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Financial statements of  
Toronto District School Board  
Trust Funds

August 31, 2020

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Draft

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## Independent Auditor's Report

To the Board of Trustees of  
Toronto District School Board

### Qualified Opinion

We have audited the financial statements of Toronto District School Board Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at August 31, 2020, and the statements of operations and 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 (collectively 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 report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at August 31, 2020, and the results of its 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 not-for-profit organizations, the Trust Funds derive revenue from the general public in the form of 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 the Trust Funds and we were not able to determine whether any adjustments might be necessary to donations revenue, the excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended August 31, 2020 and 2019, current assets as at August 31, 2020 and 2019, and net assets as at September 1 and August 31 for both the 2020 and 2019 fiscal years. Our audit opinion on the financial statements for the year ended August 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Trust Funds 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 audit 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 Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' 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 GAAS 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 GAAS, 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 Trust Funds' 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 Trust Funds' 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 Trust Funds 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.

Chartered Professional Accountants  
Licensed Public Accountants  
Date of the report

## Toronto District School Board Trust Funds

### Statement of financial position

As at August 31, 2020

	Notes	Endowment Fund \$	Restricted (donations/ scholarship) Fund \$	2020 Total \$	Endowment Fund \$	Restricted (donations/ scholarship) Fund \$	2019 Total \$
<b>Assets</b>							
Cash and cash equivalents	8	4,373,082	8,416,172	12,789,254	4,364,482	10,426,373	14,790,855
Investments		—	61,105	61,105	—	67,820	67,820
Accounts receivable	6	—	70,835	70,835	—	37,278	37,278
		<b>4,373,082</b>	<b>8,548,112</b>	<b>12,921,194</b>	4,364,482	10,531,471	14,895,953
<b>Liabilities and net assets</b>							
Accounts payable and accrued liabilities		—	18,868	18,868	—	9,100	9,100
Due to Toronto District School Board	7	—	4,395	4,395	—	1,990,861	1,990,861
		—	23,263	23,263	—	1,999,961	1,999,961
Net assets externally restricted		<b>4,373,082</b>	<b>8,524,849</b>	<b>12,897,931</b>	4,364,482	8,531,510	12,895,992
		<b>4,373,082</b>	<b>8,548,112</b>	<b>12,921,194</b>	4,364,482	10,531,471	14,895,953

The accompanying notes are an integral part of the financial statements.

Approved by the the Board of Trustees

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**Toronto District School Board Trust Funds**  
**Statement of operations and changes in net assets**  
Year ended August 31, 2020

	Notes	Endowment Fund \$	Restricted (donations/ scholarship) Fund \$	2020 Total \$	Endowment Fund \$	Restricted (donations/ scholarship) Fund \$	2019 Total \$
<b>Revenue</b>							
Donations		8,600	149,867	158,467	145,550	3,265,112	3,410,662
Investment income and other contributions	2	—	308,834	308,834	—	348,849	348,849
Unrealized (loss) gain on investments		—	(6,715)	(6,715)	—	10,628	10,628
		<b>8,600</b>	<b>451,986</b>	<b>460,586</b>	145,550	3,624,589	3,770,139
<b>Expenses</b>							
Scholarships and student awards	3	—	433,543	433,543	—	464,737	464,737
Educational programs/facilities		—	25,104	25,104	—	2,441,086	2,441,086
		—	<b>458,647</b>	<b>458,647</b>	—	2,905,823	2,905,823
Excess (deficiency) of revenue over expenses		8,600	(6,661)	1,939	145,550	718,766	864,316
Net assets, beginning of year		4,364,482	8,531,510	12,895,992	4,220,932	7,810,744	12,031,676
Inter-fund transfer	4	—	—	—	(2,000)	2,000	—
<b>Net assets, end of year</b>		<b>4,373,082</b>	<b>8,524,849</b>	<b>12,897,931</b>	4,364,482	8,531,510	12,895,992

The accompanying notes are an integral part of the financial statements.

## Toronto District School Board Trust Funds

### Statement of cash flows

Year ended August 31, 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	<b>1,939</b>	864,316
Item not affecting cash		
Unrealized loss (gain) on investments	<b>6,715</b>	(10,628)
	<b>8,654</b>	853,688
Changes in non-cash working capital balances related to operations		
Accounts receivable	<b>(33,557)</b>	(18,166)
Accounts payable and accrued liabilities	<b>9,768</b>	3,450
Due to Toronto District School Board	<b>(1,986,466)</b>	1,990,861
	<b>(2,001,601)</b>	1,976,145
(Decrease) increase in cash and cash equivalents	<b>(2,001,601)</b>	2,829,833
Cash and cash equivalents, beginning of year	<b>14,790,855</b>	11,961,022
<b>Cash and cash equivalents, end of year</b>	<b>12,789,254</b>	14,790,855

The accompanying notes are an integral part of the financial statements.

# Toronto District School Board Trust Funds

## Notes to the financial statements

August 31, 2020

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These financial statements report the Trust Funds of the Toronto District School Board (the "Trust Funds").

### 1. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations published by CPA Canada using the restricted fund method of accounting for contributions. The more significant of the accounting policies are outlined below.

#### *Fund accounting*

- (a) The Restricted (donations/scholarship) Fund reports donor-restricted resources, including interest earned on the endowment fund that is to be used to provide scholarships and student awards as well as educational programs and facilities, as directed by their related agreements.
- (b) The Endowment Fund has restrictions placed by the donors on the maintenance of the capital of the fund.

#### *Financial instruments*

The Trust Funds has selected the following classifications and measurements for its financial assets and liabilities:

<u>Asset/liability</u>	<u>Measurement</u>
Cash and cash equivalents	Fair value
Investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets and financial liabilities are initially recognized at fair value when the Trust Funds become a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, with the exception of cash and cash equivalents and investments which are measured at fair value. Changes in fair value are recorded in the Statement of operations and changes in net assets.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the Statement of operations and changes in net assets.

Publicly traded securities are valued based on the latest bid prices. Transactions are recorded on a trade date basis.

Realized investment income, which consists of interest, dividends and realized gains and losses, is recorded in investment income and other contributions in the Statement of operations and changes in net assets when earned. The change in unrealized gains and losses from investments during the year is recorded in the Statement of operations and changes in net assets.

#### *Revenue recognition*

Restricted expendable contributions are recognized as revenue of the Restricted (donations/scholarship) Fund when received. Contributions for endowments are recorded as revenue in the Endowment Fund when received.



## Toronto District School Board Trust Funds

### Notes to the financial statements

August 31, 2020

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#### 1. Significant accounting policies (continued)

##### *Revenue recognition (continued)*

Investment income earned on externally restricted expendable funds is a resource that must be spent on scholarship and student awards as well as educational programs and facilities needs as defined by the donor and is recognized as revenue in the Restricted (donations/scholarship) Fund. Investment income earned on the endowment fund is recognized as revenue of the Restricted (donations/scholarship) Fund.

##### *Donated services*

Donated services are not recorded.

##### *Scholarships and student awards*

Scholarships and student awards are recorded in the period the awards are approved to be paid.

##### *Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions. These estimates and assumptions 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. Investment income and other contributions

Investment income and other contributions reported in the Restricted (donations/scholarship) Fund of \$308,834 (\$348,849 in 2019) includes interest earned and other investment income received for Endowment Funds totaling \$96,768 (\$102,176 in 2019). The breakdown of investment income and other contributions is as follows:

	<b>2020</b>	2019
	\$	\$
Interest income earned on		
Endowment Fund	<b>96,768</b>	100,618
Restricted (donations/scholarship) Fund	<b>181,827</b>	241,003
	<b>278,595</b>	341,621
Other contributions received for		
Endowment Fund	—	1,558
Restricted (donation/scholarship) Fund	<b>30,239</b>	5,670
	<b>30,239</b>	7,228
	<b>308,834</b>	348,849

## Toronto District School Board Trust Funds

### Notes to the financial statements

August 31, 2020

#### 3. Expenses

Expenses reported in the Restricted (donations/scholarship) Fund of \$458,647 (\$2,905,823 in 2019) include expenses related to income earned on Endowment Funds of \$64,566 (\$52,505 in 2019) as follows:

	2020 \$	2019 \$
Scholarship and student awards		
Endowment Fund	64,407	51,005
Restricted (donations/scholarship) Fund	369,136	413,730
	<b>433,544</b>	464,736
Educational programs/facilities		
Endowment Fund	159	1,500
Restricted (donation/scholarship) Fund	24,945	2,439,586
	<b>25,104</b>	2,441,086
	<b>458,647</b>	2,905,821

#### 4. Inter-fund transfer

An inter-fund transfer between the Endowment and Restricted Funds was recorded in the amount of nil (\$2,000 in 2019) to properly reflect the allocation between the Funds in accordance with requests made by donors.

#### 5. Financial instruments

##### *Price risk*

Price risk is the risk that changes in the prices of the Trust Funds' investments will affect the Trust Funds' income or the value of its financial instruments because of changes in market prices, whether those changes are caused by factors specific to the individual investments or factors affecting similar investments traded in the markets. The Trust Funds' equity investments are directly exposed to price risk.

##### *Interest rate risk*

The Trust Funds are exposed to interest rate risk as a result of its GIC investment held. The value of fixed income securities will generally risk if interest rates fall and fall if interest rates rise. The Trust Funds limit their exposure to these risks by investing in GICs that are cashable within a short-term horizon and issued by companies that have strong performance and are stable.

#### 6. Accounts receivable

Included in Accounts receivable is an amount of \$2 (\$342 in 2019) representing amounts due from the government, accrued interest of \$70,833 (\$30,936 in 2019), and donations receivable of \$Nil (\$6,000 in 2019).

#### 7. Due to Toronto District School Board

Included in the Due to Toronto District School Board ("TDSB") balance is \$1,984,113 as at August 31, 2019 were amounts that TDSB had paid on behalf of a Trust account for a field revitalization project at a TDSB secondary school. This amount was reimbursed in full from Trust Funds in the current fiscal year.

## Toronto District School Board Trust Funds

### Notes to the financial statements

August 31, 2020

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#### **8. Cash and cash equivalents**

Included in cash and cash equivalents is a cashable GIC totaling \$10,000,000 (nil in 2019). The GIC is held at an investment firm, pays interest at a rate of 1.7% annually, and is cashable without penalties for early redemption after 90 days from the date of purchase.

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