

Financial statements of

**Toronto District School Board
Trust Funds**

August 31, 2016

Toronto District School Board Trust Funds

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Independent Auditor's Report

To the Board of Trustees of
Toronto District School Board

We have audited the accompanying financial statement of Toronto District School Board Trust Funds, which comprise the statement of financial position as at August 31, 2016, the statements of operations and changes in net assets and cash flows for the year then ended, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 derives the majority of its revenue from the general public in the form of revenue from 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, 2016 and 2015, current assets as at August 31, 2016 and 2015 and net assets as at September 1 and August 31 for both the 2016 and 2015 fiscal years. Our opinion on the financial statements for the year ended August 31, 2015 was modified accordingly, because of the possible effects of this scope limitation.

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, 2016 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
January 12, 2017

Toronto District School Board Trust Funds

Statement of financial position
as at August 31, 2016

	2016			2015		
	Endowment Fund	Restricted (donations/ scholarship) Fund	Total	Endowment Fund	Restricted (donations/ scholarship) Fund	Total
	\$	\$	\$	\$	\$	\$
Assets						
Cash	4,419,441	4,531,696	8,951,137	4,386,947	4,418,337	8,805,284
Investments	-	66,784	66,784	-	57,988	57,988
Accounts receivable	-	6,201	6,201	-	4,897	4,897
	4,419,441	4,604,681	9,024,122	4,386,947	4,481,222	8,868,169
Liabilities and net assets						
Accounts payable and accrued liabilities (Note 6)	-	1,788	1,788	-	400	400
Net assets externally restricted	4,419,441	4,602,893	9,022,334	4,386,947	4,480,822	8,867,769
	4,419,441	4,604,681	9,024,122	4,386,947	4,481,222	8,868,169

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

Toronto District School Board Trust Funds

Statement of operations and changes in net assets
year ended August 31, 2016

	2016			2015		
	Endowment Fund	Restricted (donations/ scholarship) Fund	Total	Endowment Fund	Restricted (donations/ scholarship) Fund	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Donations	39,494	538,549	578,043	24,000	322,843	346,843
Interest and other contributions (Note 2)	-	86,836	86,836	-	89,958	89,958
Unrealized gain on investments	-	8,796	8,796	-	4,632	4,632
	39,494	634,181	673,675	24,000	417,433	441,433
Expenses (Note 3)						
Scholarships and student awards	-	445,539	445,539	-	537,390	537,390
Educational programs/facilities	-	73,571	73,571	-	16,760	16,760
	-	519,110	519,110	-	554,150	554,150
Excess (deficiency) of revenue over expenses	39,494	115,071	154,565	24,000	(136,717)	(112,717)
Net assets, beginning of year	4,386,947	4,480,822	8,867,769	4,373,787	4,606,699	8,980,486
Inter-fund transfer (Note 4)	(7,000)	7,000	-	(10,840)	10,840	-
Net assets, end of year	4,419,441	4,602,893	9,022,334	4,386,947	4,480,822	8,867,769

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

Toronto District School Board Trust Funds

Statement of cash flows year ended August 31, 2016

	2016	2015
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses for the year	154,565	(112,717)
Items not affecting cash		
Realized loss on share disposition	-	213
Unrealized gain on investments	(8,796)	(4,633)
	145,769	(117,137)
Changes in non-cash working capital balances related to operations		
Accounts receivable	(1,304)	4,135
Accounts payable and accrued liabilities	1,388	(14,845)
	145,853	(127,847)
Investing activity		
Proceeds on disposal of shares	-	519
Increase (decrease) in cash	145,853	(127,328)
Cash, beginning of year	8,805,284	8,932,612
Cash, end of year	8,951,137	8,805,284

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, 2016

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 Chartered Professional Accountants of 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 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 cash and 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.

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 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.

Toronto District School Board Trust Funds

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1. Significant accounting policies (continued)

Scholarship 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. There are no significant estimates in these financial statements.

2. Interest and other contributions

Interest and other contributions reported in the Restricted (donations/scholarship) Fund of \$86,836 (2015 - \$89,958) includes interest earned and other contributions received for Endowment Funds of \$44,790 (2015 - \$43,934) as follows:

	Restricted Funds	
	2016	2015
	\$	\$
Interest income earned on		
Endowment Fund	42,813	43,009
Restricted (donations/scholarship) Fund	36,055	40,780
	78,868	83,789
Other income received for		
Endowment Fund	1,977	925
Restricted (donations/scholarship) Fund	5,991	5,244
	7,968	6,169
	86,836	89,958

3. Expenses

Expenses reported in the Restricted (donations/scholarship) Fund Expenditures of \$519,110 (2015 - \$554,150) include expenses related to income earned on Endowment Funds of \$56,270 (2015 - \$74,127) as follows:

	Restricted Funds	
	2016	2015
	\$	\$
Scholarships and awards		
Endowment Fund	49,428	73,827
Restricted (donations/scholarship) Fund	396,111	463,563
	445,539	537,390
Educational programs/facilities		
Endowment Fund	6,842	300
Restricted (donations/scholarship) Fund	66,729	16,460
	73,571	16,760
	519,110	554,150

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4. Inter-fund transfer

An inter-fund transfer between the Endowment and Restricted Funds was recorded in the amount of \$7,000 (2015 - \$10,840) 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.

6. Government remittances

Included in accounts receivable is an amount of \$50 (2015 - \$3) representing amounts due from the government.