

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
FINANCIAL STATEMENTS
AS AT AUGUST 31, 2020**

THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
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AS AT AUGUST 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Hastings and Prince Edward Learning Foundation

Qualified Opinion

We have audited the financial statements of The Hastings and Prince Edward Learning Foundation (the Foundation), which comprise the statement of financial position as at August 31, 2020, and the statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2020 and its results of operations 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 charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether, as at and for the years ended August 31, 2020 and August 31, 2019, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

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 qualified 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 these 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.

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

INDEPENDENT AUDITOR'S REPORT
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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.

Wilkinson + Company LLP

TRENTON, Canada
November 25, 2020

Chartered Professional Accountants
Licensed Public Accountants

WILKINSON 

THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2020

| | 2020 | 2019 |
|--|-----------|-----------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 613,157 | 612,786 |
| Short-term investments - Note 3 | 1,034,779 | 958,668 |
| Accounts receivable | 13,500 | 27,300 |
| Inventory - Note 4 | 8,189 | - |
| | 1,669,625 | 1,598,754 |
| ASSETS HELD IN TRUST | - | 81,628 |
| | 1,669,625 | 1,680,382 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 55,424 | 39,718 |
| Due to HPEDSB - Note 5 | 17,526 | 19,520 |
| | 72,950 | 59,238 |
| TRUST LIABILITY | - | 81,628 |
| | 72,950 | 140,866 |
| FUND BALANCES | 1,596,675 | 1,539,516 |
| | 1,669,625 | 1,680,382 |

APPROVED ON BEHALF OF THE BOARD

_____ Chair
 _____ Executive Director

The accompanying notes form an integral part of these financial statements

THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2020

| | Unrestricted \$ | Lead Agency \$ (Note 6) | Restricted Donations to Programs \$ (Note 7) | 2020 Total \$ |
|---|--------------------|----------------------------------|---|---------------------|
| BALANCE - BEGINNING OF YEAR | 48,200 | 83,994 | 1,407,322 | 1,539,516 |
| EXCESS OF REVENUES OVER EXPENDITURES | 3,769 | 796,638 | (743,248) | 57,159 |
| TRANSFERS | - | (786,161) | 786,161 | - |
| BALANCE - END OF YEAR | 51,969 | 94,471 | 1,450,235 | 1,596,675 |

| | Unrestricted \$ | Lead Agency \$ (Note 6) | Restricted Donations to Programs \$ (Note 7) | 2019 Total \$ |
|---|--------------------|----------------------------------|---|---------------------|
| BALANCE - BEGINNING OF YEAR | 41,035 | 77,521 | 1,357,078 | 1,475,634 |
| EXCESS OF REVENUES OVER EXPENDITURES | 7,165 | 602,125 | (545,408) | 63,882 |
| TRANSFERS | - | (595,652) | 595,652 | - |
| BALANCE - END OF YEAR | 48,200 | 83,994 | 1,407,322 | 1,539,516 |

The accompanying notes form an integral part of these financial statements

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2020**

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| REVENUE | | |
| Donations | 627,503 | 337,604 |
| Fundraising | 52,043 | 106,717 |
| Gifts-in-kind | 33,766 | 152,937 |
| Investment income | 34,193 | 40,498 |
| SNP - MCCSS - lead agency funds | 1,231,056 | 1,173,796 |
| SNP - BCC - lead agency funds | 213,761 | 91,950 |
| | 2,192,322 | 1,903,502 |
| EXPENSES | | |
| Bank charges and interest | 1,703 | 2,456 |
| Fundraising | 22,463 | 32,538 |
| Gifts-in-kind | 33,766 | 152,937 |
| Memberships, insurance and professional development | 8,152 | 7,309 |
| Office | 9,694 | 10,473 |
| Other | 20,410 | 19,169 |
| Professional fees | 10,984 | 10,804 |
| SNP and MCCSS lead agency programs | 471,787 | 527,480 |
| Support to students and enhanced programs | | |
| Food for learning program | 1,094,401 | 690,280 |
| Restricted donations to schools | 104,143 | 127,016 |
| Student Emergency fund | 157,802 | 71,090 |
| Wages and salaries | 199,858 | 188,068 |
| | 2,135,163 | 1,839,620 |
| EXCESS OF REVENUES OVER EXPENDITURES | 57,159 | 63,882 |

The accompanying notes form an integral part of these financial statements

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020**

| | 2020 | 2019 |
|--|------------------|-----------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | 57,159 | 63,882 |
| Adjustments for: | | |
| (Increase) decrease in accounts receivable | 13,800 | (15,988) |
| Increase in inventory | (8,189) | - |
| Increase (decrease) in accounts payable and accrued liabilities | 13,712 | (160,580) |
| CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES | 76,482 | (112,686) |
| NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS FOR YEAR | 76,482 | (112,686) |
| CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR | 1,571,454 | 1,684,140 |
| CASH AND SHORT-TERM INVESTMENTS - END OF YEAR | 1,647,936 | 1,571,454 |
| REPRESENTED BY: | | |
| Cash | 613,157 | 612,786 |
| Short-term investments | 1,034,779 | 958,668 |
| | 1,647,936 | 1,571,454 |

The accompanying notes form an integral part of these financial statements

THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

1. PURPOSE OF THE ORGANIZATION

The Hastings and Prince Edward Learning Foundation is the registered charitable foundation established by The Hastings and Prince Edward District School Board to enhance public education by raising money for services and initiatives that could not otherwise be offered by the Board. The Hastings and Prince Edward Learning Foundation is a registered charity under the Income Tax Act.

2. ACCOUNTING POLICIES

The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

(b) Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board. Transfers between the funds are made when it is considered appropriate and authorized by the Board.

To meet the objectives of financial reporting and stewardship over assets, certain inter-fund transfers are necessary to ensure appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are reported on the Statement of Changes in Fund Balances and Operations.

See Notes 6 and 7 for a more detailed description of these funds and their balances.

(c) Tangible Capital assets

Tangible capital assets are stated at acquisition cost. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal. Currently, there are no capital assets to be reported on the Statement of Financial Position.

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020**

2. ACCOUNTING POLICIES - (Cont'd)

(d) Financial Instruments

(i) Measurement of Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value adjusted by, in the case of financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at fair value includes cash, short-term investments and assets held in trust.

Financial assets measured at amortized cost includes accounts receivable.

There are no financial liabilities measured at fair value.

Financial liabilities measured at amortized cost include accounts payable, and due to HPEDSB.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

(e) Donations

The Foundation follows the restricted fund method of accounting for contributions. Donations are recognized as revenue in the year received.

(f) Income Taxes

The Foundation has been registered with the Canada Revenue Agency as a charitable public foundation, and accordingly, is exempt from income taxes provided it disburses its available funds as set out under the requirements of The Income Tax Act.

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020**

2. ACCOUNTING POLICIES - (Cont'd)

(g) Pledges

The amount of any such pledges to donate funds to the Foundation is not included in revenue until the amount to be received can be reasonably estimated and collection is reasonably assured.

(h) Contributed Goods and Services

A number of volunteers contribute a significant amount of their time each year to the Foundation. In addition, donations of food and supplies are received. Because of the difficulty of determining the fair value of contributed goods and services, they are not recognized in these financial statements. Where the fair value of contributed goods is readily determinable, the fair value of the contributed goods is recognized in the financial statements as a gift in kind.

(i) Cash and Equivalents

Cash and equivalents consist of cash on deposit and money market instruments.

(j) Inventory

Inventory is measured at the lower of cost and net realizable value, with cost measured on a first-in, first-out basis. Cost is measured as purchase price of the items. Net realizable value is the value of the good if disposed.

3. SHORT-TERM INVESTMENTS

At August 31, 2020, the Foundation had \$1,034,779 (2019 - 958,668) in short-term investments consisting of mutual funds and thirteen Guaranteed Investment Certificates bearing interest at varying rates ranging from 2.15% to 3.22% with varying maturity dates. The investments are recorded at their fair market value.

4. INVENTORY

Inventory consists of shirts and ties held at year-end for the Prom Project. The 2020 Prom Project event did not take place due to COVID-19.

5. RELATED PARTY TRANSACTIONS

The Hastings and Prince Edward District School Board provides the use of its premises to the Foundation without receiving consideration in exchange.

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020**

5. RELATED PARTY TRANSACTIONS - (Cont'd)

The Hastings and Prince Edward School Board pays the remuneration of the Executive Director of the Foundation. The amount of remuneration paid by the Hastings and Prince Edward District School Board is not reflected in the financial statements of the Foundation.

The Hastings and Prince Edward District School Board also provides accounting services without receiving consideration in exchange.

School program based fundraising requiring charitable receipts flows through the Foundation and back to the schools.

6. LEAD AGENCY FUNDS

The Foundation receives funding from the Ministry of Children, Community and Social Services (MCCSS) which flows through the Foundation to the partnership groups disclosed in Note 1.

7. RESTRICTED DONATIONS TO PROGRAMS

Donors have the option of directing their donations to support specific programs run by the Foundation. These programs and their respective fund balances as at August 31, 2020 include:

| | Opening balance \$ | Revenues over expenditures \$ | Interfund Transfers \$ | Ending balance \$ |
|-----------------------------|--------------------------|--|------------------------------|-------------------------|
| Food for Learning Program | 697,560 | (471,446) | 513,024 | 739,138 |
| Project Enhancement Fund | 44,019 | - | - | 44,019 |
| Science and Technology Fund | 110,609 | - | - | 110,609 |
| Student Emergency Fund | 395,392 | 62,473 | - | 457,865 |
| Food for Thought Fund | 144,159 | (325,331) | 273,137 | 91,965 |
| Good Backpack Program | 15,583 | (8,944) | - | 6,639 |
| | 1,407,322 | (743,248) | 786,161 | 1,450,235 |

Food for Learning and Food for Thought also receive funding from MCCSS. The ending fund balances above do not include any MCCSS funding.

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020**

8. ECONOMIC DEPENDENCE

The Foundation relies on the Government of Ontario and the Hastings and Prince Edward District School Board for a significant portion of its funding, and accordingly, is economically dependent for the continuation of its operations on funding from these sources.

9. FINANCIAL RISKS AND CONCENTRATION OF RISKS

In the normal course of business the Foundation is exposed to a number of risks that can affect its operational performance. These risks are as follows:

(a) Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Foundation is exposed to interest rate risk in short-term investments and assets held in trust. There has been no change in risk from August 31, 2019.

(b) 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. The Foundation is exposed to other price risk in short-term investments and assets held in trust. The Foundation mitigates this risk by holding investments to maturity. There has been no change in risk from August 31, 2019.

10. SUBSEQUENT EVENTS

Subsequent to year-end the global pandemic caused by COVID-19 has had considerable impact, both globally and locally, which has the potential to create financial stress on the Foundation. The overall financial impact cannot be determined at this time.