Financial Statements of

SD43 EDUCATION FOUNDATION

And Independent Auditor's Report thereon

Year ended June 30, 2023

Contents

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INDEPENDENT AUDITOR'S 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, 2023;
- 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, 2023, and its results of operations and changes in fund balances and its cash flows for the year then ended in accordance with the financial reporting framework described in Note 2 in the financial statements.

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 "Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

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 the financial reporting framework described in Note 2 in the financial statements; this includes determining the applicable financial reporting framework is an acceptable basis for the preparation of the financial statements in the circumstances, 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.

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 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 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 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 Section 117(1)(b) of the *Societies Act* (British Columbia), we are required to state:

- whether, in our opinion, these financial statements are prepared in accordance with generally accepted accounting principles. We report that, these financial statements were prepared in accordance with the financial reporting framework described in Note 2 in the financial statements. As a result, our opinion stated above refers to the financial reporting framework described in Note 2 in the financial statements and not to generally accepted accounting principles.
- whether these financial statements are prepared on a basis consistent with the basis on which the financial statements that related to the preceding period were prepared. We report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with the financial reporting framework described in Note 2 have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
December 19, 2023

SD 43 EDUCATION FOUNDATION

Statement of Financial Position

As at June 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (note 4)	$ 2,303,124	$ 2,107,583
Accounts receivable (note 4)	-	2,572
	$ 2,303,124	$ 2,110,155
Liabilities and Fund Balances		
Current liabilities:		
Scholarships payable (note 5)	$ 57,050	$ 61,325
Fund balances:		
Unrestricted	38,333	36,142
Externally restricted funds	2,207,741	2,012,688
	2,246,074	2,048,830
	$ 2,303,124	$ 2,110,155

See accompanying notes to financial statements.

Approved on behalf of the Board:

Original signed by C. Pollock Director

Original signed by R. Manhas Director

SD 43 EDUCATION 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	Externally Restricted: Other Restricted Funds	Externally Restricted: Total Externally Restricted Funds	Total 2023	Total 2022
Revenue:						
Donations	$ 2,191	$ 52,971	$ 121,823	$ 174,794	$ 176,985	$ 87,235
Interest income	-	27,963	69,059	97,022	97,022	22,235
	2,191	80,934	190,882	271,816	274,007	109,470
Expenses:						
Scholarships	-	35,589	-	35,589	35,589	65,912
Program expenses (note 4)	-	-	9,850	9,850	9,850	97,628
Administration (note 6)	31,324	-	-	-	31,324	12,472
	31,324	35,589	9,850	45,439	76,763	176,012
Excess (deficiency) of revenue over expenses	(29,133)	45,345	181,032	226,377	197,244	(66,542)
Fund balances, beginning of year	36,142	568,803	1,443,885	2,012,688	2,048,830	2,115,372
Interfund transfers	31,324	23,391	(54,715)	(31,324)	-	-
Fund balances, end of year	$ 38,333	$ 637,539	$ 1,570,202	$ 2,207,741	$ 2,246,074	$ 2,048,830

See accompanying notes to financial statements.

SD 43 EDUCATION FOUNDATION
Statement of Cash Flows

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

	2023	2022
Cash and cash equivalents provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	$ 197,244	$ (66,542)
Changes in non-cash working capital:		
Accounts receivable	2,572	(2,572)
Scholarships payable	(4,275)	13,025
Increase (decrease) in cash and cash equivalents	195,541	(56,089)
Cash and cash equivalents, beginning of year	2,107,583	2,163,672
Cash and cash equivalent, end of year	$ 2,303,124	$ 2,107,583

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.

2. Basis of accounting:

For the purposes of preparing general purpose financial statements, a government not-for-profit organization applies Canadian public sector accounting standards ("PSAS") including PS 4200 standards or PSAS without the PS 4200 standards. Accordingly, the Foundation is required under Canadian generally accepted principle ("GAAP") to prepare its financial statements using PSAS.

These financial statements have been prepared using Canadian accounting standards for not-for profit organizations ("ASNPO") in Part III of the CPA Canada Handbook - Accounting as its financial reporting framework. The purpose of these financial statements is for the Foundation to meet the internal reporting needs of the Foundation's Board of Directors and the School District. Since ASNPO is not GAAP for government not-for-profit organizations and is not designed to meet the needs of all users of the financial statements of a government not-for-profit organization, the readers of these financial statements may require additional information.

As a result, these financial statements may not be suitable for another purpose.

3. Significant accounting policies:

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*) Other Restricted Fund:

The Other Restricted Fund reports externally restricted by the donor to be used for an identified purpose.

3. Significant accounting policies (continued):

(a) Fund accounting (continued):

(*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.

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) Cash and cash equivalent:

Cash and cash equivalent include cash and highly liquid securities that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and held for the purpose of meeting short-term cash commitments rather than for investing.

3. Significant accounting policies (continued):

(e) 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.

(f) Administrative expenses:

All expenses related to general management, marketing and administrative activities, are expensed in the period in which they are incurred and charged to the Unrestricted fund. To meet the objectives of financial sustainability of the Foundation and stewardship over the initial contribution to the Foundation from School District 43 recorded in the Other Restricted fund, an interfund transfer is made from the Other Restricted fund to the Unrestricted fund to cover administration expenses incurred.

4. 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. The annual fee of $50,000 was waived in fiscal years 2023 and 2022.

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 $9,850 (2022 - $97,628) to the School District to support school initiatives.

As at June 30, 2023, $1,843,848 (2022 – $1,752,615) of the Foundation's cash and cash equivalent balance is held through the School District's deposits under the Provincial Central Deposit Program. An allocation of interest earned is transferred to the Foundation based on its proportionate share of the deposits held.

4. Related party balances and transactions (continued):

The Foundation uses common financial 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, 2023 there was an amount receivable of nil (2022 - $2,572) from the School District.

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.

5. 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.

	2023	2022
Deferred scholarships	$ 13,300	$ 17,975
Current scholarships	43,750	43,350
	$ 57,050	$ 61,325

6. Administration expenses:

	2023	2022
Professional services fees	$ 31,282	$ 11,958
Bank charges	42	514
	$ 31,324	$ 12,472

7. Financial risks:

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 risks.

There were no significant changes to the financial risks from prior year.

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

For the fiscal years ended June 30, 2023 and June 30, 2022, the Foundation did not have any employees or contractors for services whole total annual remuneration was greater than $75,000.

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