

THE ANGEL FOUNDATION FOR LEARNING
FINANCIAL STATEMENTS
AUGUST 31, 2019

The Angel Foundation for Learning

Financial Statements

August 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Angel Foundation for Learning

Qualified Opinion

We have audited the accompanying financial statements of The Angel Foundation for Learning (the "Foundation"), which comprise the statement of Financial Position as at August 31, 2019, and the statements of operations and changes in net assets and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects for the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2019, and its financial performance and its cash flows for the years 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, the Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess (deficiency) of revenues over expenses, changes in net assets and cash flows from operations for the years ended August 31, 2019 and August 31, 2018, current assets and net assets as at August 31, 2019 and August 31, 2018. Our audit opinion on the financial statements for the year ended August 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 the financial statements, management is responsible for assessing the Foundations'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 auditors' 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 auditors' 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.

Toronto, Ontario

Goodman & Associates
Chartered Professional Accountant
Licensed Public Accountants

The Angel Foundation for Learning

Statement of Financial Position

As at August 31,

2019

2018

ASSETS

Current

Cash and cash equivalents (Note 3)	\$ 2,170,016	\$ 2,932,502
Short-term investments (Note 4)	762,870	751,995
Accounts receivable	4,885	10,566
Prepaid expenses	<u>1,237</u>	<u>1,519</u>
	2,939,008	3,696,582

Artwork

2,937 2,937

Investments (Note 4)

2,973 3,400

\$ 2,944,918 \$ 3,702,919

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 17,958	\$ 18,834
Deferred revenue (Note 6)	<u>2,055,909</u>	<u>2,739,803</u>
	<u>2,073,867</u>	<u>2,758,637</u>

NET ASSETS

Unrestricted fund

122,880 279,508

Restricted fund (Note 7)

748,171 664,774

871,051 944,282

\$ 2,944,918 \$ 3,702,919

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board

_____ Director _____ Director

The Angel Foundation for Learning

Statement of Operations and Changes in Net Assets

For the year ended August 31, 2019

	Unrestricted Fund	Restricted Fund	Total 2019	Total 2018
Revenue				
Grants	6,255,327	-	6,255,327	5,605,723
Donations	389,910	51,128	441,038	483,852
Fundraising events	244,005	-	244,005	255,949
Interest	31,819	-	31,819	23,766
	<u>\$ 6,921,061</u>	<u>\$ 51,128</u>	<u>\$ 6,972,189</u>	<u>\$ 6,369,290</u>
Expenses				
Program	6,427,728	78,521	6,506,249	5,873,955
Fundraising	77,588	-	77,588	77,898
Office	25,175	-	25,175	11,764
Salaries and benefits	422,479	-	422,479	382,521
Professional fees	13,929	-	13,929	11,949
	<u>\$ 6,966,899</u>	<u>\$ 78,521</u>	<u>\$ 7,045,420</u>	<u>\$ 6,358,087</u>
Excess (deficiency) of revenue over expenses for the year	\$ (45,838)	\$ (27,393)	\$ (73,231)	\$ 11,203
Transfer between funds	(110,790)	110,790	-	-
Net assets, beginning of year	<u>279,508</u>	<u>664,774</u>	<u>944,282</u>	<u>933,079</u>
Net assets, end of year	<u>122,880</u>	<u>748,171</u>	<u>871,051</u>	<u>944,282</u>

The accompanying notes are an integral part of these financial statements.

The Angel Foundation for Learning

Statement of Cash Flows

For the year ended August 31,

2019

2018

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenditures	\$ (73,231)	\$ 11,203
Changes in non-cash balances:		
Accounts receivable	5,681	(9,566)
Prepaid expenses	282	(1,519)
Accounts payable and accrued liabilities	(876)	2,274
Deferred revenue	(683,894)	1,006,085
Cash Provided by Operating Activities	<u>(678,807)</u>	<u>997,274</u>

INVESTING ACTIVITIES

Purchase of investments, net	<u>(10,448)</u>	<u>88,916</u>
Cash Provided by (Used in) Investing Activities	<u>(10,448)</u>	<u>88,916</u>

NET CHANGE IN CASH

	(762,486)	1,097,393
Cash and cash equivalents, Beginning of year	<u>2,932,502</u>	<u>1,835,109</u>
Cash and cash equivalents, End of year	<u>\$ 2,170,016</u>	<u>\$ 2,932,502</u>

The accompanying notes are an integral part of these financial statements.

The Angel Foundation for Learning

Notes to Financial Statements

August 31, 2019

1. PURPOSE OF THE ORGANIZATION

The Angel Foundation for Learning (the "Foundation") was incorporated under the laws of Ontario as a foundation without share capital in 1987 to act as a funds provider for many desirable and enriching programs for students where schools lacked sufficient funds.

The Foundation is a registered charity that is designated as a public foundation under the Income Tax Act (Canada) (the Act) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the revenue is received. Restricted funds are maintained to be used for specific purposes, including literacy programs, performing arts activities and scholarships.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Revenue related to grants and investment income is recorded as it is earned.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenue.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

The Angel Foundation for Learning

Notes to Financial Statements

August 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments (term deposits, treasury bills, bank deposit notes, etc.) with a term to maturity of less than 90 days.

Contributed materials and services

A significant portion of the Foundation's activities is carried out by volunteers. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements. The Foundation receives contributions of materials for its activities. These contributions are recorded in the financial statements when the fair value can be readily determined.

Artwork

The Foundation maintains a collection of donated artwork. Donated artwork is recognized at the appraised value at the time of donation.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses and changes in net assets during the year. Actual results could differ from those estimates and may have impact on future periods.

The Angel Foundation for Learning

Notes to Financial Statements

August 31, 2019

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Foundation include the following:

	2019	2018
Cash on deposit, net of outstanding cheques	\$ 1,537,687	\$ 1,029,381
Redeemable guaranteed investment certificate	<u>632,329</u>	<u>1,903,121</u>
	<u>\$ 2,170,016</u>	<u>\$ 2,932,502</u>

4. INVESTMENTS

Investments are comprised of the following:

	2019	2018
Guaranteed investment certificates and treasury bills	\$ 762,870	\$ 751,995
Partnership units/shares	<u>2,973</u>	<u>3,400</u>
	<u>\$ 765,843</u>	<u>\$ 755,395</u>

5. TORONTO CATHOLIC SCHOOL BOARD (TCDSB)

TCDSB contributes management and accounting time, office space and administrative supplies to the Foundation, which are not recognized in the financial statements.

6. DEFERRED REVENUE

Deferred revenue includes amounts that have been advanced by the provincial and municipal governments for various projects. These projects are managed and executed by the Foundation in partnership with other organizations and stakeholders in Canada, including the respective governments. Any part of these funds that have not been used belongs to the respective governments. As at August 31, 2019 the balance of advanced amounts was \$2,002,154 (2018- \$2,686,048).

Deferred revenue related to expenses of future periods represent unspent externally restricted grants and donations for specific programs. As at August 31, 2019 the balance of restricted equipment funding was \$53,755 (2018- \$53,755).

7. RESTRICTED FUND

The restricted fund represent amounts that have been designated by donors to fund specific programs in the current year, approved by the Board of Directors.

The Angel Foundation for Learning

Notes to Financial Statements

August 31, 2019

8. FINANCIAL RISK MANAGEMENT

Financial instruments that potentially subject the Foundation to concentrations of credit risk are cash, investments and accounts receivable. The Foundation places its cash in interest-bearing accounts or instruments insured by a Canadian chartered bank.

Interest rate risk:

The Foundation is exposed to interest rate risk as the value of its investments fluctuates in accordance with fluctuations in interest rates. The Foundation manages its interest rate risk by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with the set investment policies of the Foundation.

It is management's opinion that the Foundation is not exposed to significant market risk, currency risk, credit risk or cash flow risk.