

Toronto Foundation for Student Success
Financial Statements
Year ended July 31, 2017

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Financial Statements
Year ended July 31, 2017**

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Independent Auditors' Report

To the Board of Directors of
Toronto Foundation for Student Success

Report on the Financial Statements

We have audited the accompanying financial statements of Toronto Foundation for Student Success (the "Foundation"), which comprise the statement of financial position as at July 31, 2017 and the statements of operations, changes in fund balances 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.

Auditors' 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 auditors' 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 auditors consider 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 audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess (deficiency) of revenues over expenses, and cash flows provided by (used in) operating activities for the years ended July 31, 2017 and 2016, current assets as at July 31, 2017 and 2016, and net assets as at August 1 and July 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended July 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Independent Auditors' Report (continued)

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 the Foundation as at July 31, 2017 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.

Lipton LLP

Chartered Professional Accountants
Licensed Public Accountants



Toronto, Ontario
December 18, 2017

Toronto Foundation for Student Success
Statement of Financial Position
As at July 31, 2017

	Administration	Student Nutrition Programs	Beyond 3:30	Vision and Hearing	Health Clinics	Other Restricted Activities	Sight Initiative	Undesignated and Fundraising	2017	2016
Assets										
Current										
Cash	\$ 254,162	\$ 2,619,912	\$ 15,620	\$ 7,261	\$ -	\$ 254,409	\$ -	\$ 2,317	\$ 3,153,681	\$ 7,722,233
Marketable securities	-	1,202,028	-	-	-	-	-	-	1,202,028	1,101,800
Other receivables	-	44,313	-	20,828	-	-	-	19,950	85,091	230,449
Prepaid expenses	10,899	-	4,740	27	-	-	-	-	15,666	33,561
Scholarship funds	-	-	-	-	-	42,326	-	-	42,326	42,089
Interfund balances (Note 3(a))	(158,059)	(43,800)	44,742	(24,390)	-	(9,776)	-	191,283	-	-
Capital assets	107,002	3,822,453	65,102	3,726	-	286,959	-	213,550	4,498,792	9,130,132
	\$ 107,002	\$ 3,822,453	\$ 65,102	\$ 3,726	\$ -	\$ 286,959	\$ -	\$ 213,550	\$ 4,498,792	\$ 9,132,175
Liabilities										
Current										
Accounts payable and accrued liabilities	\$ 77,991	\$ 64,404	\$ 102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,497	\$ 100,947
Deferred contributions (Note 4)	-	3,129,233	65,000	-	-	164,166	-	-	3,358,399	7,660,228
Commitment (Note 6)	77,991	3,193,637	65,102	-	-	164,166	-	-	3,500,896	7,761,175
Fund balances										
Unrestricted	29,011	628,816	-	3,726	-	122,793	-	213,550	213,550	213,550
Restricted	29,011	628,816	-	3,726	-	122,793	-	213,550	997,896	1,371,000
	\$ 107,002	\$ 3,822,453	\$ 65,102	\$ 3,726	\$ -	\$ 286,959	\$ -	\$ 213,550	\$ 4,498,792	\$ 9,132,175

See accompanying notes to financial statements

The financial statements are approved on behalf of the Board of Directors:

 Director
 Director

Toronto Foundation for Student Success
Statement of Operations
Year ended July 31, 2017

	Administration	Student Nutrition Programs	Beyond 3:30	Vision and Hearing	Health Clinics	Other Restricted Activities	Sight Initiative	Undesignated and Fundraising	2017	2016
Revenues										
City of Toronto	\$ -	\$ 7,499,647	\$ -	\$ -	\$ -	\$ 30,146	\$ -	\$ -	\$ 7,529,793	\$ 6,453,549
Ministry of Children and Youth Services	81,735	8,786,379	-	-	-	-	-	-	8,868,114	8,942,584
Ministry of Tourism, Culture and Sport	-	-	533,800	-	-	-	-	-	533,800	538,543
Toronto District School Board	400,000	148,607	-	34,000	-	-	-	-	582,607	618,400
Toronto Educational Opportunity Fund	-	69,120	-	-	-	-	-	-	69,120	68,730
Fundraising and donations (Note 2(f))	300	2,623,951	774,864	210,419	14,111	690,875	-	258,230	4,572,750	4,409,583
Fee for service income	-	-	-	-	-	-	155,055	-	155,055	-
Interest and investment income	-	-	-	-	-	-	-	154,423	154,423	88,721
	482,035	19,127,704	1,308,664	244,419	14,111	721,021	155,055	412,653	22,465,662	21,120,110
Expenditures										
Project costs	17,966	18,431,840	160,037	6,200	3,927	711,576	5,791	16,115	19,353,452	18,065,902
Salaries and benefits (Note 5)	452,879	753,858	1,337,215	213,085	64,307	10,000	111,190	321,533	3,264,067	2,923,015
Fundraising costs	-	-	-	21,158	-	-	-	94,422	115,580	105,111
Insurance, legal and audit	55,864	19,944	7,700	3,450	1,200	-	-	5,100	93,258	50,514
Travel	332	5,999	2,083	526	183	-	-	1,243	10,366	11,600
Amortization	2,043	-	-	-	-	-	-	-	2,043	5,248
	529,084	19,211,641	1,507,035	244,419	69,617	721,576	116,981	438,413	22,838,766	21,161,390
Excess (deficiency) of revenues over expenditures	\$ (47,049)	\$ (83,937)	\$ (198,371)	\$ -	\$ (55,506)	\$ (555)	\$ 38,074	\$ (25,760)	\$ (373,104)	\$ (41,280)

See accompanying notes to financial statements

Toronto Foundation for Student Success
Statement of Changes in Fund Balances
Year ended July 31, 2017

	Administration	Student Nutrition Programs	Beyond 3:30	Vision and Hearing	Health Clinics	Other Restricted Activities	Sight Initiative	Undesignated and Fundraising	2017	2016
Fund balances - beginning of year	\$ 76,060	\$ 712,753	\$ -	\$ 3,726	\$ -	\$ 123,348	\$ -	\$ 455,113	\$ 1,371,000	\$ 1,412,280
Excess (deficiency) of revenues over expenditures	(47,049)	(83,937)	(198,371)	-	(55,506)	(555)	38,074	(25,760)	(373,104)	(41,280)
Interfund transfers (Note 3(b))	-	-	198,371	-	55,506	-	(38,074)	(215,803)	-	-
Fund balances - end of year	\$ 29,011	\$ 628,816	\$ -	\$ 3,726	\$ -	\$ 122,793	\$ -	\$ 213,550	\$ 997,896	\$ 1,371,000

See accompanying notes to financial statements

Toronto Foundation for Student Success
Statement of Cash Flows
Year ended July 31, 2017

	Administration	Student Nutrition Programs	Beyond 3:30	Vision and Hearing	Health Clinics	Other Restricted Activities	Sight Initiative	Undesignated and fundraising	2017	2016
Operating activities										
Excess (deficiency) of revenues over expenditures	\$ (47,049)	\$ (83,937)	\$ (198,371)	\$ -	\$ (55,506)	\$ (555)	\$ 38,074	\$ (25,760)	\$ (373,104)	\$ (41,280)
Items not affecting cash:										
Amortization	2,043	-	-	-	-	-	-	-	2,043	5,248
Unrealized gains on marketable securities	-	(100,228)	-	-	-	(237)	-	-	(100,465)	(49,747)
Net changes in non-cash working capital:	(45,006)	(184,165)	(198,371)	-	(55,506)	(792)	38,074	(25,760)	(471,528)	(85,779)
Decrease (increase) in other receivables	121,460	(15,976)	-	(11,797)	7,721	-	-	43,950	145,358	(124,258)
Decrease (increase) in prepaid expenses	3,858	-	14,064	(27)	-	-	-	-	17,895	18,294
Decrease (increase) in interfund balances	96,022	(72,501)	(122,321)	(3,649)	(7,721)	198,640	-	(88,470)	-	-
Increase (decrease) in accounts payable and accrued liabilities	11,695	31,996	(1,734)	(407)	-	-	-	-	41,550	(38,035)
Increase (decrease) in deferred contributions	-	(4,027,653)	(49,092)	(22,321)	-	(179,308)	-	(23,455)	(4,301,829)	1,315,403
Cash flows provided by (used in) operating activities	188,029	(4,268,299)	(357,454)	(38,201)	(55,506)	18,540	38,074	(93,735)	(4,568,552)	1,085,625
Financing activity										
Interfund transfers	-	-	198,371	-	55,506	-	(38,074)	(215,803)	-	-
Cash flows provided by (used in) financing activity	-	-	198,371	-	55,506	-	(38,074)	(215,803)	-	-
Investing activity										
Interfund transfer of marketable securities	-	(307,496)	-	-	-	-	-	-	-	-
Cash flows provided by (used in) investing activity	-	(307,496)	-	-	-	-	-	-	-	-
Net change in cash	188,029	(4,575,795)	(159,083)	(38,201)	-	18,540	-	(2,042)	(4,568,552)	1,085,625
Cash - beginning of year	66,133	7,195,707	1,74,703	45,482	-	235,869	-	4,359	7,722,233	6,638,608
Cash - end of year	\$ 254,162	\$ 2,619,912	\$ 15,620	\$ 7,281	\$ -	\$ 254,409	\$ -	\$ 2,317	\$ 3,153,681	\$ 7,722,233

See accompanying notes to financial statements

Toronto Foundation for Student Success
Notes to Financial Statements
Year ended July 31, 2017

1. Nature of business

Toronto Foundation for Student Success (the "Foundation") is a charitable foundation incorporated as a not-for-profit organization under the laws of Ontario. The primary purpose of the Foundation is to raise and disburse funds in support of educational and enrichment activities within the City of Toronto. The Foundation is a registered charity within the meaning of the Income Tax Act (Canada) under paragraph 149(1)(f) and, as such, is exempt from income taxes.

2. Significant accounting policies

The financial statements of the Foundation are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Management estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant estimate used in the preparation of these financial statements is the determination of accrued liabilities. Estimates are reviewed periodically and adjustments are made the year they become known.

(b) Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Resources received and expenses incurred are classified for accounting and reporting purposes into the following funds according to activities taken on by the Foundation:

(i) Administration

This fund tracks the revenues and expenditures related to the general operations of the Foundation, which includes, for example, salaries and benefits of administration personnel, insurance, and office and general.

(ii) Student Nutrition Programs

This fund tracks the revenues and expenditures related to student nutrition programs across Toronto, including food and equipment costs.

(iii) Beyond 3:30

This fund tracks the revenues and expenditures related to an afterschool program in "at risk" inner city communities in the City of Toronto for middle school children between the hours of 3:30pm and 6:30pm in their local schools. Programs focus on healthy lifestyles including physical activities, food preparation training and nutrition studies.

Toronto Foundation for Student Success
Notes to Financial Statements
Year ended July 31, 2017

2. Significant accounting policies (continued)

(b) Fund accounting (continued)

(iv) Vision and Hearing

This fund tracks the revenue and expenditures related to the Vision and Hearing Screening Clinics, which are conducted in various schools across Toronto. These clinics help determine whether students need vision and hearing assistance, in order to allow them to achieve greater success in school.

(v) Health Clinics

This fund tracks the revenue and expenditures related to the Model Schools Paediatric Health Initiative, which is conducted in certain schools across Toronto. This initiative works to bring clinical health care services into priority school communities.

(vi) Other Restricted Activities

This fund tracks all the revenues and expenditures for smaller programs where contributions are designated for a specific purpose or fundraising event, campaign or initiative, the proceeds of which also help support the Foundation's various programs. Included in this fund are scholarship activities where restricted donations are received solely for this purpose.

(vii) Sight Initiative

This fund tracks the revenue and expenditures related to the Fees for Service Initiative, which is conducted in certain schools across Toronto. This initiative works to bring eye care services into priority school communities. As the program is a fee for service program, the fund is unrestricted.

(viii) Undesignated and Fundraising

This fund tracks the revenues and expenditures related to general fundraising activities and other undesignated contributions.

(c) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or the restrictions are met, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for which the related expenses are not yet incurred are reported on the statement of financial position as deferred contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fee for service income earned is recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and investment income earned is recognized as revenue of the Undesignated and Fundraising fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Toronto Foundation for Student Success
Notes to Financial Statements
Year ended July 31, 2017

2. Significant accounting policies (continued)

(d) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. All financial assets and financial liabilities are subsequently measured at amortized cost, except for marketable securities, which are measured at fair value with gains and losses recognized in the statement of operations.

The financial assets subsequently measured at amortized cost include cash, scholarship fund and other receivables. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

(e) Contributed services

The Foundation would not be able to carry out its programs without the services of many volunteers who donate a considerable number of hours. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Toronto District School Board donates the administrative office space occupied by the Foundation. Because of the difficulty of determining the fair value, contributed occupancy costs are not recognized in the financial statements.

(f) Gifts in kind

The Foundation records gifts in kind at the fair value of the assets or services received. The Foundation received \$405,597 (2016 - \$477,011) of gifts in kind, which have been included in fundraising and donations revenue.

(g) Allocation of expenses

The costs of each program include the costs of personnel, funding distributions and other expenses that are directly related to providing the program. The Foundation also incurs general support and program co-ordination salaries and benefits expenses that are common to the administration of the Foundation and each of its programs.

The Foundation allocates certain of its general support and program co-ordination salaries and benefits expenses by estimating the time certain employees spend on the administration of each program.

3. Interfund balances

(a) Interfund balances

Interfund balances are receivables and (payables) amongst the Foundation's funds. Amounts are non-interest bearing and have no fixed terms of repayment.

(b) Interfund transfers

Cash of \$198,371 (2016 - \$121,425) was transferred from the Undesignated and Fundraising fund to the Beyond 3:30 fund. Cash of \$55,506 (2016 - \$17,710) was transferred from the Undesignated and Fundraising fund to the Health Clinics fund. Finally, cash of \$38,074 (2016 - \$nil) was transferred from the Sight Initiative fund to the Undesignated and Fundraising fund. All transfers are to cover temporary cash shortfalls. The amounts are to be repaid within the next year.

Toronto Foundation for Student Success
Notes to Financial Statements
Year ended July 31, 2017

4. Deferred contributions

	2017	2016
Deferred contributions - beginning of year	\$ 7,660,228	\$ 6,344,825
Add: contributions during year	3,270,664	7,467,682
Less: amounts taken into revenue during year	(7,572,493)	(6,152,279)
Deferred contributions - end of year	\$ 3,358,399	\$ 7,660,228

	Student Nutrition Programs	Beyond 3:30	Vision and Hearing
Deferred contributions - beginning of year	\$ 7,156,886	\$ 114,092	\$ 22,321
Add: contributions during year	3,068,621	65,000	-
Less: amounts taken into revenue during year	(7,096,274)	(114,092)	(22,321)
Deferred contributions - end of year	\$ 3,129,233	\$ 65,000	\$ -

	Health Clinics	Other Restricted Activities	Undesignated and Fundraising
Deferred contributions - beginning of year	\$ -	\$ 343,474	\$ 23,455
Add: contributions during year	-	137,043	-
Less: amounts taken into revenue during year	-	(316,351)	(23,455)
Deferred contributions - end of year	\$ -	\$ 164,166	\$ -

5. Allocation of expenses

General support and program coordination salaries and benefits have been allocated as follows:

	2017	2016
Salaries and benefits allocated to:		
Administration	\$ 452,879	\$ 442,485
Student Nutrition Program	259,709	189,793
Beyond 3:30	76,721	95,399
Vision and Hearing	5,290	13,018
Total salaries allocated	\$ 794,599	\$ 740,695

6. Commitment

The Foundation has a service contract with the Ministry of Children and Youth Services to administer the student nutrition program grant (detail code A513) for purchasing nutritious food items and/or community development. The contract is renewed for the 2018 fiscal year. Under the prior year's Ministry of Children and Youth services contract, there was no surplus or deficit.

7. Financial instruments

In management's opinion, the Foundation is exposed to the following risks through its financial instruments:

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market prices. The Foundation is exposed to market risk as a result of its investments in equity instruments included in the Foundation's marketable securities. Management does not believe the Foundation's investments in equity securities are high risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk in the event of non-performance by its funders, but does not anticipate such non-performance. The maximum credit risk is the fair value of its other receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Management does not anticipate a risk in meeting its current obligations as the Foundation has a sufficient working capital balance.