



Financial Statements

Education Foundation of Niagara

August 31, 2015

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Independent Auditor's Report

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To the Directors of
Education Foundation of Niagara

We have audited the accompanying financial statements of Education Foundation of Niagara, which comprise the statement of financial position as at August 31, 2015, and the statements of operations, changes in net assets, and cash flows for the year then ended, and 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 audits 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 Foundation'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 Foundation'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.

Independent Auditor's Report (continued)

Basis for qualified opinion

In common with many not-for-profit organizations, Education Foundation of Niagara derives a material amount of revenue from donations and fundraising activities the completeness of which are not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Education Foundation of Niagara. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenditures and cash flows from operations for the year ended August 31, 2015 and 2014, assets as at August 31, 2015 and 2014 and net assets as September 1, 2013 and August 31, 2014 and 2015. Our audit opinion on the financial statements for the period ended August 31, 2014 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 the Foundation as at August 31, 2015 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.

St. Catharines, Canada
November 25, 2015



Chartered Professional Accountants
Licensed Public Accountants

Education Foundation of Niagara Statement of Operations

Year ended August 31	2015	2014
Revenues		
Donations and grants	\$ 124,410	\$ 115,289
Events and promotions (Schedule 1)	100,255	110,242
DSBN grant	70,000	70,000
Student financial need fund (Schedule 2)	48,148	40,413
Interest income	2,525	2,437
Advertising sponsorship	-	600
	345,338	338,981
Expenditures		
Salaries and related benefits	103,427	83,218
Events and promotions (Schedule 1)	36,478	49,234
Advertising and promotion	5,009	5,289
Office and general	16,172	5,449
Professional fees	7,998	5,686
Student financial need fund (Schedule 2)	1,110	763
Insurance	2,615	2,528
	172,809	152,167
Excess of revenues over expenditures before program expenses	172,529	186,814
Program expenses		
Program grants	123,152	118,220
Student financial need fund (Schedule 2)	38,953	26,267
Student awards	3,800	3,800
Woodend Legacy Camp	-	24,000
	165,905	172,287
Excess of revenues over expenditures	\$ 6,624	\$ 14,527

Education Foundation of Niagara Statement of Changes in Net Assets

Year ended August 31

	Edward Mirynech Endowment Fund	Niagara Community Foundation Endowment Funds	Student Financial Need Fund	Special Project Fund	Unrestricted Net Assets	Total 2015	Total 2014
Balance, beginning of year	\$ 81,890	\$ 385,635	\$ 51,559	\$ 46,000	\$ 25,561	\$ 590,645	\$ 544,000
Excess (deficiency) of revenues over expenditures	-	-	8,085	-	(1,461)	6,624	14,527
Interfund transfers	-	4,000	-	-	(4,000)	-	-
Endowment investment income	4,151	26,861	-	-	-	31,012	35,118
Endowment disbursements	(1,000)	-	-	-	-	(1,000)	(3,000)
Balance, end of year	<u>\$ 85,041</u>	<u>\$ 416,496</u>	<u>\$ 59,644</u>	<u>\$ 46,000</u>	<u>\$ 20,100</u>	<u>\$ 627,281</u>	<u>\$ 590,645</u>

See accompanying notes and schedule to the financial statements.

Education Foundation of Niagara Statement of Financial Position

August 31	2015	2014
Assets		
Current		
Cash	\$ 115,149	\$ 92,378
Accounts receivable	37,556	40,512
Prepaid expenses	100	100
HST receivable	<u>5,234</u>	<u>13,374</u>
	158,039	146,364
Restricted investments for endowment funds		
Edward Mirynech endowment fund	85,041	81,890
Beneficial interest in assets held by the Niagara Community Foundation	<u>416,496</u>	<u>385,636</u>
	501,537	467,526
	\$ 659,576	\$ 613,890
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 5,099	\$ 4,501
Deferred contributions (Note 5)	<u>27,196</u>	<u>18,744</u>
	32,295	23,245
Net Assets		
Edward Mirynech endowment fund	85,041	81,890
Niagara Community Foundation endowment funds	416,496	389,635
Student financial need fund	59,644	51,559
Special project fund	46,000	42,000
Unrestricted net assets	<u>20,100</u>	<u>25,561</u>
	627,281	590,645
	\$ 659,576	\$ 613,890

On behalf of the board

 Director

 Director

Education Foundation of Niagara Statement of Cash Flows

Year ended August 31	2015	2014
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenditures	\$ 6,624	\$ 14,527
Change in non-cash working capital items		
Accounts receivable	2,956	(40,512)
Prepaid expenses	-	500
HST receivable	8,140	(8,180)
Accounts payable and accrued liabilities	599	(4,738)
Deferred contributions	8,452	11,615
Government remittances payable	<u>-</u>	<u>(3,528)</u>
	26,771	(30,316)
Investing		
Invested for endowment fund purposes	<u>(4,000)</u>	<u>(4,000)</u>
Increase (decrease) in cash	22,771	(34,316)
Cash		
Beginning of year	<u>92,378</u>	<u>126,694</u>
End of year	<u>\$ 115,149</u>	<u>\$ 92,378</u>

Education Foundation of Niagara

Notes to the Financial Statements

August 31, 2015

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 Education Foundation of Niagara supports DSBN 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.
-

2. Significant accounting policies

The Foundation follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

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, 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 student financial need fund reports amounts for which the use is restricted by donors.

The endowment funds report resources contributed for endowment purposes.

The special project 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.

Education Foundation of Niagara

Notes to the Financial Statements

August 31, 2015

2. Significant accounting policies (continued)

Revenue recognition

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

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.

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 recognized 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.

Cash and cash equivalents

The Foundation's policy is to present bank balances under cash and cash equivalents.

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.

3. Prom Project Niagara

Prom Project Niagara provides Niagara students with formal wear and accessories free of charge to enable them to proudly attend their formal, prom and graduation ceremonies. The project is funded through sponsorships which are reflected as revenue under the heading of "donations and grants".

Education Foundation of Niagara

Notes to the Financial Statements

August 31, 2015

4. Program grants

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 \$97,555 of expenditures (2014 - \$98,399) is comprised of \$70,518 cash expenditures (2014 - \$68,499) and \$27,037 (2014 - \$29,900) related to the recognized in-kind donations.

5. Deferred contributions

Contributions received for specific purposes in the unrestricted fund are deferred and recognized as revenue in the year the related expenditures are incurred.

	<u>2015</u>	<u>2014</u>
Balance beginning of year	\$ 18,744	\$ 7,129
Amounts received in the year	27,196	18,744
Amounts recognized as revenue in the year	<u>(18,744)</u>	<u>(7,129)</u>
	<u>\$ 27,196</u>	<u>\$ 18,744</u>

6. 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.

Education Foundation of Niagara Notes to the Financial Statements

August 31, 2015

7. 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 funds contributed by the Foundation, contributions by third parties directly to these funds and include earnings thereon net of distributions received. 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.

	<u>2015</u>	<u>2014</u>
Carol Leppert Music Fund - Steele St. Public School	\$ 196,994	\$ 183,393
Carol Leppert Music Fund - Winger Public School	196,994	183,393
Education Foundation of Niagara Poverty and Emergency Relief Fund	11,254	8,925
Education Foundation of Niagara Fund	<u>11,254</u>	<u>8,925</u>
	<u>\$ 416,496</u>	<u>\$ 384,636</u>

Education Foundation of Niagara

Notes to the Financial Statements

August 31, 2015

8. 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, 2015.

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.

Education Foundation of Niagara Schedule to the Financial Statements

Year ended August 31

Events and promotions	Schedule 1	
	2015	2014
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Revenue		
Golf Classic	\$ 48,140	\$ 48,532
Road Race	20,008	21,225
Trivia	13,165	10,162
Prom Project Niagara	3,500	11,024
Third party events	15,442	-
Gala	-	19,299
	100,255	110,242
Expenditures		
Golf Classic	20,597	20,920
Road Race	14,876	15,012
Trivia	267	539
Prom Project Niagara	738	2,601
Gala	-	10,162
	36,478	49,234
Excess of revenues over expenditures	\$ 63,777	\$ 61,008
