

HALTON LEARNING FOUNDATION

FINANCIAL STATEMENTS

AUGUST 31, 2021



HALTON LEARNING FOUNDATION

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A Professional Corporation

Independent Auditor's Report

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**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, 2021, 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 financial statements present fairly, in all material respects the financial position of the organization as at August 31, 2021, 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, or has no realistic alternative but to do so.

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, Chartered Professional Accountant
Licensed Public Accountant
A Professional Corporation

November 7, 2021
Milton, Ontario



Halton Learning Foundation



STATEMENT OF FINANCIAL POSITION

As at August 31

	General Fund	Capital Fund	Endowment Fund	Restricted Fund	2021 \$	2020 \$
ASSETS						
Current						
Cash	431,863	-	25,791	415,162	872,816	802,192
Short term investments (note 3)	-	-	50,000	370,000	420,000	-
Accounts receivable	8,754	-	152	1,124	10,030	9,949
Harmonized sales tax receivable	9,166	-	-	-	9,166	9,242
Prepaid expenses	17,315	-	-	3,750	21,065	24,429
Total current assets	467,098	-	75,943	790,036	1,333,077	845,812
Investments (note 5)	-	-	183,328	359,955	543,283	670,875
Cash surrender value of life insurance	88,271	-	-	-	88,271	78,698
Capital assets (note 4)	-	438	-	-	438	982
	555,369	438	259,271	1,149,991	1,965,069	1,596,367
LIABILITIES & FUND BALANCES						
Current						
Accounts payable and accrued liabilities	9,491	-	-	29,100	38,591	20,977
Deferred revenue	100,000	-	-	-	100,000	-
Total current liabilities	109,491	-	-	29,100	138,591	20,977
Fund balances						
Invested in capital assets	-	438	-	-	438	982
Unrestricted	445,878	-	-	-	445,878	283,988
Internally restricted (note 7)	-	-	259,271	1,120,891	1,380,162	1,290,420
Total fund balances	445,878	438	259,271	1,120,891	1,826,478	1,575,390
	555,369	438	259,271	1,149,991	1,965,069	1,596,367

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	2021 \$	2020 \$
REVENUE						
Donations	476,656	-	-	462,028	938,684	954,699
Investment income	3,159	-	24,906	52,925	80,990	50,316
Grant income (note 10)	44,268	-	-	-	44,268	62,810
Fundraising	41,046	-	-	-	41,046	18,730
Registrations, fees and admissions	14,711	-	-	-	14,711	76,250
	579,840	-	24,906	514,953	1,119,699	1,162,805
PROGRAM COSTS						
School equipment, events and programs	-	-	-	344,560	344,560	389,147
Management fees, salaries and benefits	191,503	-	-	-	191,503	197,376
Scholarships, awards and partnerships	-	-	5,100	123,225	128,325	90,953
Event supplies	41,551	-	-	-	41,551	26,203
Gift in kind expense	-	-	-	-	-	10,083
	233,054	-	5,100	467,785	705,939	713,762
ADMINISTRATIVE COSTS						
Salaries and benefits	103,117	-	-	-	103,117	108,443
Computer maintenance and software	22,810	-	-	-	22,810	21,655
Office and sundry	15,049	-	-	-	15,049	27,635
Advertising	10,817	-	-	-	10,817	8,550
Bank fees	6,824	-	-	1,646	8,470	6,817
Professional fees	4,674	-	-	-	4,674	7,712
Professional development	3,296	-	-	-	3,296	2,194
Insurance	2,729	-	-	-	2,729	2,705
Meetings	586	-	-	-	586	2,167
Amortization	-	544	-	-	544	644
Travel	152	-	-	-	152	2,354
Life insurance premiums (note 2)	(9,572)	-	-	-	(9,572)	(4,386)
	160,482	544	-	1,646	162,672	186,490
Excess (shortfall) of revenue over expenses	186,304	(544)	19,806	45,522	251,088	262,553
Fund balance, beginning of year	283,988	982	239,465	1,050,955	1,575,390	1,312,837
Interfund transfers (note 2)	(24,414)	-	-	24,414	-	-
Fund balance, end of year	445,878	438	259,271	1,120,891	1,826,478	1,575,390

The accompanying notes are an integral part of these financial statements

Halton Learning Foundation

STATEMENT OF CASH FLOWS

Year ended August 31

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	251,088	262,553
Items not affecting cash:		
Amortization	544	644
Cash surrender value of life insurance	(9,573)	(4,386)
Changes in non-cash working capital items <i>(note 9)</i>	120,973	(81,985)
Cash provided by operating activities	363,032	176,826
INVESTING ACTIVITIES		
Purchase of capital assets	-	(457)
Purchase of investments	(292,408)	(37,798)
Cash used in investing activities	(292,408)	(38,255)
Net change in cash	70,624	138,571
Cash, beginning of year	802,192	663,621
Cash, end of year	872,816	802,192

The accompanying notes are an integral part of these financial statements

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2021

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 \$24,414 from the general fund to the restricted fund (2020 - \$164,752) and a transfer of \$nil (2020 - \$457) 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 \$24,414 to the restricted fund from the general fund (2020 - \$164,752) and a transfer of \$nil from the restricted fund to the endowment fund (2020 - \$1,000).

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2021

(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 \$nil to the restricted fund to the endowment fund (2020 - \$1000).

(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 \$nil from the general fund (2020 – \$457).

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 \$3,750 (2020 - \$9,800).

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

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2021

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.

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, 2021

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts disclosed in the financial statements. Actual results could differ from those estimates. In particular, the useful lives of fixed assets could differ from the estimates made.

3. SHORT TERM INVESTMENTS

Short term investments are comprised as follows:

	2021	2020
	\$	\$
Guaranteed income certificates; maturing in 2022 bearing interest at 1.15%	420,000	—
	420,000	—

4. CAPITAL ASSETS

	Cost	Accumulated Depreciation	2021	2020
	\$	\$	\$	\$
Computer	456	202	254	687
Furniture	553	369	184	295
	1,009	571	438	982

5. LONG TERM INVESTMENTS

	2021	2020
	\$	\$
Investment held with the Oakville Community Foundation earning an average rate of return of 7.7%	543,283	670,875
	543,283	670,875

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2021

6. 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.

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.

7. 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:

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2021

	2021	2020
	\$	\$
Initiatives		
Mental health	9,000	—
Physical education	13,482	13,482
Technological education	112,478	111,383
Environmental education	212	25,608
Eliminating barriers	424,430	401,376
Scholarships	308,329	208,805
Operating Reserve	228,187	201,228
Raffle Fund	40	40
Mark Doering Thoughtful Fund	21,902	46,351
Grants	—	39,671
Welcome Centre	2,831	2,831
	1,120,891	1,050,955

8. 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, 2021 represents principal plus accumulated interest less expenses.

9. STATEMENT OF CASH FLOWS

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

	2021	2020
	\$	\$
Accounts receivable	(81)	(9,869)
Harmonized sales tax receivable	76	(1,086)
Prepaid expenses	3,364	22,159
Accounts payable and accrued liabilities	17,614	(77,859)
Deferred revenue	100,000	(15,330)
	120,973	(81,985)

Halton Learning Foundation

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2021

10. GRANT INCOME

Grant income is comprised of the following amounts:

	2021	2020
	\$	\$
Canada emergency wage subsidy	44,268	62,810
	<u>44,268</u>	<u>62,810</u>