

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
FINANCIAL STATEMENTS
AS AT AUGUST 31, 2017**

THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
TABLE OF CONTENTS
AS AT AUGUST 31, 2017

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Fund Balances	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Hastings and Prince Edward Learning Foundation, which comprise the statement of financial position as at August 31, 2017, and the statements of changes in fund balances, operations and cash flows for the year ended August 31, 2017, 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.

Auditors' 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 audit 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.

Basis for Qualified Opinion

In common with many charitable organizations, The Hastings and Prince Edward Learning Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Hastings and Prince Edward Learning Foundation and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditure, assets and fund balances.

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 Hastings and Prince Edward Learning Foundation as at August 31, 2017, and the results of its operations and its cash flows for the year ended August 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

Wilkinson + Company LLP

TRENTON, Canada
December 13, 2017

Chartered Professional Accountants
Licensed Public Accountants

THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2017

	2017	2016
	\$	\$
ASSETS		
CURRENT		
Cash	1,338,170	1,175,082
Accounts receivable	36,869	27,074
	<u>1,375,039</u>	<u>1,202,156</u>
ASSETS HELD IN TRUST - Note 7	79,555	78,959
	<u>1,454,594</u>	<u>1,281,115</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	183,545	166,654
Due to HPEDSB	22,876	26,784
	<u>206,421</u>	<u>193,438</u>
TRUST LIABILITY	79,555	78,959
	<u>285,976</u>	<u>272,397</u>
FUND BALANCES	1,168,618	1,008,718
	<u>1,454,594</u>	<u>1,281,115</u>
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, 2017**

	Unrestricted \$	Lead Agency \$ (Note 8)	Restricted Donations to Programs \$ (Note 9)	2017 Total \$
BALANCE - BEGINNING OF YEAR	30,014	43,084	935,620	1,008,718
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,822	34,069	122,009	159,900
BALANCE - END OF YEAR	33,836	77,153	1,057,629	1,168,618

	Unrestricted \$	Lead Agency \$ (Note 8)	Restricted Donations to Programs \$ (Note 9)	2016 Total \$
BALANCE - BEGINNING OF YEAR	39,194	113,827	810,660	963,681
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,180)	(70,743)	124,960	45,037
BALANCE - END OF YEAR	30,014	43,084	935,620	1,008,718

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, 2017**

	2017 \$	2016 \$
REVENUE		
Donations	307,474	263,814
Fundraising	128,850	92,409
Gifts-in-kind	90,754	116,791
Interest	14,965	12,763
SNP - MCYS - lead agency funds	1,174,511	1,223,176
SNP - BCC - lead agency funds	93,424	122,852
	1,809,978	1,831,805
EXPENSES		
Bank charges and interest	2,234	1,544
Fundraising	37,870	38,822
Gifts-in-kind	90,754	116,791
Memberships, insurance and professional development	8,335	8,430
Office	6,505	8,102
Other	36,515	55,808
Professional fees	8,098	10,937
SNP and CYSN lead agency programs	547,525	593,957
Support to students and enhanced programs		
Food and learning program	590,466	570,270
Restricted donations to schools	109,137	134,906
Student Emergency fund	31,957	35,325
Quinte Regional Science & Technology Fair	18,050	2,074
Wages and salaries	162,632	209,802
	1,650,078	1,786,768
REVENUE OVER EXPENDITURES	159,900	45,037

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, 2017**

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenditures	159,900	45,037
Adjustments for:		
Increase in accounts receivable	(9,795)	(14,377)
Increase in accounts payable and accrued liabilities	12,983	47,142
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	163,088	77,802
NET DECREASE IN CASH AND SHORT-TERM INVESTMENTS FOR YEAR	163,088	77,802
CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR	1,175,082	1,097,280
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	1,338,170	1,175,082
REPRESENTED BY:		
Cash	744,524	683,410
Short-term investments	593,646	491,672
	1,338,170	1,175,082

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, 2017

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.

The Hastings and Prince Edward Learning Foundation actively sought funds over the past year for the following programs:

The objective of the Student Emergency Fund is to provide immediate assistance to students and perhaps their families by providing financial aid and/or gifts in kind support. This funding could be used to purchase items such as eyeglasses, EpiPens, medical supplies, food and clothing, transportation, field trip subsidies and for other financial needs that result from family crises (fire, flood, layoffs, illness, etc). Last fiscal year there were 387 Student Emergency Fund requests granted.

The Prom project, an initiative tied closely to the Student Emergency Fund, enjoyed continued great success. More than 850 gently used formal wear outfits were donated to support students in grades 8 through 12 for graduating and attending prom events in Hastings and Prince Edward counties.

The purpose of the Project Enhancement Fund is to encourage school staff to submit an application for funding of projects that provide innovative, unique and exciting enhancements to curriculum requirements.

Food for Learning assists schools with the organization and funding of nutrition programs. There were 169 (2016 - 173) programs in Hastings and Prince Edward counties that served 1,076,531 (2016 - 1,065,255) meals and snacks to 12,823 (2016 - 15,559) students in the year ended August 31, 2017.

Food for Thought is the Community Partnership Committee in Lanark County that assists schools with the organization and funding of nutrition programs. There were 86 programs in Lanark County that served 513,445 meals and snacks to 7,036 students in the year ended August 31, 2017.

The Learning Foundation is the Lead Agency for the Ministry of Child and Youth Services in South East Ontario. In this role, The Learning Foundation has the responsibility for the administration and the co-ordination of fundraising for school nutrition programs in a five county area (Hastings and Prince Edward, Lennox and Addington, Frontenac, Lanark). In the year ended August 31, 2017, there were 489 (2016 - 540) programs that provided 2,404,698 (2016 - 2,491,743) meals and snacks to 34,806 (2016 - 36,764) students in South East Ontario.

THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

1. PURPOSE OF THE ORGANIZATION - (Cont'd)

The Learning Foundation has subcontracted services with three flow-through agencies and the community partnership groups they represent:

The Hastings and Prince Edward Learning Foundation (*Food for Thought*)

The Food Sharing Project

The Hastings and Prince Edward Learning Foundation (*Food for Learning*)

The Learning Foundation is also the Lead Agency for the Hastings and Prince Edward Children and Youth Services Network. The purpose of the Network is to create an effective integrated and seamless community service system for children, youth and families that maximizes resources through collaborative and informed planning.

The Hastings & Prince Edward Children and Youth Services Network is comprised of representatives from over 50 organizations and partners that serve children, youth and their families in Hastings and Prince Edward Counties.

The Network is funded by the Ministry of Children and Youth Services and the Ministry of Education, and the majority of funds provided are used to employ a Network Coordinator.

As of April 1, 2016, Highland Shores Children's Aid was the Lead Agency for the Hastings & Prince Edward Children and Youth Services Network. The Foundation's role as Lead Agency ended as of March 31, 2016.

The Good Backpack Program is now an initiative of the Learning Foundation. The purpose of the Good Backpack Program is to ensure that all children have the opportunity to participate completely in their education, regardless of their family's financial status or means. In the year ended August 31, 2017, 489 backpacks were distributed to students in Hastings and Prince Edward counties.

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.

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

2. ACCOUNTING POLICIES - (Cont'd)

(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.

(c) Tangible Capital assets

Capital expenditures are recorded at cost and are expensed in the same fiscal year.

(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, due to HPEDSB and trust liability.

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

2. ACCOUNTING POLICIES - (Cont'd)

(d) Financial Instruments - (Cont'd)

(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.

(g) Pledges

The amount of any such pledges to donate funds to the Foundation is not included in revenue until such time as the funds are received.

(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 bank term deposits in money market instruments and GIC's.

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

3. 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 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.

4. ECONOMIC DEPENDENCE

The Foundation relies on the Government of Ontario for a significant portion of its funding, and accordingly, is economically dependent for the continuation of its operations on funding from this source.

5. FINANCIAL RISKS AND CONCENTRATION OF RISKS

The fair values of the Foundation's cash, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the immediate and short-term nature of these financial instruments.

Credit Risk

Credit risk is the risk of financial loss to the Foundation if a debtor fails to make payments when due. The Foundation is exposed to credit risk in the event of non-performance by clients in connection with its accounts receivable. The Foundation mitigates this risk by dealing only with what management believes to be financially sound counterparts and, accordingly, does not anticipate significant losses for non-performance.

It is management's opinion that the concentration of risks have not change since the prior year and that the Foundation is not exposed to significant interest, credit or currency risk from its financial instruments.

6. SHORT-TERM INVESTMENTS

At August 31, 2017, the Foundation had \$593,646 (2016 - \$491,672) in short-term investments consisting of mutual funds and nine Guaranteed Investment Certificates bearing interest at 2.16%, 2.22%, 2.10%, 1.46%, 1.46%, 1.78%, 1.78%, 1.60% and 1.21% with varying maturity dates. The investments are recorded at their fair market value.

**THE HASTINGS AND PRINCE EDWARD LEARNING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

7. ASSETS HELD IN TRUST

The Foundation invests certain schools' funds on their behalf. The principal and interest accrued on these funds have been reflected in the financial statements and are payable to the school that advanced the funds.

8. LEAD AGENCY FUNDS

The Foundation receives funding from the Ministry of Child and Youth Services (MCYS) which flows through the Foundation to the partnership groups disclosed in Note 1.

9. 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, 2017 include:

The Food for Learning Program - \$544,218 (2016 - \$411,749)
The Project Enhancement Fund - \$44,019 (2016 - \$44,004)
The Science and Technology Fund - \$110,508 (2016 - \$128,108)
The Student Emergency Fund - \$244,444 (2016 - \$186,206)
The Food for Thought Fund - \$113,943 (2016 - \$165,212)
Lead Agency CYSN - \$Nil (2016 - \$341)
The Good Backpack Program - \$497

Food for Learning, Food for Thought and CYSN also receive funding from MCYS. The fund balance above do not include any MCYS funding.