

Financial statements of

**Toronto District School Board
Trust Funds**

August 31, 2013 and August 31, 2012

Toronto District School Board Trust Funds

August 31, 2013 and August 31, 2012

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Independent Auditor's Report

To the Board of Trustees of Toronto District School Board

We have audited the accompanying financial statements of Toronto District School Board Trust Funds, which comprise the statements of financial position as at August 31, 2013, August 31, 2012 and September 1, 2011, the statements of operations and changes in net assets and of cash flows for the years ended August 31, 2013 and August 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Toronto District School Board Trust Funds derive the majority of its revenue from the general public in the form of revenue from capital contributions and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Toronto District School Board Trust Funds and we were not able to determine whether any adjustments might be necessary to capital contributions and donations revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2013 and August 31, 2012, and current assets and net assets as at August 31, 2013, August 31, 2012 and September 1, 2011.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Toronto District School Board Trust Funds as at August 31, 2013, August 31, 2012 and September 1, 2011, and the results of its operations and its cash flows for the years ended August 31, 2013 and August 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
December 11, 2013

Toronto District School Board Trust Funds

Statements of financial position

as at August 31, 2013, August 31, 2012 and September 1, 2011

	August 31, 2013			August 31, 2012 (Note 2)			September 1, 2011 (Note 2)		
	Endowment Fund	Restricted (donations/ scholarship) Fund	Total	Endowment Fund	Restricted (donations/ scholarship) Fund	Total	Endowment Fund	Restricted (donations/ scholarship) Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets									
Cash	4,412,572	3,620,654	8,033,226	4,689,449	3,156,295	7,845,744	4,413,072	3,096,471	7,509,543
Investments	-	47,666	47,666	-	48,307	48,307	-	43,118	43,118
Accounts receivable	-	7,749	7,749	-	17,913	17,913	-	37,430	37,430
	4,412,572	3,676,069	8,088,641	4,689,449	3,222,515	7,911,964	4,413,072	3,177,019	7,590,091
Liabilities and net assets									
Accounts payable and accrued liabilities (Note 7)	-	11,614	11,614	-	69,140	69,140	-	32,478	32,478
Net assets externally restricted	4,412,572	3,664,455	8,077,027	4,689,449	3,153,375	7,842,824	4,413,072	3,144,541	7,557,613
	4,412,572	3,676,069	8,088,641	4,689,449	3,222,515	7,911,964	4,413,072	3,177,019	7,590,091

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

Toronto District School Board Trust Funds

Statements of operations and changes in net assets
years ended August 31, 2013 and August 31, 2012

	2013			2012 (Note 2)		
	Endowment Fund	Restricted (donations/ scholarship) Fund	Total	Endowment Fund	Restricted (donations/ scholarship) Fund	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Capital contributions and donations	13,412	486,360	499,772	263,154	395,956	659,110
Interest and other income (Note 3)	-	240,262	240,262	-	141,267	141,267
Unrealized (loss) gain on investments	-	(641)	(641)	-	5,189	5,189
	13,412	725,981	739,393	263,154	542,412	805,566
Expenses (Note 4)						
Scholarships and student awards	-	449,266	449,266	-	390,612	390,612
Educational programs/facilities	-	55,924	55,924	-	129,743	129,743
	-	505,190	505,190	-	520,355	520,355
Excess of revenue over expenses	13,412	220,791	234,203	263,154	22,057	285,211
Net assets, beginning of year	4,689,449	3,153,375	7,842,824	4,413,072	3,144,541	7,557,613
Inter-Fund transfer (Note 5)	(290,289)	290,289	-	13,223	(13,223)	-
Net assets, end of year	4,412,572	3,664,455	8,077,027	4,689,449	3,153,375	7,842,824

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

Toronto District School Board Trust Funds

Statements of cash flows

years ended August 31, 2013 and August 31, 2012

	2013	2012
	\$	(Note 2) \$
Operating activities		
Excess of revenues over expenses for the year	234,203	285,211
Items not affecting cash		
Unrealized loss (gain) on investments	641	(5,189)
	234,844	280,022
Changes in non-cash working capital balances related to operations		
Accounts receivable	10,164	19,517
Accounts payable and accrued liabilities	(57,526)	36,662
Increase in cash	187,482	336,201
Cash, beginning of year	7,845,744	7,509,543
Cash, end of year	8,033,226	7,845,744

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

Toronto District School Board Trust Funds

Notes to the financial statements

August 31, 2013 and August 31, 2012

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 the Canadian Institute of Chartered Accountants 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 are to be used to provide scholarships and student awards as well as educational programs, facilities, as directed by their related agreements.
- (b) The Endowment Fund has restrictions placed by the donors on the capital of the fund.

Financial instruments

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

<u>Asset/liability</u>	<u>Category</u>
Cash	Fair value
Investments	Fair value
Receivables	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 investments which are measured at fair value. Changes in fair value are recorded in the Statement of operations.

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.

Investments and investment income

Investments are recorded at fair value.

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 interest and other income in the Statement of operations when earned. The change in unrealized gains and losses from investments during the year is recorded in the Statement of operations.

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.

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/facilities as defined by the donor and is recognized as revenue as the Restricted (donations/scholarship) Fund. Investment income earned on the endowment fund is recognized as revenue of the Restricted (donations/scholarship) Fund.

Donated services are not recorded.

Toronto District School Board Trust Funds

Notes to the financial statements

August 31, 2013 and August 31, 2012

1. Significant accounting policies (continued)

Expenses

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. Adoption of a new accounting framework

During the year ended August 31, 2013, the Trust Funds adopted the new accounting standards for not-for-profit organizations (the "new standards") issued by the Canadian Institute of Chartered Accountants ("CICA"). In accordance with Section 1501 of the CICA Handbook, First-time adoption, ("Section 1501"), the date of transition to the new standards is September 1, 2011 and the Trust Funds has prepared and presented an opening Statement of financial position at the date of transition to the new standards. This opening Statement of financial position is the starting point for the entity's accounting under the new standards. In its opening Statement of financial position, under the recommendations of Section 1501, the Trust Funds:

- (a) Recognized all assets and liabilities the recognition of which is required by the new standards;
- (b) Did not recognize items as assets or liabilities if the new standards do not permit such recognition;
- (c) Applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 1 have been consistently applied to all years presented and adjustments resulting from the adoption of the new standards have been applied retrospectively, excluding where optional exemptions available under Section 1501 have been applied. The adoption of the new standards has impacted the financial statements by reclassifying unrealized gains and losses from being directly recorded in net assets to being recorded in the Statement of operations.

- i) The impact of the adoption of the new framework did not result in any changes in the Statement of financial position as at September 1, 2011 or August 31, 2012.
- ii) The impact of the adoption of the new framework on the Statement of operations and changes in net assets as at August 31, 2012 is summarized as follows:

	Balance as previously reported	Adjustments	Balance as adjusted
	\$	\$	\$
Revenue			
Unrealized gain on investments	-	5,189	5,189
Excess of revenue over expenditures	280,022	5,189	285,211
Net assets - Restricted donations and Scholarship Fund	7,842,824	5,189 (5,189)	7,842,824

Toronto District School Board Trust Funds

Notes to the financial statements

August 31, 2013 and August 31, 2012

2. Adoption of a new accounting framework (continued)

Explanation of adjustments

Previously, in accordance with Section 3855 of the CICA Handbook, the Trust Funds classified its investments as available for sale, with changes in fair value recorded directly in the Statement of changes in net assets until realized through disposal or other than temporary impairment at which time they were recorded in the Statement of operations. Under the new standards, the Trust Funds continue to record investments at fair value on the date of acquisition but with subsequent remeasurement to fair value being recorded in the Statement of operations.

Change in disclosure of government remittances

Under the new standards, any government remittances payable as at year-end will need to be disclosed in the notes to the financial statements.

3. Interest and other income

Investment income, including interest, reported in the Restricted (donations/scholarship) Fund of \$240,262 (2012 - \$141,267) includes interest and other income earned on Endowment Funds of \$53,880 (2012 - \$56,133) as follows:

	Restricted Funds	
	2013	2012
	\$	\$
Interest income earned on		
Endowment Fund	50,550	50,140
Restricted (donations/scholarship) Fund	43,371	40,434
	93,921	90,574
Other income earned on		
Endowment Fund	3,330	5,993
Restricted (donations/scholarship) Fund	143,011	44,700
	146,341	50,693
	240,262	141,267

Toronto District School Board Trust Funds

Notes to the financial statements

August 31, 2013 and August 31, 2012

4. Expenses

Expenses reported in the Restricted (donations/scholarship) Fund Expenditures of \$505,190 (2012 - \$520,355) include expenses related to income earned on Endowment Funds of \$ 74,994 (2012 - \$59,888) as follows:

	Restricted Funds	
	2013	2012
	\$	\$
Scholarships and awards		
Endowment Fund	67,564	44,992
Restricted (donations/scholarship) Fund	381,702	345,620
	449,266	390,612
Educational programs/facilities		
Endowment Fund	7,430	14,896
Restricted (donations/scholarship) Fund	48,494	114,847
	55,924	129,743
	505,190	520,355

5. Inter-fund transfer

An inter-fund transfer between the Endowment and Restricted Funds was recorded in the amount of \$290,289 (2012 - \$13,223) to properly reflect the allocation between the Funds in accordance with requests made by donors.

6. Financial instruments

Fair value

Cash and investments are reported at fair value. The fair value of the Trust Funds' other financial instruments approximate their carrying values due to their short-term nature.

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.

7. Government remittances

Included in accounts payable is an amount of \$Nil (August 31, 2012 - \$Nil; September 1, 2011 - \$Nil) representing amounts due to the government.