

Newfoundland and Labrador Education Foundation Inc.

Financial Statements

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of:

Newfoundland and Labrador Education Foundation Inc.

Qualified Opinion

I have audited the financial statements of the Newfoundland and Labrador Education Foundation Inc., which comprise the statement of financial position as at December-31-18, and the statements of operations and statement of cash flows 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 effects of the matter described in the Basis for Qualified Opinion paragraph and adjustments, if any, the accompanying financial statements present fairly, in all material respects, the financial position of Newfoundland and Labrador Education Foundation Inc. as at December-31-18, and its results of operations and its cash flows for the year then ended in accordance with the standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising activities which are not susceptible to complete audit verification. Accordingly, my verification of revenues from these sources was limited to accounting for the amounts recorded in the records of the Foundation.

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 Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Board of the Chartered Professional Accountants of Canada, 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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.



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As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am 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 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 Entity 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.

Spaniard's Bay, NL
May 15, 2019



CHARTERED PROFESSIONAL ACCOUNTANT

Newfoundland and Labrador Education Foundation Inc.
Statement of Financial Position
December 31,

2018

2017

FINANCIAL ASSETS

Cash	\$ 392,712	\$ 331,927
Cash - restricted (Note 3)	218,188	319,032
Accounts receivable	5,545	1,200
HST receivable	9,726	2,441
Due from Newfoundland and Labrador English School District	<u>25,969</u>	<u>26,213</u>
	<u>\$ 652,140</u>	<u>\$ 680,813</u>

LIABILITIES

Accounts payable and accruals	\$ 15,233	\$ 16,820
Payable to various schools	55,429	39,138
Deferred revenue	<u>3,144</u>	<u>6,704</u>
	<u>73,806</u>	<u>62,662</u>

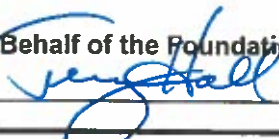
NET FINANCIAL ASSETS (NET DEBT)

\$ 578,334 \$ 618,151

ACCUMULATED SURPLUS

Accumulated surplus - unrestricted	360,146	299,119
Accumulated surplus - restricted	<u>218,188</u>	<u>319,032</u>
	<u>\$ 578,334</u>	<u>\$ 618,151</u>

On Behalf of the Foundation:



Director



Director

The accompanying notes are an integral part
of these financial statements

**Newfoundland and Labrador Education Foundation Inc.
Statement of Operations**

Year Ended December 31,	Budget	Actual	
	2018	2018	2017
Revenue			
Charitable donations		\$ 110,345	\$ 191,242
In kind contributions - Books		4,868	6,114
Donations received from other registered charities		87,690	116,195
Fundraising	\$ 200,000	212,052	199,161
	<u>200,000</u>	<u>414,955</u>	<u>512,712</u>
Expenses			
Charitable work	67,000	330,297	248,587
Operating	33,000	18,449	18,722
Fundraising	100,000	106,026	99,581
	<u>200,000</u>	<u>454,772</u>	<u>366,890</u>
ANNUAL SURPLUS	\$ <u>NIL</u>	\$ <u>(39,817)</u>	\$ <u>145,822</u>
LESS: TRANSFERS TO RESTRICTED SURPLUS		<u>(100,844)</u>	<u>139,239</u>
ANNUAL SURPLUS - unrestricted		\$ <u>61,027</u>	\$ <u>6,583</u>
<hr/>			
Accumulated surplus - unrestricted, beginning of year		\$ 299,119	\$ 292,536
Annual surplus - unrestricted		<u>61,027</u>	<u>6,583</u>
Accumulated surplus - unrestricted, end of year		\$ <u>360,146</u>	\$ <u>299,119</u>
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Accumulated surplus - restricted, beginning of year		\$ 319,032	\$ 179,793
Annual surplus - restricted		<u>(100,844)</u>	<u>139,239</u>
Accumulated surplus - restricted, end of year		\$ <u>218,188</u>	\$ <u>319,032</u>

The accompanying notes are an integral part of these financial statements

Newfoundland and Labrador Education Foundation Inc.
Statement of Changes in Cash Flows
For the Year Ended December 31,

2018

2017

Cash Flows Provided From

Operations		
Excess of revenue over expenses	\$ (39,817)	\$ 145,822
Changes in non cash working capital accounts		
Accounts receivable	(4,345)	(1,200)
HST receivable	(7,285)	(1,143)
Due from Newfoundland and Labrador English School District	244	60,783
Payables and accruals	(1,587)	3,971
Payable to various schools	16,291	2,087
Deferred revenue	<u>(3,560)</u>	<u>(7,733)</u>
Net cash provided by operating activities	<u>(40,059)</u>	<u>202,587</u>
Cash (used) provided	(40,059)	202,587
Cash, beginning of year	<u>650,959</u>	<u>448,372</u>
Cash, end of year	<u>\$ 610,900</u>	<u>\$ 650,959</u>
Consists of:		
Cash	\$ 392,712	\$ 331,927
Cash - Restricted	<u>218,188</u>	<u>319,032</u>
	<u>\$ 610,900</u>	<u>\$ 650,959</u>

The accompanying notes are an integral part
of these financial statements

Nature of Operations

The Newfoundland and Labrador Education Foundation Inc. is a registered charity and an incorporated body under the Corporations Act of Newfoundland & Labrador with the following purpose:

The provision of grants and other aid to the Newfoundland and Labrador English School District, its schools, and any other charitable organization whose mandate includes the advancement of education for the support, enhancement, maintenance, and improvements of the educational, environmental, welfare of counselling, nutritional and other programs for the benefit of students or the improvement of teaching and learning in District schools, facilities and equipment.

The Foundation is exempt from income tax under Section 149(1) of the Canadian Income Tax Act.

1. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants and reflect the following significant accounting policies:

Cash and Cash Equivalents

The Foundation considers deposits in banks as cash and cash equivalents.

Contributed Materials and Services

The Foundation recognizes contributions of materials and services when their fair value can be reasonably estimated.

Fair Value of Financial Instruments

Financial instruments consist of cash and short-term investments, accounts receivable, due from Newfoundland and Labrador English School District and accounts payable and accrued liabilities. The Foundation has evaluated the fair values of these financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of the financial instruments is considered to approximate fair value unless otherwise indicated.

Financial assets measured at cost are tested for impairment when there are indicators. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenue over expenses.

Use of Estimates

The preparation of the Foundation's financial statements in conformity with Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants requires management to make estimates and assumptions that affect the reported amounts of liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Significant Accounting Policies (Cont'd)

Revenue Recognition

Donations and contributions are recorded when the funds are received. Fundraising revenue is recorded on the accrual basis.

2. Funds Held in Trust

These amounts are invested in short term interest bearing guaranteed investment certificates. These amounts are not considered an asset of the Foundation and are not disclosed on the statement of financial position.

The principal portion of these Funds can not be used for operations but only the accrued interest is eligible to be disbursed for scholarships. Funds held in trust consist of:

	<u>2018</u>	<u>2017</u>
Cash, non-interest bearing, Woodman Fund	\$ 25,189	25,158
GIC, interest bearing, Matthew Churchill Fund	51,111	\$ 50,405
GIC, interest bearing, Residents Committee Fund	12,174	12,095
GIC, interest bearing, Barbara Heffern Fund	9,890	10,258
GIC, interest bearing, St. Boniface Memorial Scholarship	10,136	10,136
GIC, interest bearing, Walter and Nellie Fund	<u>129,042</u>	<u>127,842</u>
Total amounts held in trust	<u>\$ 237,542</u>	<u>\$ 235,894</u>
Trust liability	<u>\$ 237,542</u>	<u>\$ 235,894</u>

3. Restricted Cash

This cash is internally restricted by the Foundation Board. The Foundation accepts donations on behalf of schools. Cash as a result of donations and bequests which have been earmarked for a particular school or initiative and have not yet been spent are included in restricted cash in the year.

4. Financial Instrument Risks

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion the Foundation is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in realizing its assets and meeting the obligations associated with its financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable. Liquidity risk is not considered to be significant.

4. Financial Instrument Risks (Cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The funds held trust are invested in short term interest bearing guaranteed investment certificates. These amounts are subject to interest rate risk.

5. Comparative amounts

Certain comparative amounts have been reclassified to conform with the financial statement presentation adopted for the current year.