



Grant Thornton

Financial Statements

Education Foundation of Niagara

August 31, 2016

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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, 2016, 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, 2016 and 2015, assets as at August 31, 2016 and 2015 and net assets as September 1, 2014 and August 31, 2015 and 2016. Our audit opinion on the financial statements for the period ended August 31, 2015 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, 2016 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 30, 2016

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

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## Education Foundation of Niagara Statement of Operations

Year ended August 31	2016	2015
Revenues		
Donations and grants	\$ 189,725	\$ 124,410
Events and promotions (Schedule 1)	106,779	100,255
DSBN grant	70,000	70,000
Student financial need fund	43,935	48,148
Interest income	<u>1,700</u>	<u>2,525</u>
	<u>412,139</u>	<u>345,338</u>
Expenditures		
Salaries and related benefits	151,948	103,427
Events and promotions (Schedule 1)	41,397	36,478
Advertising and promotion	3,451	5,009
Office and general	17,841	16,172
Professional fees	8,975	7,998
Student financial need fund	1,317	1,110
Insurance	<u>2,814</u>	<u>2,615</u>
	<u>227,743</u>	<u>172,809</u>
Excess of revenues over expenditures before program expenses	<u>184,396</u>	<u>172,529</u>
Program expenses		
Program grants	161,563	123,152
Student financial need fund	47,743	38,953
Student awards	<u>3,278</u>	<u>3,800</u>
	<u>212,584</u>	<u>165,905</u>
(Deficiency) excess of revenues over expenditures	<u>\$ (28,188)</u>	<u>\$ 6,624</u>

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## 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	Operating Reserve Fund	Unrestricted Net Assets (Deficiency)	Total 2016	Total 2015
Balance, beginning of year	\$ 85,041	\$ 416,496	\$ 59,644	\$ 46,000	\$ 20,100	\$ 627,281	\$ 590,645
(Deficiency) excess of revenues over expenditures	-	-	(5,125)	-	(23,063)	(28,188)	6,624
Endowment contributions	-	27,000	(10,000)	-	(17,000)	-	-
Endowment investment income	4,351	2,601	-	-	-	6,952	31,012
Endowment disbursements	(5,000)	-	-	-	-	(5,000)	(1,000)
Balance, end of year	<u>\$ 84,392</u>	<u>\$ 446,097</u>	<u>\$ 44,519</u>	<u>\$ 46,000</u>	<u>\$ (19,963)</u>	<u>\$ 601,045</u>	<u>\$ 627,281</u>

See accompanying notes and schedule to the financial statements.

# Education Foundation of Niagara Statement of Financial Position

August 31

2016

2015

## Assets

### Current

Cash	\$ 94,134	\$ 115,149
Accounts receivable	44,628	37,556
Prepaid expenses	100	100
HST receivable	7,601	5,234

146,463                      158,039

### Restricted investments for endowment funds

Edward Mirynech endowment fund	84,392	85,041
Beneficial interest in assets held by the Niagara Community Foundation	446,097	416,496

530,489                      501,537

\$ 676,952                      \$ 659,576

## Liabilities

### Current

Accounts payable and accrued liabilities	\$ 4,438	\$ 5,099
Deferred contributions (Note 5)	71,469	27,196

75,907                      32,295

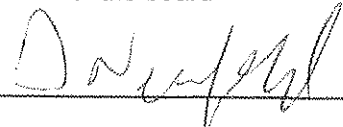
## Net Assets


Edward Mirynech endowment fund	84,392	85,041
Niagara Community Foundation endowment funds	446,097	416,496
Student financial need fund	44,519	59,644
Operating reserve fund	46,000	46,000
Unrestricted net deficiency	(19,963)	20,100

601,045                      627,281

\$ 676,952                      \$ 659,576

On behalf of the board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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## Education Foundation of Niagara Statement of Cash Flows

Year ended August 31	2016	2015
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
(Deficiency) excess of revenues over expenditures	\$ (28,188)	\$ 6,624
Change in non-cash working capital items		
Accounts receivable	(7,072)	2,956
HST receivable	(2,367)	8,140
Accounts payable and accrued liabilities	(661)	599
Deferred contributions	<u>44,273</u>	<u>8,452</u>
	5,985	26,771
<b>Investing</b>		
Invested for endowment fund purposes	<u>(27,000)</u>	<u>(4,000)</u>
(Decrease) increase in cash	(21,015)	22,771
<b>Cash</b>		
Beginning of year	<u>115,149</u>	<u>92,378</u>
End of year	<u>\$ 94,134</u>	<u>\$ 115,149</u>

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# Education Foundation of Niagara

## Notes to the Financial Statements

August 31, 2016

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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 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 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, 2016

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### 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.

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### 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".

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# Education Foundation of Niagara

## Notes to the Financial Statements

August 31, 2016

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#### 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 \$123,724 of expenditures (2015 - \$97,555) is comprised of \$89,811 cash expenditures (2015 - \$70,518) and \$33,913 (2015 - \$27,037) related to the recognized in-kind donations.

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#### 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>2016</u>	<u>2015</u>
Balance beginning of year	\$ 27,196	\$ 18,744
Amounts received in the year	69,868	27,196
Amounts recognized as revenue in the year	<u>(25,596)</u>	<u>(18,744)</u>
	<u>\$ 71,468</u>	<u>\$ 27,196</u>

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#### 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. In the current year an additional \$2,000 was provided to support Connaught Public School.

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## Education Foundation of Niagara Notes to the Financial Statements

August 31, 2016

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### 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.

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.

	<u>2016</u>	<u>2015</u>
Carol Leppert Music Fund - Steele St. Public School	\$ 197,938	\$ 196,994
Carol Leppert Music Fund - Winger Public School	197,938	196,994
Education Foundation of Niagara Poverty and Emergency Relief Fund	11,333	11,254
Education Foundation of Niagara Fund	11,288	11,254
Education Foundation of Niagara Fund for DSBN Students	15,273	-
Education Foundation of Niagara Fund for DSBN Academy Students	12,327	-
	<u>\$ 446,097</u>	<u>\$ 416,496</u>

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# Education Foundation of Niagara

## Notes to the Financial Statements

August 31, 2016

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### 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, 2016.

#### 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

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Events and promotions	Schedule 1	
	2016	2015
Revenue		
Golf Classic	\$ 55,715	\$ 48,140
Road Race	18,055	20,008
Trivia	15,710	13,165
Prom Project Niagara	5,120	3,500
Third party events	<u>12,179</u>	<u>15,442</u>
	<u>106,779</u>	<u>100,255</u>
Expenditures		
Golf Classic	25,539	20,597
Road Race	13,846	14,876
Trivia	615	267
Prom Project Niagara	<u>1,397</u>	<u>738</u>
	<u>41,397</u>	<u>36,478</u>
Excess of revenues over expenditures	<u>\$ 65,382</u>	<u>\$ 63,777</u>

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