
Financial statements of Thames Valley Education Foundation

August 31, 2021

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Independent Auditor's Report

To the Board of Directors of
Thames Valley Education Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thames Valley Education Foundation (the "Foundation"), which comprise the statement of financial position as at August 31, 2021, and the statements of operations and changes in fund balance, remeasurement gains and losses, and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2021, and the results of its operations, changes in its fund balances, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 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 PSAS, 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 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 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
January 26, 2022

Thames Valley Education Foundation

Statement of financial position

As at August 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash		1,175,626	1,447,362
Accounts receivable		12,791	11,570
		1,188,417	1,458,932
Investments	3	8,766,978	7,801,541
		9,955,395	9,260,473
Liabilities			
Current liabilities			
Accounts payable	10	94,776	317,271
Awards payable		326,263	515,372
Deferred revenue		74,478	53,461
		495,517	886,104
Long-term awards payable	4	116,533	76,500
		612,050	962,604
Fund balances			
Endowment fund	5 and 8	3,846,937	3,846,937
Externally restricted fund	6 and 8	3,568,224	3,411,089
Internally restricted fund	7	877,331	867,913
Accumulated remeasurement gains		1,050,853	171,930
		9,343,345	8,297,869
		9,955,395	9,260,473

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, 2021

	Total		Endowment fund		Externally restricted fund		Internally restricted fund	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations	925,470	784,384	—	—	925,220	784,384	250	—
Investment income	207,363	272,140	—	260	185,865	244,111	21,498	27,769
Realized gain on investments	183,998	754,712	—	—	164,198	657,281	19,800	97,431
Other income	159,483	92,921	—	—	153,605	92,108	5,878	813
Administration	65,308	61,984	—	—	—	—	65,308	61,984
	1,541,622	1,966,141	—	260	1,428,888	1,777,884	112,734	187,997
Expenses								
Awards	818,508	505,864	—	—	818,258	505,364	250	500
Grants	257,597	273,433	—	—	257,597	273,433	—	—
Administration	243,810	165,674	—	39	176,954	114,776	66,856	50,859
Transfers to Thames Valley District School Board	55,154	275,377	—	—	55,154	275,377	—	—
	1,375,069	1,220,348	—	39	1,307,963	1,168,950	67,106	51,359
Net revenue	166,553	745,793	—	221	120,925	608,934	45,628	136,638
Net transfers (from) to other funds	—	—	—	(20,864)	36,210	34,910	(36,210)	(14,046)
Surplus (deficit) from net revenue and transfers	166,553	745,793	—	(20,643)	157,135	643,844	9,418	122,592
Fund balance, beginning of year	8,125,939	7,380,146	3,846,937	3,867,580	3,411,089	2,767,245	867,913	745,321
Fund balance, end of year	8,292,492	8,125,939	3,846,937	3,846,937	3,568,224	3,411,089	877,331	867,913

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, 2021

	2021	2020
	\$	\$
Accumulated remeasurement gains and losses, beginning of year	171,930	1,182,765
Unrealized gains (loss) attributable to portfolio investments	1,062,921	(256,123)
Realized gains attributable to portfolio investments	(183,998)	(754,712)
Accumulated remeasurement gains and losses, end of year	1,050,853	171,930

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

Thames Valley Education Foundation**Statement of cash flows**

Year ended August 31, 2021

	2021	2020
	\$	\$
Operating activities		
Surplus from net revenue and transfers		
Externally restricted fund	157,135	643,844
Internally restricted fund	9,418	122,592
Endowment fund	—	(20,643)
Changes in non-cash working capital components		
Accounts receivable	(1,221)	1,955
Accounts payable	(222,495)	(12,859)
Awards payable	(189,109)	240,969
Deferred revenue	21,017	(275,347)
Long-term awards payable	40,033	(134,060)
	(185,222)	566,451
Investing activities		
Proceeds of sale of investments	671,396	7,256,322
Purchase of investments	(757,910)	(7,624,172)
	(86,514)	(367,850)
Net change in cash and cash equivalents	(271,736)	198,601
Cash and cash equivalents, beginning of year	1,447,362	1,248,761
Cash and cash equivalents, end of year	1,175,626	1,447,362

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

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2021

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, 2021

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:

Financial instrument	Classification
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.

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.

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2021

2. Significant accounting policies (continued)

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:

	2021		2020	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Mutual funds	7,298,188	8,335,959	7,229,612	7,352,232
Real estate funds	417,938	431,019	400,000	449,309
	7,716,126	8,766,978	7,629,612	7,801,541

Included in the above are accumulated unrealized gains of \$1,050,852 (\$171,930 in 2020).

4. Long-term awards payable

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

	<u>\$</u>
2023	73,533
2024	36,500
2025	<u>6,500</u>
	<u>116,533</u>

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, 2021

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.

	2021	2020
	\$	\$
Assets		
Current asset	—	29,075
Cash	3,846,937	3,817,862
Investments	3,846,937	3,846,937
Liabilities		
Fund balance	3,846,937	3,846,937

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.

	2021	2020
	\$	\$
Assets		
Current assets	1,043,573	1,320,271
Cash	8,626	8,538
Accounts receivable	1,052,199	1,328,809
Investments	4,032,188	3,159,652
	5,084,387	4,488,461
Liabilities		
Current liabilities		
Accounts and awards payable	380,272	791,338
Deferred revenue	74,478	53,461
Long-term awards payable	116,533	76,500
	571,283	921,299
Fund balance	3,568,224	3,411,089
Accumulated remeasurement gains	944,880	156,073
	5,084,387	4,488,461

7. Inter-fund transfers and internally restricted net assets

Thames Valley Education Foundation's board of directors has internally restricted \$877,331 (\$867,913 in 2020) to be used for Board approved expenses. Administrative fees of \$65,308 (\$61,984 in 2020) 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 \$105,973 (\$15,857 in 2020).

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2021

8. Externally restricted net assets

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

	2021	2020
	\$	\$
Restricted for particular purposes at Thames Valley District School Board	3,568,224	3,411,089
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	3,846,937	3,846,937
	7,415,161	7,258,026

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, 2021, a 1% (1% in 2020) increase or decrease in interest rates, with all other variables held constant, would have increased or decreased investments by 2.2% or \$193,458 (2.4% or \$186,844 in 2020).

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, 2021, a 10% (1% in 2020) increase or decrease in the underlying market price of the Foundation's investment held at August 31, 2021, with all other variables held constant, would have increased or decreased investments by 5.6% or \$487,803 (0.5% or \$38,702 in 2020).

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, 2021.

Thames Valley Education Foundation

Notes to the financial statements

August 31, 2021

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 2021, \$55,154 (\$275,377 in 2020) 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 \$48,619 (\$272,346 in 2020) 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 \$41,963 for 2021 (\$40,810 in 2020) and this amount is included in accounts payable.

In 2020, Thames Valley District School Board processed Caring Fund Grant expenses that was funded by Thames Valley Education Foundation. The expenses totaled \$54,232 in 2020 and this amount is included in accounts payable.

11. COVID-19 impact

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. Overall impact to the Thames Valley Education Foundation was not significant but it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Foundation in future periods.