

HALTON LEARNING FOUNDATION
FINANCIAL STATEMENTS
AUGUST 31, 2020



**MELISSA L.
COULSON**
CPA, CA, LPA



HALTON LEARNING FOUNDATION

AUGUST 31, 2020

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Independent Auditor's Report

**To the Board of Directors of:
Halton Learning Foundation**

Qualified Opinion

I have audited the accompanying financial statements of Halton Learning Foundation, which comprise of the balance sheet as of August 31, 2020, and the statement of operations and changes in fund balance and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financials statements present fairly, in all material respects the financial position of the organization as at August 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Halton Learning Foundation derives revenue from events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to revenue, excess (shortfall) of revenue over expenditures, assets and net fund balances.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 organization'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 organization or to cease operations,

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



Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 organization'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 organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.



Melissa L. Coulson, CPA, CA
A Professional Corporation
Licensed Public Accountant

December 9, 2020
Milton, Ontario



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Halton Learning Foundation

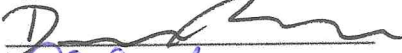

STATEMENT OF FINANCIAL POSITION

As at August 31

	General Fund	Capital Fund	Endowment Fund	Restricted Fund	2020 \$	2019 \$
ASSETS						
Current						
Cash	178,930	-	80,512	542,750	802,192	663,621
Accounts receivable	9,949	-	-	-	9,949	80
Harmonized sales tax receivable	9,242	-	-	-	9,242	8,156
Prepaid expenses	14,629	-	-	9,800	24,429	46,588
Total current assets	212,750	-	80,512	552,550	845,812	718,445
Investments (note 4)	-	-	158,953	511,922	670,875	633,077
Cash surrender value of life insurance	78,698	-	-	-	78,698	74,312
Capital assets (note 3)	-	982	-	-	982	1,169
	291,448	982	239,465	1,064,472	1,596,367	1,427,003
LIABILITIES & FUND BALANCES						
Current						
Accounts payable and accrued liabilities	7,460	-	-	13,517	20,977	98,836
Deferred revenue	-	-	-	-	-	15,330
Total current liabilities	7,460	-	-	13,517	20,977	114,166
Fund balances						
Invested in capital assets	-	982	-	-	982	1,169
Unrestricted	283,988	-	-	-	283,988	242,105
Internally restricted	-	-	239,465	1,050,955	1,290,420	1,069,563
Total fund balances	283,988	982	239,465	1,050,955	1,575,390	1,312,837
	291,448	982	239,465	1,064,472	1,596,367	1,427,003

The accompanying notes are an integral part of these financial statements

Approved on Behalf of the Board

Director

Director

Halton Learning Foundation

**STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCES**

Year ended August 31

	General Fund	Capital Fund	Endowment Fund	Restricted Fund	2020 \$	2019 \$
REVENUE						
Donations	523,819	-	-	493,690	1,017,509	962,246
Registrations, fees and admissions	76,250	-	-	-	76,250	82,135
Investment income	5,536	-	10,292	34,488	50,316	48,444
Fundraising	18,730	-	-	-	18,730	15,860
	624,335	-	10,292	528,178	1,162,805	1,108,685
PROGRAM COSTS						
School equipment, events and programs	-	-	-	389,147	389,147	463,688
Management fees, salaries and benefits	197,376	-	-	-	197,376	181,304
Scholarships, awards and partnerships	-	-	4,578	86,375	90,953	87,057
Event supplies	26,203	-	-	-	26,203	25,346
Gift in kind expense	10,083	-	-	-	10,083	3,544
	233,662	-	4,578	475,522	713,762	760,939
ADMINISTRATIVE COSTS						
Salaries and benefits	108,443	-	-	-	108,443	120,870
Office and sundry	27,635	-	-	-	27,635	10,670
Computer maintenance and software	21,655	-	-	-	21,655	21,226
Advertising	8,550	-	-	-	8,550	9,701
Professional fees	7,712	-	-	-	7,712	8,522
Bank fees	3,552	-	-	3,265	6,817	5,051
Insurance	2,705	-	-	-	2,705	2,469
Travel	2,354	-	-	-	2,354	3,503
Professional development	2,194	-	-	-	2,194	5,308
Meetings	2,167	-	-	-	2,167	3,458
Amortization	-	644	-	-	644	594
Life insurance premiums (note 2)	(4,386)	-	-	-	(4,386)	763
	182,581	644	-	3,265	186,490	192,135
Excess (shortfall) of revenue over expenses	208,092	(644)	5,714	49,391	262,553	155,611
Fund balance, beginning of year	242,105	1,169	232,751	836,812	1,312,837	1,157,226
Interfund transfers (note 2)	(166,209)	457	1,000	164,752	-	-
Fund balance, end of year	283,988	982	239,465	1,050,955	1,575,390	1,312,837

The accompanying notes are an integral part of these financial statements

Halton Learning Foundation

STATEMENT OF CASH FLOWS

Year ended August 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	262,553	155,611
Items not affecting cash:		
Amortization	644	763
Cash surrender value of life insurance	(4,386)	594
Changes in non-cash working capital items <i>(note 8)</i>	(81,985)	33,862
Cash provided by operating activities	176,826	190,830
INVESTING ACTIVITIES		
Purchase of capital assets	(457)	-
Purchase of investments	(37,798)	(156,912)
Cash used in investing activities	(38,255)	(156,912)
Net change in cash	138,571	33,918
Cash, beginning of year	663,621	629,703
Cash, end of year	802,192	663,621

The accompanying notes are an integral part of these financial statements

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

1. DESCRIPTION OF THE ORGANIZATION

Halton Learning Foundation (the "Foundation") was set up to acquire and allocate resources to enrich educational opportunities and eliminate economic barriers to learning for Halton District School Board students. The foundation is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario. The Foundation obtained status as a Registered Charity effective September 1, 2004.

The Foundation is classified as a non-profit organization under the Income Tax Act (Canada) and as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Fund accounting

The Foundation follows the restricted method of accounting for contributions.

(i) General Fund

The revenue and expenses related to the administration of the foundation and the collection of unrestricted donations and fundraising activities are reported in the General Fund.

During the year, the board approved a transfer of \$164,752 from the general fund to the restricted fund (2019 - \$95,990) and a transfer of \$457 (2019 - \$nil) to the capital fund.

(ii) Restricted Fund

The Restricted Fund reports amounts for which the use is restricted internally or externally by the Foundation or its donors.

During the year, the board approved a transfer of \$164,752 to the restricted fund from the general fund (2019 - \$95,990) and a transfer of \$1,000 from the restricted fund to the endowment fund.

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

(iii) Endowment Fund

The Endowment fund reports amounts for which the principal is maintained and the investment income is externally restricted by the donors.

During the year, the board approved a transfer of \$1,000 to the restricted fund to the endowment fund.

(iv) Capital Fund

The Capital Fund records the purchase of capital assets which are considered to be in the normal course of operations.

During the year, the board approved a transfer of \$457 from the general fund (2019 – \$nil).

Short Term Investments

Investments in short term securities are classified as held-for-trading based on management's intention and are reported at estimated fair value. Realized gains and losses are recognized in the statement of operations as investment income as they arise.

Prepaid Expenses

Prepaid expenses include insurance and other similar type items where payment is made in full for future benefit. Included in prepaid expenses are gift cards on hand available for distribution to schools totaling \$9,800 (2019 - \$14,950).

Property and Equipment

Capital assets are recorded at cost. Amortization is recorded on a straight-line basis over the estimated useful lives of the related assets:

Computers	3 years
Furniture and fixtures	5 years

Long Term Investments

Long term investments represent amounts held with Oakville Community Foundation and are classified as held-for-trading. They are reported at their fair value and as investment income as they arise.

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

Revenue Recognition

Donations are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collected is reasonably ensured.

The Foundation recognizes revenue from registrations, fees and admissions in the period they relate to.

Revenues specifically intended for future periods are initially deferred and taken into revenue as expenses are incurred.

Contributions of shares in publicly traded companies are recorded at the closing market price of the shares on the day they are effectively received by the Organization, or, in the case of thinly traded and other shares, whose liquidation is restricted in any form, at a value discounted from the closing price where this is considered appropriate. The resultant value of the shares is included in donations.

Investment income is recognized on an accrual basis.

Life Insurance Policy

The Foundation and The Federation of Ontario Naturalists are the owners and beneficiaries of a donated life insurance policy. The amount recognized in the statement of revenue and expenses and fund balances is the change in the Foundation's portion of the cash surrender value, until proceeds of the policy are received less premium payments made. The corresponding asset is recorded as the cash surrender value of life insurance.

Gifts-in-kind

Gifts-in-kind are recorded at fair market value when received.

Volunteer Services

The Halton Learning Foundation benefits from substantial services in the form of volunteer time. Since these invaluable services are not purchased by Halton Learning Foundation, they are not recorded in these financial statements.

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

3. CAPITAL ASSETS

	Cost	Accumulated Depreciation	2020	2019
	\$	\$	\$	\$
Computer	12,435	11,748	687	764
Furniture	2,657	2,362	295	405
	15,092	14,110	982	1,169

4. LONG TERM INVESTMENTS

Long term investments are comprised as follows:	2020	2019
	\$	\$
Investment held with the Oakville Community Foundation earning an average rate of return of 7.7%	670,875	633,077
	670,875	633,077

5. FINANCIAL INSTRUMENTS

Fair Values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Interest Rate Risk

The Foundation is not exposed to significant interest rate risk due to the short term maturity of its monetary current assets and current liabilities. In particular, the amount of interest income earned on its short term investments is impacted more by the investment decisions made and the demands to have available cash on hand, than by movements in the interest rates over a given period.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows from investments denominated in currencies other than Canadian dollars will fluctuate because of changes in foreign exchange rates. A portion of the long term investments held with the Oakville Community Foundation are held in currencies other than Canadian dollars, the majority of which is in U.S. dollars.

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

Other Price Risk

Other price risk is the risk that the fair value or the future cash flows from investments will fluctuate because of the changes in market prices, other than those arising from interest rate risk or foreign currency risk. The investments held with the Oakville Community Foundation are subject to other price, with the mitigation of this risk by the Oakville Community Foundation through an investments policy requiring diversification to decrease the volatility of returns.

6. RESTRICTED FUND

The Restricted Fund includes funds raised to support Halton District School Board initiatives and student scholarships and awards and emergency bursary funds for students as well as an operating reserve fund. The fund balance represents principal plus accumulated interest less expenses. Composition of the restricted fund is detailed as follows:

	2020	2019
	\$	\$
Initiatives		
Arts and music	—	21,787
Physical education	13,482	29,488
Technological education	111,383	112,714
Environmental education	25,608	72,335
Eliminating barriers	401,376	279,806
Scholarships	208,805	123,804
Operating Reserve	201,228	189,890
Raffle Fund	40	6,988
Mark Doering Thoughtful Fund	46,531	—
Grants	39,671	—
Welcome Centre	2,831	—
	1,050,955	836,812

7. ENDOWMENT FUND

The Endowment Fund represents funds raised to support Halton District School Board initiatives and student scholarships and awards where the principal is maintained in the endowment fund and only the interest is granted. The fund balance at August 31, 2020 represents principal plus accumulated interest less expenses.

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

8. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2020	2019
	\$	\$
Accounts receivable	(9,869)	7,716
Harmonized sales tax receivable	(1,086)	2,851
Prepaid expenses	22,159	(18,032)
Accounts payable and accrued liabilities	(77,859)	57,497
Deferred revenue	(15,330)	(16,170)
	(81,985)	33,862

9. SUBSEQUENT EVENTS

Impact of COVID-19

The impact of COVID-19 has negatively impacted the Organization's operations, suppliers and donor base. The impact of COVID-19 is expected to continue to impact the Organization's revenues and donor base. As of the date of these financials statements, the extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted and are dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain the virus or its impact, among others.