

**THE ANGEL FOUNDATION
FOR LEARNING**

FINANCIAL STATEMENTS

AUGUST 31, 2021

THE ANGEL FOUNDATION FOR LEARNING

Financial Statements for the year ended August 31, 2021

Table of contents	Page Number
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Angel Foundation for Learning:

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, 2021, the related statements of operations and changes in net assets, cash flows for the year then ended, and notes to the financial statements, including 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*" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2021, and its results of operations and 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 not-for-profit organizations, the Foundation derives revenue from donations and 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 and fundraising revenues, excess (deficiency) of revenue over expenses, changes in net assets and cash flows from operations for the years ended August 31, 2021 and August 31, 2020, current assets and net assets as at August 31, 2021 and August 31, 2020. Our audit opinion on the financial statements for the year ended August 31, 2020 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. 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 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.

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 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 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.

Baker Tilly WM LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

January 15, 2022

The Angel Foundation for Learning

Statement of Financial Position

As at August 31, 2021

	2021	2020
ASSETS		
Current		
Cash and cash equivalents (note 3)	\$ 3,501,143	\$ 604,055
Short-term investments (note 4)	2,229,458	794,212
Accounts receivable	74,950	-
Prepaid expenses (note 5)	646,832	-
	<u>6,452,383</u>	<u>1,398,267</u>
Investments (note 4)	-	14
	<u>\$ 6,452,383</u>	<u>\$ 1,398,281</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 65,502	\$ 15,854
Deferred revenue (note 6)	2,167,997	-
	<u>2,233,499</u>	<u>15,854</u>
NET ASSETS		
Unrestricted fund	3,308,734	635,033
Restricted fund (note 7)	910,150	747,394
	<u>4,218,884</u>	<u>1,382,427</u>
	<u>\$ 6,452,383</u>	<u>\$ 1,398,281</u>

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, 2021

	Unrestricted Fund	Restricted Fund	Total 2021	Total 2020
Revenue				
Grants	8,305,795	-	8,305,795	5,698,146
Donations	620,108	162,756	782,864	566,769
Fundraising events	72,279	-	72,279	141,502
Interest	122	-	122	20,035
	<u>\$ 8,998,304</u>	<u>\$ 162,756</u>	<u>\$ 9,161,060</u>	<u>\$ 6,426,452</u>
Expenses				
Program	5,848,187	-	5,848,187	5,521,412
Fundraising	4,464	-	4,464	57,291
Office	6,155	-	6,155	(2,150)
Salaries and benefits	416,792	-	416,792	327,733
Professional fees	49,005	-	49,005	10,790
	<u>\$ 6,324,603</u>	<u>\$ -</u>	<u>\$ 6,324,603</u>	<u>\$ 5,915,076</u>
Excess (deficiency) of revenue over expenses for the year	\$ 2,673,701	\$ 162,756	\$ 2,836,457	\$ 511,376
Transfer between funds	-	-	-	-
Net assets, beginning of year	<u>635,033</u>	<u>747,394</u>	<u>1,382,427</u>	<u>871,051</u>
Net assets, end of year	<u><u>3,308,734</u></u>	<u><u>910,150</u></u>	<u><u>4,218,884</u></u>	<u><u>1,382,427</u></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, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 2,836,457	\$ 511,376
Balance of Artwork written off	-	2,937
Net change in non-cash working capital balances:		
Accounts receivable	(74,950)	4,885
Prepaid expenses	(646,832)	1,237
Accounts payable and accrued liabilities	49,648	(2,104)
Deferred revenue	2,167,997	(2,055,909)
Cash provided by (used in) operating activities	<u>4,332,320</u>	<u>(1,537,578)</u>
INVESTING ACTIVITIES		
Purchase of investments, net	(1,435,232)	(28,383)
Cash provided by (used in) investing activities	<u>(1,435,232)</u>	<u>(28,383)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,897,088	(1,565,961)
Cash and cash equivalents, beginning of year	604,055	2,170,016
Cash and cash equivalents, end of year	<u>\$ 3,501,143</u>	<u>\$ 604,055</u>

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

The Angel Foundation for Learning

Notes to Financial Statements
For the year ended August 31, 2021

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 ("ASNPO").

Revenue recognition

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

The 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

(i) Measurement of financial instruments

The Foundation measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in the statement of operations when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

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.

(ii) Impairment

Financial assets measured at amortized cost are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in the statement of operations. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

The Angel Foundation for Learning

Notes to Financial Statements
For the year ended August 31, 2021

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

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.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the reported amounts of revenues and expenditures during the current year. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

The Angel Foundation for Learning

Notes to Financial Statements

For the year ended August 31, 2021

3 CASH AND CASH EQUIVALENTS

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

	2021	2020
Cash on deposit, net of outstanding cheques	\$ 3,501,143	\$ 604,055

4 INVESTMENTS

Investments are comprised of the following:

	2021	2020
Guaranteed investment certificates and treasury bills	\$ 2,229,458	\$ 794,212
Partnership units/shares	-	14
	<u>\$ 2,229,458</u>	<u>\$ 794,226</u>

5 PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	2021	2020
Prepaid gift cards for Food for Kids Program	\$ 616,832	\$ -
Prepaid uniform vouchers for 2021-22 school year	30,000	
	<u>\$ 646,832</u>	<u>\$ -</u>

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, 2021 the balance of advanced amounts was \$2,167,997 (2020- \$Nil).

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.

8 FINANCIAL INSTRUMENTS

Items that meet the definition of a financial instrument include cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities.

The following is a summary of the significant financial instrument risks:

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to liquidity risk arising primarily from its accounts payable and accrued liabilities. The Foundation has a comprehensive plan in place to meet its obligations as they come due – primarily through the use of cash flow from operations.

The Angel Foundation for Learning

Notes to Financial Statements

For the year ended August 31, 2021

8 FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk with respect to the accounts receivable. The Foundation provides credit to its clients in the normal course of its operations.

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 fair values of fixed rate financial instruments are subject to change as market interest rates change. The Foundation is exposed to interest rate risk with respect to its short-term investments, which bear interest at fixed rates.

9 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.

10 IMPACT OF COVID-19

Since March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The economic effects within the Foundation's environment and in the global markets, disruption in supply chains, and measures introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Foundation's future operations and financial results.

The Foundation cannot estimate the length and gravity of the COVID-19 pandemic. The Foundation is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

As of the date of the approval of the financial statements, there has been no significant negative impact on the Foundation.