

Financial Statements of

**LANGLEY SCHOOL DISTRICT  
FOUNDATION**

Year ended June 30, 2019

# Contents

Auditors' Report	1-3
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	7
Notes to Financial Statements	7-13



KPMG LLP  
3<sup>rd</sup> Floor 8506 200<sup>th</sup> Street  
Langley BC V2Y 0M1  
Canada  
Telephone (604) 455-4000  
Fax (604) 881-4988

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Langley School District Foundation

### Report on the 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, 2019
- 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 the Entity as at June 30, 2019, 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, 2019 and June 30, 2018, current assets in the statement of financial position as at June 30, 2019 and June 30, 2018 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, 2019 and June 30, 2018. Our opinion on the financial statements for the year ended June 30, 2018 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  
November 20, 2019

# LANGLEY SCHOOL DISTRICT FOUNDATION

## Statement of Financial Position

June 30, 2019 with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 580,385	\$ 477,451
Short-term investments (note 4)	827,498	640,309
Interest receivable	22,789	18,649
Other receivables	30,823	16,667
Prepaid expenses	500	-
	<u>1,461,995</u>	<u>1,153,076</u>
Long-term investments (note 5)	2,168,378	2,112,071
Capital assets (note 6)	4,841	4,494
	<u>\$ 3,635,214</u>	<u>\$ 3,269,641</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 135,081	\$ 66,127
Due to School District (note 7)	9,998	571
Scholarships payable (note 8)	266,223	245,446
Deferred revenue	6,250	7,899
	<u>417,552</u>	<u>320,043</u>
Fund balances:		
Unrestricted	472,450	487,882
Externally restricted funds:		
Restricted fund	520,900	349,908
Cornett fund	445,040	438,653
Scholarship trust fund	1,779,272	1,673,155
	<u>3,217,662</u>	<u>2,949,598</u>
	<u>\$ 3,635,214</u>	<u>\$ 3,269,641</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, 2019, with comparative information for 2018

	Unrestricted Fund	Externally restricted		Scholarship Fund	2019 Total	2018 Total
		Restricted Fund	Cornett Fund			
<b>Revenue:</b>						
Donations (note 7)	\$ 15,485	\$ 854,206	\$ -	\$ 243,273	\$ 1,112,964	\$ 596,675
Gifts-in-kind	93,074	-	-	-	93,074	84,677
Event income	126,754	-	-	-	126,754	161,861
Investment income	30,116	2,107	12,598	56,685	101,506	75,773
Other income	20,141	-	-	-	20,141	42,836
Unrealized gain on investments	2,842	1,120	2,555	11,497	18,014	46,320
Gain on sale of investments	1,813	-	-	-	1,813	-
	290,225	857,433	15,153	311,455	1,474,266	1,008,142
<b>Expenses:</b>						
Contributions and grants (note 7)	18,883	644,430	8,766	-	672,079	361,215
Gifts-in-kind	93,074	-	-	-	93,074	84,677
Event expense	39,673	-	-	-	39,673	42,626
Scholarships	-	1,600	-	193,171	194,771	234,920
Administration (notes 7, 9 and 10)	154,027	40,411	-	12,167	206,605	164,672
	305,657	686,441	8,766	205,338	1,206,202	888,110
Excess (deficiency) of revenue over expenses	(15,432)	170,992	6,387	106,117	268,064	120,032
Fund balance, beginning of year	487,882	349,908	438,653	1,673,155	2,949,598	2,829,566
Fund balance, end of year	\$ 472,450	\$ 520,900	\$ 445,040	\$ 1,779,272	\$ 3,217,662	\$ 2,949,598

See accompanying notes to financial statements.

# LANGLEY SCHOOL DISTRICT FOUNDATION

## Statement of Cash Flows

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 268,064	\$ 120,032
Items not involving cash:		
Unrealized gain on investments	(18,014)	(46,320)
Gain on sale of investments	(1,813)	-
Amortization	4,791	4,239
	253,028	77,951
Changes in non-cash operating working capital:		
Interest and other receivables	(18,296)	(786)
Prepaid expenses	(500)	2,423
Accounts payable and accrued liabilities	68,954	21,505
Due to School District	9,427	(4,087)
Scholarships payable	20,777	32,420
Deferred revenue	(1,649)	(2,126)
	331,741	127,300
Investments:		
Purchase of investments, net	(23,669)	(7,686)
Increase in Vancouver Foundation investments	(200,000)	(30,000)
Purchase of capital assets	(5,138)	-
	(228,807)	(37,686)
Increase in cash and cash equivalents	102,934	89,614
Cash and cash equivalents, beginning of year	477,451	387,837
Cash and cash equivalents, end of year	\$ 580,385	\$ 477,451

See accompanying notes to financial statements.

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2019

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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, 2019

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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.

### (f) Capital assets:

Capital assets are recorded at cost less accumulated amortization. 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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# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2019

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## 2. Significant accounting policies (continued):

### (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.

### (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.

## 3. Cash and cash equivalents:

Cash and cash equivalents include restricted gaming funds of \$40,128 (2018 - \$35,516).

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2019

## 4. Short-term investments:

	2019	2018
Mutual funds	\$ 665,555	\$ 640,309
Term deposit (a)	161,943	-
	<u>\$ 827,498</u>	<u>\$ 640,309</u>

(a) The term deposit earns interest at 3.00% per annum and matures in August 2019.

## 5. Long-term investments:

	2019	2018
Funds held at Vancouver Foundation (a)	\$ 2,168,378	\$ 1,952,175
Term deposits	-	159,896
	<u>\$ 2,168,378</u>	<u>\$ 2,112,071</u>

(a) Funds held at the Vancouver Foundation:

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, 2019		June 30, 2018	
		Market value	Cost	Market value	Cost
Restricted Fund:					
Pamoja Fund	March 2019	\$ 201,120	\$ 200,000	\$ -	\$ -
Cornett Fund	April 2008	333,240	260,000	330,686	260,000
Scholarship Trust Fund	March 2010	1,499,439	1,135,000	1,487,943	1,135,000
Unrestricted	April 2008	134,579	105,000	133,546	105,000
		<u>\$ 2,168,378</u>	<u>\$ 1,700,000</u>	<u>\$ 1,952,175</u>	<u>\$ 1,500,000</u>

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2019

## 6. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 20,101	\$ 20,101	\$ -	\$ 4,020
Computer hardware	6,233	1,392	4,841	474
	<u>\$ 26,334</u>	<u>\$ 21,493</u>	<u>\$ 4,841</u>	<u>\$ 4,494</u>

## 7. 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 six directors nominated from the community.

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, 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:

	2019	2018
Unrestricted Fund	\$ 18,883	\$ 59,363
Externally Restricted Funds	653,196	301,852
	<u>\$ 672,079</u>	<u>\$ 361,215</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, 2019 the amount payable to the School District was \$9,998 (2018 - \$571).

During the current year, the School District contributed donations of \$4,500 (2018 - \$4,500) to the Foundation and the Foundation reimbursed the School District \$108,609 (2018 - \$51,551) for administration expenses. All amounts paid to or received by the Foundation are in the normal course of operations and are recorded at the exchange amount.

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2019

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## 8. 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.

The following table summarizes the breakdown between current scholarship winners and deferred scholarships. For fiscal 2019, the deferred scholarships are made up of awards from 2018.

	2019	2018
Deferred scholarships	\$ 98,670	\$ 70,725
Current scholarships	241,203	237,905
Allowance for unclaimed scholarships	(73,650)	(63,184)
	<u>\$ 266,223</u>	<u>\$ 245,446</u>

## 9. Administration fee:

An administration fee of 5% (2018 - 2%) 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.

## 10. Administrative expenses:

	2019	2018
Wages	\$ 108,986	\$ 98,143
Contracted services	55,522	32,170
Printing and advertising	1,633	2,102
Professional services	14,726	11,073
Office	10,483	7,698
Amortization	4,791	4,239
Bank charges and interest	5,018	6,411
Mileage and expenses	2,826	2,836
Professional development	2,620	-
	<u>\$ 206,605</u>	<u>\$ 164,672</u>

# LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2019

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## **11. 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 2018.

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

For the fiscal year ending June 30, 2019, the Foundation did not have any employees or contractors for services whose total annual remuneration was greater than \$75,000.