

Newfoundland and Labrador Education Foundation Inc.

Financial Statements

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board Members:
Newfoundland and Labrador Education Foundation Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Newfoundland and Labrador Education Foundation Inc., which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in cash flows for the year then ended, 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 generally accepted accounting principles as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. It is also management's responsibility to ensure appropriate systems of internal and administrative controls are maintained to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure's 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 entity'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 purposes of expressing an opinion on the effectiveness of the entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and adjustments, if any, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Education Foundation Inc. as at December 31, 2015 and the results of its operations and the changes in 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.

May 5, 2016
Spaniard's Bay, NL


CHARTERED PROFESSIONAL ACCOUNTANT

**BYRON
SMITH**

PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

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

2015

2014

FINANCIAL ASSETS

Cash	\$ 291,806	\$ 232,370
Cash - Restricted (Note 3)	19,070	39,164
Accounts Receivable	1,175	74
Due from Newfoundland and Labrador English School District	<u>26,750</u>	<u>12,564</u>
	<u>\$ 338,801</u>	<u>\$ 284,172</u>

LIABILITIES

Accounts payable and accruals	\$ 38,792	\$ 24,240
Payable to various schools	<u>19,070</u>	<u>39,164</u>
	<u>57,862</u>	<u>63,404</u>

NET FINANCIAL ASSETS (NET DEBT)

\$ 280,939 \$ 220,768

NET ASSETS

\$ 280,939 \$ 220,768

On Behalf of the Foundation:

George Sheppard Director

Alan Pike 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	
	2015	2015	2014
Revenue			
Charitable Donations		\$ 67,626	\$ 90,593
In Kind Contributions - Books		4,802	9,872
Donations received from other registered charities		70,808	5,097
Fundraising	\$ <u>200,000</u>	<u>197,391</u>	<u>180,185</u>
	<u>200,000</u>	<u>340,627</u>	<u>285,747</u>
Expenses			
Charitable work	67,000	167,248	134,562
Operating	33,000	14,512	19,025
Fundraising	<u>100,000</u>	<u>98,696</u>	<u>90,093</u>
	<u>200,000</u>	<u>280,456</u>	<u>243,680</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>NIL</u>	\$ <u>60,171</u>	\$ <u>42,067</u>

Schedule of Changes to Net Assets

Net assets, beginning of year	\$ 220,768	\$ 178,701
Excess of revenue over expenses	<u>60,171</u>	<u>42,067</u>
Net assets, end of year	\$ <u>280,939</u>	\$ <u>220,768</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,

2015

2014

Cash Flows Provided From

Operations

Excess of revenue over expenses \$ 60,171 \$ 42,067

Changes in non cash working capital accounts

Accounts receivable (1,101) 10,390

Due from Newfoundland and Labrador English School District (14,186) 24,267

Payables and accruals 14,552 8,451

Accounts payable - Schools (20,094) (2,171)

Net cash provided by operating activities 39,342 83,004

Cash provided 39,342 83,004

Cash, beginning of year 271,534 188,530

Cash, end of year \$ 310,876 \$ 271,534

Consists of:

Cash \$ 291,806 \$ 232,370

Cash - Restricted 19,070 39,164

\$ 310,876 \$ 271,534

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 is recorded when the funds are received. Fundraising revenue are 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>2015</u>	<u>2014</u>
Cash, non-interest bearing, Woodman Fund	\$ 25,000	
GIC, interest bearing, Matthew Churchill Fund	54,301	\$ 53,825
GIC, interest bearing, Residents Committee Fund	13,039	14,973
GIC, interest bearing, Barbara Heffern Fund	11,151	11,473
GIC, interest bearing, St. Boniface Memorial Scholarship	<u>10,174</u>	<u>10,000</u>
Total amounts held in trust	<u>\$ 113,665</u>	<u>\$ 90,271</u>
Trust liability	<u>\$ 113,665</u>	<u>\$ 90,271</u>

3. Restricted Cash

This cash is allocated to cover the payable amount committed to schools. The Foundation accepts donations on behalf of schools. These are donations for deposit that are earmarked for a particular school. The payment to the school would not be released until the school has provided proof that the money was spent for the intended purpose.

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.