

**THE ANGEL FOUNDATION FOR LEARNING**

Toronto, ON

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**FINANCIAL STATEMENTS**

August 31, 2023



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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, 2023, 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, 2023, 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 events revenues, excess (deficiency) of revenue over expenditures, and cash flows related to operating activities for the years ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net assets as at September 1 and August 31 for both the 2023 and 2022 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  
February 29, 2024

# THE ANGEL FOUNDATION FOR LEARNING

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended August 31, 2023

	Unrestricted Fund \$	Restricted Fund \$	Total 2023 \$	Total 2022 \$
<b>Revenue</b>				
Grants	7,628,359	-	7,628,359	7,644,550
Donations	521,480	-	521,480	1,127,563
Fundraising events	178,629	-	178,629	356,196
Interest	28,262	19,576	47,838	19,303
	<u>8,356,730</u>	<u>19,576</u>	<u>8,376,306</u>	<u>9,147,612</u>
<b>Expenditures</b>				
Program	8,299,389	-	8,299,389	9,180,128
Fundraising	20,973	-	20,973	12,752
Office	188,518	-	188,518	88,399
Salaries and benefits	472,164	-	472,164	456,416
Professional fees	19,325	-	19,325	14,716
	<u>9,000,369</u>	<u>-</u>	<u>9,000,369</u>	<u>9,752,411</u>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	(643,639)	19,576	(624,063)	(604,799)
<b>Net assets, beginning of year</b>	<u>2,436,605</u>	<u>1,177,480</u>	<u>3,614,085</u>	<u>4,218,884</u>
<b>Net assets, end of year</b>	<u>1,792,966</u>	<u>1,197,056</u>	<u>2,990,022</u>	<u>3,614,085</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, 2023

	2023	2022
	\$	\$
<b>Assets</b>		
Current		
Cash	1,589,067	1,895,718
Short-term investments (Note 2)	3,652,226	1,138,276
Accounts receivable	689,951	26,800
Prepaid expenses (Note 3)	116,704	566,075
	<b>6,047,948</b>	3,626,869
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	110,000	12,784
Deferred revenue (Note 4)	2,947,926	-
	<b>3,057,926</b>	12,784
<b>Net assets</b>		
Unrestricted fund	1,792,966	2,436,605
Restricted fund (Note 5)	1,197,056	1,177,480
	<b>2,990,022</b>	3,614,085
	<b>6,047,948</b>	3,626,869

Approved on behalf of the Board:

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*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, 2023

	2023	2022
	\$	\$
<b>Cash flows related to operating activities</b>		
Excess (deficiency) of revenue over expenditures	<u>(624,063)</u>	<u>(604,799)</u>
Changes in non-cash working capital balances:		
Accounts receivable	(663,151)	48,150
Prepaid expenses	449,371	80,757
Accounts payable and accrued liabilities	97,216	(52,718)
Deferred revenue	<u>2,947,926</u>	<u>(2,167,997)</u>
	<u>2,207,299</u>	<u>(2,696,607)</u>
<b>Cash flows related to investing activities</b>		
Purchase of short-term investments	(6,513,950)	(1,008,818)
Proceeds from disposition of short-term investments	<u>4,000,000</u>	<u>2,100,000</u>
	<u>(2,513,950)</u>	<u>1,091,182</u>
<b>Net decrease in cash</b>	<b>(306,651)</b>	<b>(1,605,425)</b>
Cash, beginning	<b>1,895,718</b>	<b>3,501,143</b>
<b>Cash, ending</b>	<b>1,589,067</b>	<b>1,895,718</b>

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

# THE ANGEL FOUNDATION FOR LEARNING

## NOTES

For the year ended August 31, 2023

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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.

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### **Note 1 Significant Accounting Policies**

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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

## NOTES

For the year ended August 31, 2023

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### Note 1 Significant Accounting Policies (continued)

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#### 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.

# THE ANGEL FOUNDATION FOR LEARNING

## NOTES

For the year ended August 31, 2023

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### Note 1 Significant Accounting Policies (continued)

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#### Financial Instruments (continued)

##### 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.

#### 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.

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### Note 2 Short-term Investments

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Short-term investments are comprised of the following:

	<b>2023</b>	2022
	<b>\$</b>	\$
Guaranteed investment certificates and treasury bills	<b>3,652,226</b>	1,138,276

# THE ANGEL FOUNDATION FOR LEARNING

## NOTES

For the year ended August 31, 2023

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### Note 3 Prepaid Expenses

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Prepaid expenses are comprised of the following:

	2023	2022
	\$	\$
Prepaid gift cards for Food for Kids Program	92,591	566,075
Other prepaid expenses	<u>24,113</u>	<u>-</u>
	<u>116,704</u>	<u>566,075</u>

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### Note 4 Deferred Revenue

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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, 2023 the balance of advanced amounts was \$2,947,926 (2022 - \$Nil). The entire balance of deferred revenue as at August 31, 2023 was recognized in revenue in fiscal year 2024.

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### Note 5 Restricted Fund

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The restricted fund represent amounts that have been designated by donors to fund specific future programs.

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### Note 6 Financial Instruments

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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, 2023, 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.

# THE ANGEL FOUNDATION FOR LEARNING

## NOTES

For the year ended August 31, 2023

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### **Note 7 Toronto Catholic School Board (TCDSB)**

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

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### **Note 8 Subsequent events**

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On November 8, 2023, the foundation reached a settlement in connection with a lawsuit filed by two former employees claiming wrongful dismissal. The settlement was achieved through mediation and resulted in an agreement that is legally binding and mutually agreed upon by all parties. The settlement terms involve a total payment of \$90,000, which the foundation has agreed to pay to the former employees.