

THE ANGEL FOUNDATION FOR LEARNING

Toronto, ON

FINANCIAL STATEMENTS

August 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Members of The Angel Foundation for Learning:

Qualified Opinion

We have audited the financial statements of The Angel Foundation for Learning (the "Foundation"), which comprise the statement of financial position as at August 31, 2022, and the statement of operations and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of 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, 2022, and the results of its operations and its 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 expenditures, and cash flows from operations for the years ended August 31, 2022 and August 31, 2021, current assets as at August 31, 2022 and 2021, and net assets as at September 1 and August 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended August 31, 2022 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 *Auditor's 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 audit 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 27, 2023

THE ANGEL FOUNDATION FOR LEARNING

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended August 31, 2022

	Unrestricted Fund \$	Restricted Fund \$	Total 2022 \$	Total 2021 \$
Revenue				
Grants	7,644,550	-	7,644,550	8,305,795
Donations	1,127,563	-	1,127,563	782,864
Fundraising events	356,196	-	356,196	72,279
Interest	13,457	5,846	19,303	122
	<u>9,141,766</u>	<u>5,846</u>	<u>9,147,612</u>	<u>9,161,060</u>
Expenditures				
Program	9,180,128	-	9,180,128	5,848,187
Fundraising	12,752	-	12,752	4,464
Office	88,399	-	88,399	6,155
Salaries and benefits	456,416	-	456,416	416,792
Professional fees	14,716	-	14,716	49,005
	<u>9,752,411</u>	<u>-</u>	<u>9,752,411</u>	<u>6,324,603</u>
Excess (deficiency) of revenue over expenditures for the year	(610,645)	5,846	(604,799)	2,836,457
Transfer between funds	(261,484)	261,484	-	-
Net assets, beginning of year	<u>3,308,734</u>	<u>910,150</u>	<u>4,218,884</u>	<u>1,382,427</u>
Net assets, end of year	<u>2,436,605</u>	<u>1,177,480</u>	<u>3,614,085</u>	<u>4,218,884</u>

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

THE ANGEL FOUNDATION FOR LEARNING

STATEMENT OF FINANCIAL POSITION

As at August 31, 2022

	2022	2021
	\$	\$
Assets		
Current		
Cash	1,895,718	3,501,143
Short-term investments (Note 3)	1,138,276	2,229,458
Accounts receivable	26,800	74,950
Prepaid expenses (Note 4)	566,075	646,832
	3,626,869	6,452,383
Liabilities		
Current		
Accounts payable and accrued liabilities	12,784	65,502
Deferred revenue (Note 5)	-	2,167,997
	12,784	2,233,499
Net assets		
Unrestricted fund	2,436,605	3,308,734
Restricted fund (Note 6)	1,177,480	910,150
	3,614,085	4,218,884
	3,626,869	6,452,383

Approved on behalf of the Board:

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, 2022

	2022	2021
	\$	\$
Cash flows related to operating activities		
Excess (deficiency) of revenue over expenditures	(604,799)	<u>2,836,457</u>
Changes in non-cash working capital balances:		
Accounts receivable	48,150	(74,950)
Prepaid expenses	80,757	(646,832)
Accounts payable and accrued liabilities	(52,718)	49,648
Deferred revenue	(2,167,997)	2,167,997
	<u>(2,696,607)</u>	<u>4,332,320</u>
Cash flows related to investing activities		
Purchase of short-term investments	(1,008,818)	(1,435,232)
Proceeds from disposition of short-term investments	2,100,000	-
	<u>1,091,182</u>	<u>(1,435,232)</u>
Net increase (decrease) in cash	(1,605,425)	2,897,088
Cash, beginning	3,501,143	604,055
Cash, ending	1,895,718	3,501,143

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

THE ANGEL FOUNDATION FOR LEARNING

NOTES

For the year ended August 31, 2022

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 lack 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.

Note 1 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Fund Accounting

Unrestricted Fund

The Unrestricted Fund reports unrestricted resources and accounts for the Foundation's general operating activities.

Restricted Fund

The Restricted Fund accounts for the resources with restrictions required by the donor with respect to the purpose of the funds or when the funds can be spent. The Restricted Fund reports, as revenue and expenditures, the receipt and the use of funds restricted by donors.

Revenue Recognition

Donations are recorded using the restricted fund method of accounting for revenue when received. Donor restricted donations are recognized as revenue in the Restricted Fund and unrestricted donations are recognized as revenue in the Unrestricted Fund.

Interest is recognized on a time proportion basis.

Revenue related to grants are recognized as revenue in the year in which the related expenditures are incurred, otherwise they are included in deferred revenue.

Revenue from fundraising events are recognized when the events have occurred.

THE ANGEL FOUNDATION FOR LEARNING

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For the year ended August 31, 2022

Note 1 Significant Accounting Policies (continued)

Financial Instruments

Arm's Length Transactions

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.

The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost.

Related Party Transactions

Measurement of related party financial instruments

The Foundation measures all related party financial instruments recognized in these financial statements at either the cost of the related party financial instrument, or at the cost of the consideration exchanged for the related party financial instrument. Measurement is based on the nature of the financial instrument, and depends on whether the instrument has repayment terms. The Foundation has no related party financial instruments required to be measured at fair value.

When the instrument has repayment terms, the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor.

When the related party financial instrument has no repayment terms, the cost of the instrument is determined using the consideration transferred or received.

Related party financial instruments initially measured at cost are subsequently measured using the cost method.

Transaction Costs

Transaction costs related to the acquisition or issuance of financial instruments subsequently measured at fair value and to instruments originated or exchanged in a related party transaction are recognized in excess (deficiency) of revenue over expenditures 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 or issuance of the instrument, and the adjustment is recognized in excess (deficiency) of revenue over expenditures over the life of the instrument using the straight-line method.

Impairment

Financial assets measured at amortized cost and related party financial assets measured using the cost method 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 excess (deficiency) of revenue over expenditures. 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 excess (deficiency) of revenue over expenditures.

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For the year ended August 31, 2022

Note 1 Significant Accounting Policies (continued)

Contributed Materials and Services

Contributed materials and services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Change in Accounting Policy

The Foundation has adopted the amendments to *CPA Handbook* Section 3856, Financial Instruments. The amendments have been adopted effective September 1, 2020, the beginning of the earliest comparative period in these financial statements (the "transition date"). The amendments provide guidance on the accounting for financial instruments arising from transactions between both arm's-length and related parties, and require disclosure of enterprise-specific information related to significant risks arising from financial instruments.

The Foundation has applied the amendments retrospectively, in accordance with the transition provisions. The amendments provide transition relief for instruments without repayment terms to be measured at their pre-adoption carrying amount less impairment at the transition date. Transition relief is also provided for instruments extinguished or derecognized prior to the transition date, such that only instruments existing on the transition date need to be assessed.

The adoption of the amendments had no impact on the Foundation's financial statements other than the enterprise-specific risk disclosures related to significant risks arising from the Foundation's financial instruments (see Note 7).

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NOTES

For the year ended August 31, 2022

Note 2 Transfer between funds

On May 18, 2022, the Board approved the redirection of \$261,484 of funds from general donation funds to the restricted fund account.

Note 3 Short-term investments

Short-term investments are comprised of the following:

	2022	2021
	\$	\$
Guaranteed investment certificates and treasury bills	1,138,276	2,229,458

Note 4 Prepaid Expenses

Prepaid expenses are comprised of the following:

	2022	2021
	\$	\$
Prepaid gift cards for Food for Kids Program	566,075	616,832
Prepaid uniform vouchers for 2021-22 school year	<u>-</u>	<u>30,000</u>
	<u>566,075</u>	<u>646,832</u>

Note 5 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, 2022 the balance of advanced amounts was \$Nil (2021 - \$2,167,997).

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For the year ended August 31, 2022

Note 6 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.

Note 7 Financial Instruments

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

Financial instrument transactions, such as purchasing and selling investments, collecting receivables and settling payables may result in exposure to significant financial risks and concentrations of risk.

For the year ended August 31, 2022, the Foundation was not exposed to significant risks arising from its financial instruments. There have been no changes to the significant risks from the prior year.

Note 8 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.

Note 9 Update on COVID-19

COVID-19, which has been recognized by the World Health Organization as a pandemic, has spread rapidly and extensively across the globe. Efforts by governments to control the further spread of COVID-19 have disrupted normal economic activity both domestically and globally.

Management continues to monitor the impact of the pandemic. The extent to which the Foundation's financial position, results of operations and cash flows will be impacted by the COVID-19 pandemic is uncertain and will depend on future developments, which are unpredictable and subject to rapid change.