

Financial Statements of

**LANGLEY SCHOOL DISTRICT
FOUNDATION**

Year ended June 30, 2023

Contents

Independent Auditors' Report	1-3
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13

INDEPENDENT AUDITOR'S REPORT

To the Members of Langley School District Foundation

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Langley School District Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2023, and the statements of changes in net assets, operations and 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 June 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation of 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 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.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

(continues)

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 ASNPO, 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.

(continues)

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied 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.

Langley, British Columbia
December 13, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

LANGLEY SCHOOL DISTRICT FOUNDATION

Statement of Financial Position

June 30, 2023 with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 361,859	\$ 916,333
Short-term investments (note 4)	1,852,546	1,025,269
Interest receivable	28,039	28,673
Other receivables	44,239	31,481
Due from School District (note 8)	-	617
Other asset	-	11,084
Prepaid expenses	3,878	5,225
	<u>2,290,561</u>	<u>2,018,682</u>
Long-term investments (note 5)	2,374,089	2,221,196
Capital assets (note 6)	4,201	2,568
	<u>\$ 4,668,851</u>	<u>\$ 4,242,446</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 86,249	\$ 72,764
Due to School District (note 8)	710	-
Scholarships payable (note 9)	172,522	215,766
Deferred revenue	34,750	42,045
	<u>294,231</u>	<u>330,575</u>
Fund balances:		
Unrestricted	474,066	425,601
Externally restricted funds:		
Restricted fund	1,386,702	1,160,183
Cornett fund	415,683	395,457
Scholarship trust fund	2,098,169	1,930,630
	<u>4,374,620</u>	<u>3,911,871</u>
	<u>\$ 4,668,851</u>	<u>\$ 4,242,446</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

P Luongo Director

Kate Amangoulouva Director

LANGLEY SCHOOL DISTRICT FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended June 30, 2023, with comparative information for 2022

	Unrestricted Fund	Externally restricted		Scholarship Fund	2023 Total	2022 Total
		Restricted Fund	Cornett Fund			
Revenue:						
Donations (note 8)	\$ 106,090	\$ 996,207	\$ -	\$ 252,564	\$ 1,354,861	\$ 1,155,941
Gifts-in-kind	54,934	-	-	-	54,934	60,310
Event income	93,786	-	-	-	93,786	26,513
Investment income	24,221	9,841	16,259	77,689	128,010	100,361
Unrealized gain (loss) on investments	70,850	11,527	19,100	90,436	191,913	(366,852)
Loss on sale of investments	(53,087)	-	-	-	(53,087)	-
	296,794	1,017,575	35,359	420,689	1,770,417	976,273
Expenses:						
Contributions and grants (note 8)	40	706,920	15,133	-	722,093	686,687
Gifts-in-kind	54,934	-	-	-	54,934	60,310
Event expense	37,863	-	-	-	37,863	12,916
Scholarships	-	-	-	227,894	227,894	171,243
Administration (notes 8, 10 and 11)	155,492	84,136	-	25,256	264,884	242,670
	248,329	791,056	15,133	253,150	1,307,668	1,173,826
Excess (deficiency) of revenue over expenses	48,465	226,519	20,226	167,539	462,749	(197,553)
Fund balance, beginning of year	425,601	1,160,183	395,457	1,930,630	3,911,871	4,109,424
Fund balance, end of year	\$ 474,066	\$ 1,386,702	\$ 415,683	\$ 2,098,169	\$ 4,374,620	\$ 3,911,871

See accompanying notes to financial statements.

LANGLEY SCHOOL DISTRICT FOUNDATION

Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 462,749	\$ (197,553)
Items not involving cash:		
Unrealized loss (gain) on investments	(191,913)	366,852
Loss on sale of investments	53,087	-
Amortization	1,381	1,096
	325,304	170,395
Changes in non-cash operating working capital:		
Interest and other receivables	(12,124)	55,062
Due to School District	1,327	(5,141)
Other asset	11,084	(8,409)
Prepaid expenses	1,347	(921)
Accounts payable and accrued liabilities	13,485	(202,287)
Scholarships payable	(43,244)	8,963
Deferred revenue	(7,295)	42,045
	289,884	59,707
Investments:		
Purchase of investments, net	(817,228)	(100,555)
Increase in Vancouver Foundation investments	(24,116)	(66,000)
Purchase of capital assets	(3,014)	-
	(844,358)	(166,555)
Decrease in cash and cash equivalents	(554,474)	(106,848)
Cash and cash equivalents, beginning of year	916,333	1,023,181
Cash and cash equivalents, end of year	\$ 361,859	\$ 916,333

See accompanying notes to financial statements.

LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

1. Nature of operations:

The Langley School District Foundation (the "Foundation") is incorporated under the Societies Act (British Columbia) and is classified as a tax exempt not-for-profit organization and as a charity under the Income Tax Act of Canada (the "Act") and, accordingly, is not subject to income taxes.

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. Basis of presentation and summary of significant accounting policies:

(a) Basis of presentation:

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

(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, 2023

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, 2023

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 hardware	5 years

(g) Use of estimates:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

(h) 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 \$59,414 (2022 - \$54,079) 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, 2023

4. Short-term investments:

	2023	2022
Mutual funds, at fair value	\$ 1,852,546	\$ 655,360
Term deposits	-	369,909
	<u>\$ 1,852,546</u>	<u>\$ 1,025,269</u>

5. Long-term investments:

	2023	2022
Funds held at Vancouver Foundation	\$ 2,374,089	\$ 2,221,196
	<u>\$ 2,374,089</u>	<u>\$ 2,221,196</u>

These funds are administered by the Vancouver Foundation, within the Consolidated Trust Fund, with the Foundation receiving the generated income. 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, 2023		June 30, 2022	
		Market value	Cost	Market value	Cost
Restricted Fund:					
Pamoja Fund	March 2019	\$ 210,399	\$ 200,000	\$ 198,872	\$ 200,000
Cornett Fund	April 2008	348,614	260,000	329,514	260,000
Scholarship Trust Fund	March 2010	1,674,289	1,245,116	1,559,737	1,221,000
Unrestricted	April 2008	140,787	105,000	133,073	105,000
		<u>\$ 2,374,089</u>	<u>\$ 1,810,116</u>	<u>\$ 2,221,196</u>	<u>\$ 1,786,000</u>

LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

6. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	8,492	4,291	4,201	2,568
	\$ 8,492	\$ 4,291	\$ 4,201	\$ 2,568

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2022 - \$4,319) for payroll withholding taxes.

8. School District balances and transactions:

In 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.

The Foundation has its own Board which is comprised of 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:

	2023	2022
Unrestricted Funds	\$ 40	\$ -
Externally Restricted Funds	722,053	686,687
	\$ 722,093	\$ 686,687

The Foundation uses a common financial system as the School District and payroll donations are collected via the School District's payroll system. All intercompany transactions result in a monthly balance due to/from the School District. Invoices are generated and settled on a monthly basis. At year-end, the amount payable to the School District was \$710 (2022 - receivable of \$617).

During the current year, the School District contributed donations of \$100,000 (2022 - \$100,000) to the Foundation.

LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

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 2023, the deferred scholarships are made up of awards from 2022.

	2023	2022
Current scholarships	\$ 171,557	\$ 219,280
Deferred scholarships	66,875	65,625
Allowance for unclaimed scholarships	(65,910)	(69,139)
	<u>\$ 172,522</u>	<u>\$ 215,766</u>

10. Administration fee:

An administration fee of up to 10% (2022 - 10%) 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-ended, an administration fee of \$109,392 (2022 - \$100,430) was charged to administration expense in the restricted funds.

11. Administration expenses:

	2023	2022
Wages and benefits	\$ 189,676	\$ 161,418
Printing and advertising	9,084	23,929
Professional services	19,072	23,910
Office	16,087	16,374
Bank charges and interest	22,808	9,865
Professional development	2,774	5,330
Amortization	1,381	1,096
Mileage and expenses	1,854	748
Contracted services	2,148	-
	<u>\$ 264,884</u>	<u>\$ 242,670</u>

LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

12. Disclosure of employee, contractor, and director remuneration:

The Societies Act of British Columbia requires the disclosure of remuneration paid by the Foundation to employees and contractors whose annual remuneration was at least \$75,000 and any amounts of remuneration paid by the Foundation to directors.

For the fiscal year ending June 30, 2023, the Foundation paid total remuneration of \$120,000 to one of its employees for services, who received total annual remuneration of \$75,000 or greater. Included in remuneration is the cost of salaries and employee premiums for employment insurance, Canada Pension Plan, and benefits including medical, dental, life insurance, long term disability.

No remuneration of \$75,000 or greater was paid to contractors for services, and no remuneration was paid to any members of the Board.

13. Financial instruments:

All financial assets and liabilities are measured at amortized cost as presented on the statement of financial position, except for its investments that are quoted in an active market, which the Foundation has elected to measure at fair value. Changes in fair value are recognized in the statement of operations. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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 significant other price risks arising from these financial instruments. There have been no changes to the risk exposures since the prior year.