

Financial Statements of

**THE HAMILTON FOUNDATION
FOR STUDENT SUCCESS**

Year ended August 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Directors of The Hamilton Foundation for Student Success

Qualified Opinion

We have audited the accompanying financial statements of The Hamilton Foundation for Student Success (the "Entity"), which comprise:

- the statement of financial position as at August 31, 2019
- the statement of operations 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 and other explanatory information

(Hereinafter 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 auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many public sector entities, the Entity 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 Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets and unrestricted net assets reported in the statement of financial position as at August 31, 2019
- the fundraising revenues and excess of revenues over expenses reported in the statement of operations for the year ended August 31, 2019
- the excess of revenues over expenses reported in the statement of cash flows for the year ended August 31, 2019



Our opinion on the financial statements for the year ended August 31, 2018 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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 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.

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 public sector accounting, 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.

Auditors' 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 auditors' 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors 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.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

February 5, 2020

THE HAMILTON FOUNDATION FOR STUDENT SUCCESS

Statement of Financial Position

August 31, 2019, with comparative information for 2018

	Endowment funds	Restricted funds	2019 Total	2018 Total
Assets				
Cash	\$ -	\$ 1,032,970	\$ 1,032,970	\$ 476,164
Investments (note 3)	-	-	-	525,000
	\$ -	1,032,970	\$ 1,032,970	\$ 1,001,164

Liabilities and Fund Balances

Accrued liabilities:	\$ -	\$ 2,400	\$ 2,400	\$ 2,400
Fund Balances:				
Endowment funds	-	-	-	-
Restricted funds	-	1,030,570	1,030,570	998,764
	\$ -	\$ 1,032,970	\$ 1,032,970	\$ 1,001,164

See accompanying notes to financial statements.

On behalf of the Foundation:

Leah Schwenger Chair

Sharon Stephenson Secretary

Jim Treasurer

THE HAMILTON FOUNDATION FOR STUDENT SUCCESS

Statement of Operations and Surplus

Year ended August 31, 2019 with comparative information for 2018

	Endowment funds	Restricted funds	2019 Total	2018 Total
Revenues:				
Donations and grants (note 4)	\$ -	\$ 508,370	\$ 508,370	\$ 418,231
Hamilton Community Foundation grants	-	239,700	239,700	66,019
Interest	-	48,403	48,403	25,721
	-	796,473	796,473	509,971
Expenses:				
Awards/disbursements	-	638,401	638,401	597,804
Transfer to Hamilton Community Foundation	-	83,546	83,546	703,814
Salaries and benefits	-	22,972	22,972	31,365
Postage and printing	-	8,495	8,495	826
Directors' liability insurance	-	4,401	4,401	4,324
Audit fees	-	2,554	2,554	2,452
Bank charges and miscellaneous	-	2,027	2,027	698
Office supplies, phone, mileage	-	1,189	1,189	15,584
Software	-	1,082	1,082	-
Legal fees	-	-	-	705
Membership fees	-	-	-	332
	-	764,667	764,667	1,357,904
Excess of revenues over expenditures (expenditures over revenues)				
	-	31,806	31,806	(847,933)
Balance, beginning of year	-	998,764	998,764	1,846,697
Balance, end of year	\$ -	\$ 1,030,570	\$ 1,030,570	\$ 998,764

See accompanying notes to financial statements.

THE HAMILTON FOUNDATION FOR STUDENT SUCCESS

Statement of Cash Flow

Year ended August 31, 2019 with comparative information for 2018

	Endowment funds	Restricted funds	2019 Total	2018 Total
Cash provided by (used in):				
Operating activities				
Excess of revenues over expenditures (expenditures over revenues)	\$ -	\$ 31,806	\$ 31,806	\$ (847,933)
Investment redemption	-	525,000	525,000	-
Decrease in accounts receivable	-	-	-	22,882
Change in cash	-	556,806	556,806	(825,051)
Cash balance, beginning of year	-	476,164	476,164	1,301,215
Cash balance, end of year	\$ -	\$ 1,032,970	\$ 1,032,970	\$ 476,164

See accompanying notes to financial statements.

THE HAMILTON FOUNDATION FOR STUDENT SUCCESS

Notes to Financial Statements

Year ended August 31, 2019

1. Nature of operations:

The Hamilton Foundation for Student Success (the "Foundation") is incorporated under the laws of the Province of Ontario. It is a not-for-profit organization and, as such, is exempt from income taxes the Income Tax Act.

2. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards including the 4200 series for government not-for-profit organizations.

(a) Fund accounting:

The Hamilton Foundation for Student Success follows the restricted fund method of accounting for contributions.

The Endowment Fund reports restricted resources that are to be maintained permanently, based on specifications outlined when donations were made. Investment income earned on resources of the Endowment Fund are utilized depending on the nature of any restrictions imposed by contributors of funds for endowment.

The Restricted Fund reports restricted resources that are to be used based on specifications outlined when donations were made.

(b) Revenue recognition:

Contributions received for endowment use are recognized as revenue in the Endowment Fund.

Contributions received for restricted use are recognized as revenue of the appropriate Restricted Fund.

Investment income earned on Endowment Fund resources is recognized in the Endowment or Restricted Fund depending on the nature of any restriction imposed by the contributor of the endowment funds. If no restrictions exist, the funds are used in the Restricted Fund.

Investment income earned on Restricted Fund resources is recognized as revenue in that specific fund.

(c) Contributed materials:

The fair market value of donated materials are recorded when received.

(d) Investments:

Long term investment consist of investments that have maturities of more than one year. Long term investments are recorded at cost, and assessed regularly for permanent impairment.

THE HAMILTON FOUNDATION FOR STUDENT SUCCESS

Notes to Financial Statements (continued)

Year ended August 31, 2019

3. Investments:

	August 31, 2019		August 31, 2018	
	Cost	Market value	Cost	Market value
Guaranteed Investment Certificates Meridian Credit Union maturing July 17, 2019 at 2.25%	\$ -	\$ -	\$ 525,000	\$ 525,000

4. Nature of operations:

The Foundation received donated materials valued at \$189 during included in donations and grants in the statement of operations.

5. Nature of operations:

The In 2018, the Directors of the Hamilton Foundation for Student Success elected to transfer \$703,814 of the endowment funds to the Hamilton Community Foundation ("HCF") for investment purposes. These funds are now part of the HCF and the Hamilton Foundation for Student Success will receive interest income annually on these funds. The total fund balance as of August 31, 2019 is \$830,572. The purpose of the fund is to be used to support the charitable efforts of the Foundation. The Hamilton Community Foundation may disburse annually from the fund any portion of the fund as the Hamilton Community Foundation in its sole discretion decides, having regard to the intended long-term nature of the fund. However, the Hamilton Community Foundation will not distribute more than 10% of the total balance of the fund in any particular year. During 2019, the Hamilton Foundation for Student Success transferred \$83,546 to the HCF, and received \$23,338 from the HCF in interest earned on the endowment funds.