Financial Statements of

SD43 EDUCATION FOUNDATION

And Independent Auditors' Report thereon

For the year ending June 30, 2021

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	7-10

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the SD43 Education Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of SD43 Education Foundation (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2021;
- 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2021, and its results of operations and changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
KPMG Canada provides services to KPMG LLP.

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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
October 20, 2021

SD 43 EDUCATION FOUNDATION

Statement of Financial Position

As at June 30, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	$ 2,163,672	$ 1,556,809
Liabilities and Fund Balances		
Current liabilities:		
Scholarships payable (note 4)	$ 48,300	$ 62,600
Fund balances:		
Unrestricted	32,955	10,467
Externally restricted funds	2,082,417	1,483,742
	2,115,372	1,494,209
Related party transactions (note 3)		
	$ 2,163,672	$ 1,556,809

See accompanying notes to financial statements.

Approved on behalf of the Board:

Original Signed By Director

Original Signed By Director

SD 43 EDUCATION FOUNDATION

Statement of Operations and Changes in Fund Balances

Year Ended June 30, 2021

	Unrestricted Fund	Externally Restricted: Scholarship Fund	Externally Restricted: Other Restricted Funds	Externally Restricted: Total Externally Restricted Funds	Total 2021	Total 2020
Revenue:						
Donations	$ 22,914	$ 58,741	$ 128,563	$ 187,304	$ 210,218	$ 66,407
Interest income	-	4,668	6,088	10,756	10,756	7,697
Contributions from School District 43 (note 3)	-	-	562,700	562,700	562,700	1,528,360
	22,914	63,409	697,351	760,760	783,674	1,602,464
Expenses:						
Scholarships	-	30,900	-	30,900	30,900	106,875
Program expenses (note 3)	-	-	70,700	70,700	70,700	-
Administration (note 5)	426	23,390	37,095	60,485	60,911	1,380
	426	54,290	107,795	162,085	162,511	108,255
Excess of revenue over expenses	22,488	9,119	589,556	598,675	621,163	1,494,209
Fund balances, beginning of period	10,467	574,496	909,246	1,483,742	1,494,209	-
Fund balances, end of period	$ 32,955	$ 583,615	$ 1,498,802	$ 2,082,417	$ 2,115,372	$ 1,494,209

See accompanying notes to financial statements.

SD 43 EDUCATION FOUNDATION

Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 621,163	$ 1,494,209
Changes in non-cash working capital:		
Scholarships payable	(14,300)	62,600
Increase in cash	606,863	1,556,809
Cash, beginning of period	1,556,809	-
Cash, end of period	$ 2,163,672	$ 1,556,809

See accompanying notes to financial statements

1. Operations:

The SD43 Education Foundation (the "Foundation") was incorporated under the Societies Act (British Columbia) on September 17, 2019. 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 an independent fundraising agency 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 No. 43 (Coquitlam) (the 'School District') to fund specified projects to purchase specified capital assets and to provide grants to organizations that support the vision of the School District. 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.

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. While the situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our organization's operations is not known at this time, it is not expected that there will be a significant financial impact on the Foundation.

2. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) 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) Scholarship Fund:

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

(b) 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. Interest income earned on restricted funds are restricted and hence recorded within the respective restricted fund.

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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.

Interest income is recognized when earned and pro-rata allocated to each fund based on fund balances.

(c) 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 not made any such election with respect to its financial instruments.

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.

(d) 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. Actual results could differ from those estimates.

2. Significant accounting policies (continued):

(e) Administrative expenses:

All expenses related to general management, marketing and administrative activities, are expensed in the period in which they are incurred. Administration expenses are pro-rata allocated to each fund based on the fund balances.

3. Related party balances and transactions:

The Foundation has its own Board which is comprised of two members from School District senior management, two members from School District 43 Board of Education, and one director nominated from the community. The members of the Foundation are the Board of School Trustees of the School District and persons serving from time to time as the directors of the Foundation.

The School District and the Foundation have entered into a Supply of Services Agreement for financial, accounting, marketing, and other administrative services. During fiscal 2021, the Foundation paid $50,000 (2020 - nil) in administration charge from the School District for services provided under the Agreement.

The Foundation receives applications for funding to support school initiatives. Applications are reviewed (against established criteria) by the Executive Director of the Foundation 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 support to the School District's strategic plan - *Directions 2025* - and more specifically 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 current year, the Foundation contributed $70,700 (2020 - nil) to the School District to support school initiatives.

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, 2021 the amount payable to the School District was nil (2020 - nil).

During the current year, the School District made contributions of $562,700 (2021 - $1,528,360) to the Foundation.

All amounts paid to or received by the Foundation are in the normal course of operations and are recorded at the exchange amount as agreed to between the parties.

4. Scholarships payable:

The scholarship fund liability consists of the current year scholarship recipients which are awarded in May annually plus any scholarships not claimed in previous fiscal years.

The following table summarizes the breakdown between current scholarship recipients and deferred scholarships.

	2021	2020
Deferred scholarships	$ -	$ 18,800
Current scholarships	48,300	43,800
	$ 48,300	$ 62,600

5. Administration expenses:

	2021	2020
Office and supply of services fee	$ 60,871	$ 1,142
Bank charges	40	238
	$ 60,911	$ 1,380

6. 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 or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is not exposed to any significant interest rate or other market risks based on the nature of its financial instrument holdings.

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

7. Remuneration disclosure under Societies Act (British Columbia):

For the fiscal period ending June 30, 2021, the Foundation did not have any employees or contractors for services whose total annual remuneration was greater than $75,000.

No remuneration is paid to any board directors of the Foundation.

8. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.