medical Needs Fund	<u>5,760</u>	<u>5,764</u>
	<u>\$ 496,637</u>	<u>\$ 495,395</u>

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### 7. Financial instruments

#### Risks and concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at the balance sheet date, August 31, 2019.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to other price risk.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk primarily through its holdings of marketable securities held in its restricted investments for endowment funds.

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# Education Foundation of Niagara

## Schedule to the Financial Statements

Year ended August 31

Events	Schedule 1	
	2019	2018
Revenue		
Golf Classic	\$ 54,865	\$ 47,625
Trivia	14,739	18,912
Third party events	24,182	19,624
Prom Project Niagara	7,100	7,005
Planned giving	1,370	2,374
Online events	-	1,140
	<u>102,256</u>	<u>96,680</u>
Expenditures		
Golf Classic	29,823	19,717
Trivia	457	603
Third party events	8,956	12,146
Prom Project Niagara	1,698	1,456
Planned giving	1,704	2,392
Online events	-	380
	<u>42,638</u>	<u>36,694</u>
Excess of revenues over expenditures	<u>\$ 59,618</u>	<u>\$ 59,986</u>