

Financial Statements of

**LANGLEY SCHOOL DISTRICT
FOUNDATION**

Year ended June 30, 2022

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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, 2022, and the statement of operations, changes in net assets 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, 2022, 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. The predecessor auditor's opinion on the financial statements for the year ended June 30, 2021 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 Matter - Comparative Information

The financial statements for the year ended June 30, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on December 2, 2021 for the reasons described in the *Basis for Qualified Opinion* section.

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.

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Independent Auditor's Report to the Members of Langley School District Foundation *(continued)*

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.

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.

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Independent Auditor's Report to the Members of Langley School District Foundation *(continued)*

- 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.

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
October 26, 2022



CHARTERED PROFESSIONAL ACCOUNTANTS

LANGLEY SCHOOL DISTRICT FOUNDATION

Statement of Financial Position

June 30, 2022 with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 916,333	\$ 1,023,181
Short-term investments (note 4)	1,025,269	853,019
Interest receivable	28,673	21,650
Other receivables	31,481	93,566
Due from School District (note 9)	617	-
Other asset (note 5)	11,084	2,675
Prepaid expenses	5,225	4,304
	<u>2,018,682</u>	<u>1,998,395</u>
Long-term investments (note 6)	2,221,196	2,593,743
Capital assets (note 7)	2,568	3,663
	<u>\$ 4,242,446</u>	<u>\$ 4,595,801</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 72,764	\$ 275,050
Due to School District (note 9)	-	4,524
Scholarships payable (note 10)	215,766	206,803
Deferred revenue	42,045	-
	<u>330,575</u>	<u>486,377</u>
Fund balances:		
Unrestricted	425,601	555,275
Externally restricted funds:		
Restricted fund	1,160,183	1,003,714
Cornett fund	395,457	470,115
Scholarship trust fund	1,930,630	2,080,320
	<u>3,911,871</u>	<u>4,109,424</u>
	<u>\$ 4,242,446</u>	<u>\$ 4,595,801</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

P Luongo

Director

G SJA

Director

LANGLEY SCHOOL DISTRICT FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended June 30, 2022, with comparative information for 2021

	Unrestricted Fund	Externally restricted		Scholarship Fund	2022 Total	2021 Total
		Restricted Fund	Cornett Fund			
Revenue:						
Donations (note 9)	\$ 104,639	\$ 893,678	\$ -	\$ 157,624	\$ 1,155,941	\$ 1,243,797
Gifts-in-kind	60,310	-	-	-	60,310	84,231
Event income	26,513	-	-	-	26,513	1,089
Investment income	8,103	8,842	14,631	68,785	100,361	87,886
Unrealized gain (loss) on investments	(113,773)	(24,082)	(39,903)	(189,094)	(366,852)	273,068
Gain on sale of investments	-	-	-	-	-	88,541
	85,792	878,438	(25,272)	37,315	976,273	1,778,612
Expenses:						
Contributions and grants (note 9)	-	637,301	49,386	-	686,687	634,395
Gifts-in-kind	60,310	-	-	-	60,310	84,231
Event expense	12,916	-	-	-	12,916	-
Scholarships	-	-	-	171,243	171,243	213,193
Administration (notes 9, 11 and 12)	142,240	84,668	-	15,762	242,670	108,835
	215,466	721,969	49,386	187,005	1,173,826	1,040,654
Excess (deficiency) of revenue over expenses	(129,674)	156,469	(74,658)	(149,690)	(197,553)	737,958
Fund balance, beginning of year	555,275	1,003,714	470,115	2,080,320	4,109,424	3,371,466
Fund balance, end of year	\$ 425,601	\$ 1,160,183	\$ 395,457	\$ 1,930,630	\$ 3,911,871	\$ 4,109,424

See accompanying notes to financial statements.

LANGLEY SCHOOL DISTRICT FOUNDATION

Statement of Cash Flows

Year ended June 30, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (197,553)	\$ 737,958
Items not involving cash:		
Unrealized loss (gain) on investments	366,852	(273,068)
Gain on sale of investments	-	(88,541)
Amortization	1,096	824
	170,395	377,173
Changes in non-cash operating working capital:		
Interest and other receivables	55,062	(53,022)
Due to School District	(5,141)	(3,720)
Other asset	(8,409)	39,453
Prepaid expenses	(921)	(4,304)
Accounts payable and accrued liabilities	(202,287)	146,341
Scholarships payable	8,963	(4,957)
Deferred revenue	42,045	-
	59,707	496,964
Investments:		
Purchase of investments, net	(100,555)	(103,484)
Increase in Vancouver Foundation investments	(66,000)	(20,000)
Purchase of capital assets	-	(1,850)
	(166,555)	(125,334)
Increase (decrease) in cash and cash equivalents	(106,848)	371,630
Cash and cash equivalents, beginning of year	1,023,181	651,551
Cash and cash equivalents, end of year	\$ 916,333	\$ 1,023,181

See accompanying notes to financial statements.

LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2022

1. Nature of 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. 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, 2022

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, 2022

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 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.

(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 \$54,079 (2021 - \$42,948) 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, 2022

4. Short-term investments:

	2022	2021
Mutual funds, at fair value	\$ 655,360	\$ 753,019
Term deposits (a)	369,909	100,000
	<u>\$ 1,025,269</u>	<u>\$ 853,019</u>

(a) The term deposits earn interest between 0.80% and 0.95% per annum and mature during the next fiscal year. 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, 2022. The face value of the gift cards on hand at June 30, 2022 is \$11,084 (2021 - \$2,675).

6. Long-term investments:

	2022	2021
Funds held at Vancouver Foundation	\$ 2,221,196	\$ 2,424,389
Term deposits	-	169,354
	<u>\$ 2,221,196</u>	<u>\$ 2,593,743</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, 2022		June 30, 2021	
		Market value	Cost	Market value	Cost
Restricted Fund:					
Pamoja Fund	March 2019	\$ 198,872	\$ 200,000	\$ 222,954	\$ 200,000
Cornett Fund	April 2008	329,514	260,000	369,417	260,000
Scholarship Trust Fund	March 2010	1,559,737	1,221,000	1,682,831	1,155,000
Unrestricted	April 2008	133,073	105,000	149,187	105,000
		<u>\$ 2,221,196</u>	<u>\$ 1,786,000</u>	<u>\$ 2,424,389</u>	<u>\$ 1,720,000</u>

LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2022

7. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	6,572	4,004	2,568	3,663
	\$ 6,572	\$ 4,004	\$ 2,568	\$ 3,663

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,319 (2021 - \$1,648) for payroll withholding taxes.

9. 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:

	2022	2021
Unrestricted Funds	\$ -	\$ 6,606
Externally Restricted Funds	686,687	627,789
	\$ 686,687	\$ 634,395

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 June 30, 2022 the amount receivable from the School District was \$617 (2021 - payable of \$4,524).

During the current year, the School District contributed donations of \$100,000 (2021 - \$4,500) to the Foundation, and the Foundation reimbursed the School District \$nil (2021 - \$62,700) for administration expenses (note 12).

LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2022

10. 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 2022, the deferred scholarships are made up of awards from 2021.

	2022	2021
Current scholarships	\$ 219,280	\$ 186,055
Deferred scholarships	65,625	78,600
Allowance for unclaimed scholarships	(69,139)	(57,852)
	<u>\$ 215,766</u>	<u>\$ 206,803</u>

11. Administration fee:

An administration fee of up to 10% (2021 - 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, 2022, an administration fee of \$100,430 (2021 - \$57,111) was charged to administration expense in the restricted funds.

12. Administration expenses:

	2022	2021
Wages and benefits	\$ 161,418	\$ 68,311
Printing and advertising	23,929	1,691
Professional services	23,910	22,817
Office	16,374	5,083
Bank charges and interest	9,865	4,327
Professional development	5,330	-
Amortization	1,096	824
Mileage and expenses	748	484
Contracted services	-	5,298
	<u>\$ 242,670</u>	<u>\$ 108,835</u>

LANGLEY SCHOOL DISTRICT FOUNDATION

Notes to Financial Statements

Year ended June 30, 2022

13. 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, 2022, 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.

14. 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.