
Financial statements of
Thames Valley Education Foundation

August 31, 2018

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Independent Auditor's Report

To the Board of Directors of
Thames Valley Education Foundation

We have audited the accompanying financial statements of Thames Valley Education Foundation, which comprise the statement of financial position as at August 31, 2018, and the statements of operations and changes in fund balance, remeasurement gains and losses, and 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 Canadian public sector accounting standards, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures 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 purpose 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Thames Valley Education Foundation as at August 31, 2018 and the results of its operations, changes in its fund balance, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 4, 2019

Thames Valley Education Foundation

Statement of financial position

As at August 31, 2018

	Notes	2018	2017
		\$	\$
Assets			
Current assets			
Cash		1,558,392	286,355
Accounts receivable		5,066	2,083
		1,563,458	288,438
Investments	3	8,054,700	7,528,763
		9,618,158	7,817,201
Liabilities			
Current liabilities			
Accounts payable	10	277,977	81,630
Awards payable		201,489	229,941
Deferred revenue		566,970	20,000
		1,046,436	331,571
Long-term awards payable	4	153,883	131,715
		1,200,319	463,286
Fund balances			
Endowment fund	5 and 8	3,867,698	3,667,242
Externally restricted fund	6 and 8	2,760,287	2,029,758
Internally restricted fund	7	733,730	713,720
Accumulated remeasurement gains		1,056,124	943,195
		8,417,839	7,353,915
		9,618,158	7,817,201

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

Approved by the Board

_____ Director

_____ Director

Thames Valley Education Foundation
Statement of operations and changes in fund balance
Year ended August 31, 2018

	Total		Endowment fund		Externally restricted fund		Internally restricted fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations	1,540,753	502,354	200,000	—	1,340,253	501,254	500	1,100
Investment income	271,432	262,736	346	370	243,997	233,680	27,089	28,686
Realized gain on investments	147,565	64,013	110	—	133,172	61,039	14,283	2,974
Other income	86,867	45,239	—	—	80,432	45,239	6,435	—
Administration	58,272	56,965	—	—	—	—	58,272	56,965
	2,104,889	931,307	200,456	370	1,797,854	841,212	106,579	89,725
Expenses								
Awards	571,006	624,371	—	—	570,606	624,321	400	50
Grants	29,438	32,842	—	—	29,438	32,842	—	—
Programs	148,822	194,880	—	—	148,822	194,880	—	—
Administration	159,997	127,834	34	34	103,926	87,374	56,037	40,426
Transfers to Thames Valley District School Board	244,631	105,789	—	—	244,381	103,530	250	2,259
	1,153,894	1,085,716	34	34	1,097,173	1,042,947	56,687	42,735
Net revenue	950,995	(154,409)	200,422	336	700,681	(201,735)	49,892	46,990
Net transfers (from) to other funds	—	—	34	(549)	29,848	54,604	(29,882)	(54,055)
Surplus (deficit) from net revenue and transfers	950,995	(154,409)	200,456	(213)	730,529	(147,131)	20,010	(7,065)
Fund balance, beginning of year	6,410,720	6,565,129	3,667,242	3,667,455	2,029,758	2,176,889	713,720	720,785
Fund balance, end of year	7,361,715	6,410,720	3,867,698	3,667,242	2,760,287	2,029,758	733,730	713,720

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

Thames Valley Education Foundation**Statement of remeasurement gains and losses**Year ended August 31, 2018

	2018	Total
	\$	2017
		\$
Accumulated remeasurement gains and losses, beginning of year	943,195	991,800
Unrealized gains attributable to portfolio investments	260,494	15,408
Realized gains attributable to portfolio investments	(147,565)	(64,013)
Accumulated remeasurement gains and losses, end of year	1,056,124	943,195

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

Thames Valley Education Foundation

Statement of cash flows

Year ended August 31, 2018

	2018	2017
	\$	\$
Operating activities		
Surplus from net revenue and transfers		
Externally restricted fund	730,529	(147,131)
Internally restricted fund	20,010	(7,065)
Endowment fund	200,456	(213)
Changes in non-cash working capital components		
Accounts receivable	(2,983)	(90)
Accounts payable	196,347	30,486
Awards payable	(28,452)	115,446
Deferred revenue	546,970	(26,082)
Long-term awards payable	22,168	41,715
	1,685,045	7,066
Investing activities		
Proceeds of sale of investments	859,125	405,206
Purchase of investments	(1,272,133)	(376,612)
	(413,008)	28,594
Net change in cash and cash equivalents	1,272,037	35,660
Cash and cash equivalents, beginning of year	286,355	250,695
Cash and cash equivalents, end of year	1,558,392	286,355

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

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2018

1. Vision and mission

The Thames Valley Education Foundation (the "Foundation") is a registered charitable organization. The mission of the Foundation is to provide enhanced learning opportunities for Thames Valley District School Board students by fostering support from all sectors of society.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations including the 4200 series of standards as issued by the Public Sector Accounting Board and include the following significant accounting policies:

Basis of accounting

Revenue and expenditures are recorded on the accrual basis.

Cash

Cash and cash equivalents comprise cash and short-term investments with a term to maturity of three months or less at the date of acquisition.

Fund accounting

In order to ensure observance of limitations placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the restricted fund method of accounting for contributions. Under these principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

(a) Endowment fund

The endowment fund captures endowment contributions. Investment income related to these endowments is capitalized in the endowment fund or the restricted fund depending upon the nature of the contributor's requests.

(b) Externally restricted fund

The externally restricted fund captures revenues and expenditures related to program delivery and scholarship awards.

(c) Internally restricted fund

The internally restricted fund captures revenues and expenditures used for administrative and operational costs of the Foundation.

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2018

2. Significant accounting policies (continued)

Revenue recognition

Contributions are recognized as revenue in the appropriate fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue is earned.

Volunteer services

Some of the work of the Foundation is dependent upon voluntary services. Because of the difficulty in determining the fair value of such services, volunteer services are not recognized in these statements.

Income taxes

The Foundation is registered as a charity under the Income Tax Act, and as such there is no provision for income taxes.

Financial instruments

Under PS 3450, all financial instruments, are included on the Statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Foundation's accounting policy choices. All financial instruments reported on the Statement of financial position of the Foundation are classified as follows:

<u>Financial instrument</u>	<u>Classification</u>
Cash	Fair value
Accounts receivable	Amortized cost
Investments	Fair value
Accounts payable	Amortized cost
Awards payable	Amortized cost
Long-term awards payable	Amortized cost

Financial instruments measured at fair value are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Statement of remeasurement gains and losses until they are realized, when they are transferred to the Statement of operations. Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses, and recognized into the Statement of operations. On sale or disposal, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the Statement of operations.

Financial instruments measured at amortized cost are initially recognized at cost, and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect or recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Statement of operations.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Investments

The Foundation's investments consist of the following investments:

	2018		2017	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Equity funds	6,518,983	7,575,107	6,493,548	7,436,743
Real estate funds	400,000	400,000	—	—
Mutual funds	79,593	79,593	92,020	92,020
	6,998,576	8,054,700	6,585,568	7,528,763

Included in the above are accumulated unrealized gains of \$1,056,124 (\$943,195 in 2017).

4. Long-term awards payable

Long-term awards payable reported on the statement of financial position are due as follows:

	2018	2017
	\$	\$
2019	72,883	61,965
2020	61,000	39,750
2021	20,000	30,000
	153,883	131,715

These amounts represents awards payable to students to fund education at post-secondary institutions.

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2018

5. Endowment fund

Endowments represent funds received for which the principal amount donated is maintained and the income earned must be used to support future projects and programs for the benefit of students by Thames Valley District School Board as directed by the donor.

	2018	2017
	\$	\$
Assets		
Current asset		
Cash	29,086	21,075
Investments	3,840,865	3,648,248
	3,869,951	3,669,323
Liabilities		
Accounts payable	8	8
Fund balance	3,867,698	3,667,242
Accumulated remeasurement gains	2,245	2,073
	3,869,951	3,669,323

6. Externally restricted fund

Externally restricted funds represent funds received which must be used for particular purposes by Thames Valley District School Board as directed by the donor.

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	1,484,337	264,172
Accounts receivable	2,259	624
	1,486,596	264,796
Investments	3,357,337	3,035,624
	4,843,933	3,300,420
Liabilities		
Current liabilities		
Accounts and awards payable	432,249	283,967
Deferred revenue	566,969	20,000
Long-term awards payable	153,883	131,715
	1,153,101	435,682
Fund balance	2,760,288	2,029,758
Accumulated remeasurement gains	930,544	834,980
	4,843,933	3,300,420

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2018

7. Inter-fund transfers and internally restricted net assets

Thames Valley Education Foundation's board of directors has internally restricted \$733,730 (\$713,720 in 2017) to be used for Board approved expenses. Administrative fees of \$58,272 (\$56,965 in 2017) were charged to the externally restricted fund and corresponding assets were transferred to the internally restricted fund and recorded as administration revenue to cover these costs. These internally restricted amounts are not available for unrestricted purposes without approval of the board of directors. At year end, the accumulated remeasurement gains for the internally restricted fund is \$123,335 (\$106,142 in 2017).

8. Externally restricted net assets

Major categories of externally imposed restrictions on net assets are as follows:

	2018 \$	2017 \$
Restricted for particular purposes at Thames Valley District School Board	2,760,287	2,029,758
Endowments, the income from which must be used to support future projects and programs for the benefit of students at Thames Valley District School Board	3,867,698	3,667,242
	6,627,985	5,697,000

9. Financial instruments

Interest rate risk

Interest rate risk refers to the effect on the fair value of the Foundation's assets due to fluctuations in interest rates. The fair value of the Foundation's assets is affected by short term changes in interest rates. At August 31, 2018, a 0.25% increase or decrease in interest rates, with all other variables held constant, would have increased or decreased net assets by 0.6% or \$47,909 (0.7% or \$49,188 in 2017).

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual investment or its issuer or by factors affecting all securities traded in the market. The Foundation's policy is to invest in a diversified portfolio of investments to mitigate the impact of market risk.

At August 31, 2018, a 5% increase or decrease in the underlying market price of the Foundation's investment held at August 31, 2018, with all other variables held constant, would have increased or decreased net assets by 3.0% or \$238,514 (3.1% or \$233,086 in 2017).

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2018

9. Financial instruments (continued)

Fair value

The fair values of cash, accounts receivable, accounts payable, awards payable and deferred revenue approximates their carrying values due to their short-term maturity.

The fair value of investments included in Note 3 is based on quoted market prices.

All financial instruments are classified as level 1. There are no level 3 financial instruments held by the Foundation at August 31, 2018.

10. Related party transactions

The Thames Valley Education Foundation is considered a reporting entity of the Thames Valley District School Board. As such, the financial activity of the Foundation forms part of the consolidated financial statements of the Thames Valley District School Board.

In 2018, \$244,381 (\$103,530 in 2017) was transferred to the Thames Valley District School Board from the externally restricted fund. This transfer relates to specific donations received by TVEF to fund programs at the Thames Valley District School Board. At year end, the Foundation has a balance owing to the Thames Valley District School Board of nil (\$49,416 in 2017) related to these transfers.

The Thames Valley District School Board has billed the Foundation for administration expenses incurred to support the Foundation. The expenses totaled \$46,375 for 2018 (\$27,006 in 2017) and this amount is included in accounts payable.