

Financial Statements of

**LANGLEY SCHOOL DISTRICT  
FOUNDATION**

Year ended June 30, 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Langley School District Foundation

### Report on the Audit of Financial Statements

#### *Qualified Opinion*

We have audited the accompanying financial statements of Langley School District Foundation (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2020
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of Langley School District Foundation as at June 30, 2020, and its results of 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 charitable organizations, Langley School District Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Langley School District Foundation. Therefore, we are not able to determine whether any adjustments might be necessary to donation revenues and excess (deficiency) of revenue over expenses reported in the statement of operations and changes in fund balances and statement of cash flows for the years ended June 30, 2020 and June 30, 2019, current assets in the statement of financial position as at June 30, 2020 and June 30, 2019 and fund balances reported in the statement of operations and changes in fund balances, both at the beginning and end of the year, for the years ending June 30, 2020 and June 30, 2019. Our opinion on the financial statements for the year ended June 30, 2019 was qualified 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 auditors’ report.

We are independent of the Entity 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by Langley School District Foundation in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

Langley, Canada

October 28, 2020

# LANGLEY SCHOOL DISTRICT FOUNDATION

## Statement of Financial Position

June 30, 2020 with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 651,551	\$ 580,385
Short-term investments (note 4)	850,914	827,498
Interest receivable	22,895	22,789
Other receivables	39,299	30,823
Other asset (note 5)	42,128	-
Prepaid expenses	-	500
	<u>1,606,787</u>	<u>1,461,995</u>
Long-term investments (note 6)	2,110,755	2,168,378
Capital assets (note 7)	2,637	4,841
	<u>\$ 3,720,179</u>	<u>\$ 3,635,214</u>

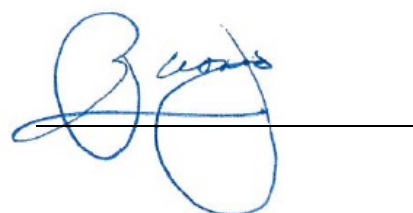
## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 128,709	\$ 135,081
Due to Langley School District (note 8)	8,244	9,998
Scholarships payable (note 9)	211,760	266,223
Deferred revenue	-	6,250
	<u>348,713</u>	<u>417,552</u>
Fund balances:		
Unrestricted	496,579	472,450
Externally restricted funds:		
Restricted fund	644,974	520,900
Cornett fund	436,947	445,040
Scholarship trust fund	<u>1,792,966</u>	<u>1,779,272</u>
	<u>3,371,466</u>	<u>3,217,662</u>
Impact of COVID-19 (note 14)		
	<u>\$ 3,720,179</u>	<u>\$ 3,635,214</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# LANGLEY SCHOOL DISTRICT FOUNDATION

## Statement of Operations and Changes in Fund Balances

Year ended June 30, 2020, with comparative information for 2019

	Unrestricted Fund	Externally restricted		Scholarship Fund	2020 Total	2019 Total
		Restricted Fund	Cornett Fund			
<b>Revenue:</b>						
Donations (note 8)	\$ 44,140	\$ 919,276	\$ -	\$ 165,735	\$ 1,129,151	\$ 1,112,964
Gifts-in-kind	82,524	-	-	-	82,524	93,074
Event income	53,266	-	-	-	53,266	126,754
Investment income	17,023	7,843	12,996	59,432	97,294	101,506
Other income	1,989	-	-	-	1,989	20,141
Unrealized gain (loss) on investments	7,816	(5,344)	(8,855)	(39,845)	(46,228)	18,014
Gain on sale of investments	-	-	-	-	-	1,813
	206,758	921,775	4,141	185,322	1,317,996	1,474,266
<b>Expenses:</b>						
Contributions and grants (note 8)	20,271	761,541	12,234	-	794,046	672,079
Gifts-in-kind	82,524	-	-	-	82,524	93,074
Event expense	27,589	-	-	-	27,589	39,673
Scholarships	-	400	-	163,340	163,740	194,771
Administration (notes 8, 10 and 11)	52,245	35,760	-	8,288	96,293	206,605
	182,629	797,701	12,234	171,628	1,164,192	1,206,202
Excess (deficiency) of revenue over expenses	24,129	124,074	(8,093)	13,694	153,804	268,064
Fund balance, beginning of year	472,450	520,900	445,040	1,779,272	3,217,662	2,949,598
Fund balance, end of year	\$ 496,579	\$ 644,974	\$ 436,947	\$ 1,792,966	\$ 3,371,466	\$ 3,217,662

See accompanying notes to financial statements.

# LANGLEY SCHOOL DISTRICT FOUNDATION

## Statement of Cash Flows

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 153,804	\$ 268,064
Items not involving cash:		
Unrealized loss (gain) on investments	46,228	(18,014)
Gain on sale of investments	-	(1,813)
Amortization	995	4,791
	201,027	253,028
Changes in non-cash operating working capital:		
Interest and other receivables	(8,582)	(18,296)
Other asset	(42,128)	-
Prepaid expenses	500	(500)
Accounts payable and accrued liabilities	(6,372)	68,954
Due to School District	(1,754)	9,427
Scholarships payable	(54,463)	20,777
Deferred revenue	(6,250)	(1,649)
	81,978	331,741
Investments:		
Purchase of investments, net	(12,021)	(23,669)
Increase in Vancouver Foundation investments	-	(200,000)
Purchase of capital assets	-	(5,138)
Proceeds on disposal of capital assets	1,209	-
	(10,812)	(228,807)
Increase in cash and cash equivalents	71,166	102,934
Cash and cash equivalents, beginning of year	580,385	477,451
Cash and cash equivalents, end of year	\$ 651,551	\$ 580,385

See accompanying notes to financial statements.



# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020

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## 1. Operations:

The Langley School District Foundation (the "Foundation") is incorporated under the Societies Act (British Columbia). The Foundation is a charitable organization registered under the Income Tax Act of Canada (the "Act") and, as such, is exempt from income taxes, provided certain requirements of the Act are met, and is able to issue donation receipts for income tax purposes.

The purpose of the Foundation is to act as a fundraising agency for School District No. 35 (Langley) (the "School District") through community appeals for funds and by receiving legacies, donations, gifts, bequests and endowments from all sources. The Board of Directors of the Foundation (the "Board") approve grants to the School District to fund specified projects and to purchase specified capital assets. The Foundation also manages a Scholarship Fund and works with School District staff in the selection of scholarship recipients and makes disbursements to those selected.

## 2. Significant accounting policies:

### (a) Basis of presentation:

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

### (b) Fund accounting:

#### (i) Unrestricted Fund:

The Unrestricted Fund accounts for the Foundation's general fundraising and administrative activities.

#### (ii) Restricted Fund:

The Restricted Fund includes funds that are externally restricted by the donor to be used for an identified purpose.

#### (iii) Cornett Fund:

The Cornett Fund includes funds that are externally restricted by the donor to be used to support programs for students with special needs.

#### (iv) Scholarship Trust Fund:

The Scholarship Trust Fund reports externally restricted contributions to be utilized for the purposes of providing scholarships to the students of the School District.

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020

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## 2. Significant accounting policies (continued):

### (c) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions, giving recognition to restrictions on the use of resources specified by donors. The externally restricted fund and scholarship trust fund include the principal of donations received and the investment income earned on the funds.

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

Contributed materials and services are recognized at their fair market value in the financial statements at the time of acceptance by the Foundation, if determinable. Volunteers contribute an indeterminate number of hours to assist the Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services from volunteers are not recognized in the financial statements.

Investment income is recognized when earned.

Event income received in advance for subsequent year's fundraising events is recorded as deferred revenue. These revenues are recognized as revenue in the period in which the event occurs.

### (d) Cash and cash equivalents:

Cash and cash equivalents include cash and financial instruments with maturity dates within 90 days of acquisition.

### (e) Investments:

Investments classified as short-term include investments with terms to maturity of more than three months at the date of purchase and are due during the next fiscal year. Pooled investments with no maturity are capable of reasonably prompt liquidation and are classified as short-term investments.

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020

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## 2. Significant accounting policies (continued):

### (f) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long term service potential to the Foundation. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its fair value or replacement cost.

Amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Computer software	5 years
Computer hardware	5 years

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### (g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value with any changes being recorded through the statement of operations. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. To the extent that impairment is determined, the carrying value of the instrument will be reduced. Impairment losses are reversed to the extent of any recovery in value, not exceeding the initial carrying value.

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020

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## 2. Significant accounting policies (continued):

### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of investments carried at fair value and the provision for accrued liabilities and scholarships payable. Actual results could differ from those estimates.

### (i) General and administrative expenses:

All expenses related to general management, marketing, and administrative activities, are expensed in the period in which they are incurred. General and administration expenses are included in the unrestricted fund.

### (j) Adoption of new accounting standards:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions -Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in Canadian accounting standards for not-for profit organizations; Section 4433 Tangible capital assets held by not-for-profit organizations, Section 4434 Intangible assets held by not-for-profit organizations and Section 4441 Collections held by not-for-profit organizations.

The amendments were effective for the Foundation for the fiscal year beginning on July 1, 2019. Management has considered the application of the aforementioned new accounting standards and the implementation of these changes had no impact on the Foundation's financial statements.

## 3. Cash and cash equivalents:

Cash and cash equivalents include restricted gaming funds of \$40,523 (2019 - \$40,128) which are held in a separate bank account in accordance with the requirements of the British Columbia Gaming Commission.

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020

## 4. Short-term investments:

	2020		2019	
Mutual funds, at fair value	\$	686,562	\$	665,555
Term deposit (a)		164,352		161,943
	\$	850,914	\$	827,498

(a) The term deposit earns interest at 3.00% per annum and matures in February 2021. The carrying amount approximates its fair value.

## 5. Other asset:

This amount represents gift cards purchased by the Foundation but not distributed at June 30, 2020. The amount is recorded at the average cost, which reflects discounts received on purchases. The face value of the gift cards on hand at June 30, 2020 is \$46,900.

## 6. Long-term investments:

These funds are administered by the Vancouver Foundation, within the Consolidated Trust Fund, with the Foundation receiving the generated income. The funds were established in April 2008, March 2010 and March 2019. Under the terms of the agreements, the Foundation is entitled to withdraw all or a portion of its contributions to the Cornett and Unrestricted Fund three years after the fund is established and five years after the Scholarship Trust and Pamoja Fund is established. These funds are held at fair value.

	Fund established	June 30, 2020		June 30, 2019	
		Market value	Cost	Market value	Cost
Restricted Fund:					
Pamoja Fund	March 2019	\$ 195,775	\$ 200,000	\$ 201,120	\$ 200,000
Cornett Fund	April 2008	324,385	260,000	333,240	260,000
Scholarship Trust Fund	March 2010	1,459,594	1,135,000	1,499,439	1,135,000
Unrestricted	April 2008	131,001	105,000	134,579	105,000
		\$ 2,110,755	\$ 1,700,000	\$ 2,168,378	\$ 1,700,000

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020

## 7. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 20,101	\$ 20,101	\$ -	\$ -
Computer hardware	4,722	2,085	2,637	4,841
	<u>\$ 24,823</u>	<u>\$ 22,186</u>	<u>\$ 2,637</u>	<u>\$ 4,841</u>

## 8. Related party balances and transactions:

During fiscal 2014, the School District and the Foundation entered into an agreement which identifies the services the School District provides to the Foundation as gifts in kind and the services for which the Foundation reimburses the School District.

The Foundation has its own Board which is comprised of one member from School District senior management and a minimum of six and a maximum of 10 directors.

The Foundation receives applications for funding to support school initiatives. Applications are reviewed (against established criteria) by the Executive Director who makes recommendations to the Board regarding any new initiatives. The Board makes the final determination of the initiatives to support. Funding for programs includes literacy initiatives, food programs, performing and visual arts initiatives, special education programs and needs, purchase of library books and technology equipment, and supporting innovative learning enhancement projects.

During the year, the Foundation made the following contributions to the School District to support school initiatives:

	2020	2019
Unrestricted Funds	\$ 20,271	\$ 18,883
Externally Restricted Funds	773,775	653,196
	<u>\$ 794,046</u>	<u>\$ 672,079</u>

The Foundation uses common financial and payroll systems as the School District and, at times, donations are collected via the School District's online payment systems. All intercompany transactions result in a monthly balance due to/from the School District. Invoices are generated and settled on a monthly basis. At June 30, 2020 the amount payable to the School District was \$8,244 (2019 - \$9,998).

During the current year, the School District contributed donations of \$4,500 (2019 - \$4,500) to the Foundation and the Foundation reimbursed the School District \$60,555 (2019 - \$108,609) for administration expenses (note 11). All amounts paid to or received by the Foundation are in the normal course of operations and are recorded at the exchange amount, being the amount agreed to by the parties.

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020

## 9. Scholarships payable:

The scholarship fund liability consists of the current year scholarship winners which are awarded in May annually plus any scholarships not claimed in previous fiscal years. Students who are not attending a post-secondary institution immediately following graduation must claim their scholarships within 2 years. An allowance for unclaimed scholarships is based on management's best estimate based on historical experience.

The following table summarizes the breakdown between current scholarship winners and deferred scholarships. For fiscal 2020, the deferred scholarships are made up of awards from 2019.

	2020	2019
Current scholarships	197,440	241,203
Deferred scholarships	\$ 88,950	\$ 98,670
Allowance for unclaimed scholarships	(74,630)	(73,650)
	\$ 211,760	\$ 266,223

## 10. Administration fee:

An administration fee of up to 5% (2019 - 5%) is charged on restricted monetary donation revenue received. The purpose of this fee is to offset the cost of processing, directing, and managing the restricted donations. For the year ending June 30, 2020, an administration fee of \$44,048 (2019 - \$52,578) was charged to administration expense in the restricted funds.

## 11. Administration expenses:

	2020	2019
Wages and benefits	\$ 60,555	\$ 108,986
Contracted services	7,366	55,522
Printing and advertising	1,178	1,633
Professional services	14,258	14,726
Office	4,282	10,483
Amortization	995	4,791
Bank charges and interest	5,675	5,018
Mileage and expenses	1,984	2,826
Professional development	-	2,620
	\$ 96,293	\$ 206,605

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020

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## **12. Risk management:**

The Foundation has exposure to interest rate risk and market risk from its use of financial instruments. Interest rate risk refers to the effect on the market value of the Foundation's assets due to fluctuations in interest rates. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The market value of the Foundation's mutual funds and invested funds held at the Vancouver Foundation and the carrying value of its term deposits will be affected by fluctuations in interest rates and market risk.

It is management's opinion that the Foundation is not exposed to currency, credit or liquidity risk arising from these financial instruments.

There has been no change to the risk exposures from 2019 except for the impact of COVID-19 (note 14).

## **13. Remuneration of employees and contractors:**

For the fiscal year ending June 30, 2020, the Foundation did not have any employees or contractors for services whose total annual remuneration was greater than \$75,000.

## **14. Impact of COVID-19:**

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation presents uncertainty over the Foundation's future cash flows and may have a significant impact on the Foundation's future operations and/or the fair value of its investments. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the Foundation is not practicable at this time.