

Financial Statements of

**THE HAMILTON FOUNDATION  
FOR STUDENT SUCCESS**

Year ended August 31, 2020



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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, 2020
- 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, 2020, 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, 2020
- the fundraising revenues and excess of revenues over expenses reported in the statement of operations for the year ended August 31, 2020
- the excess of revenues over expenses reported in the statement of cash flows for the year ended August 31, 2020

Our opinion on the financial statements for the year ended August 31, 2019 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
February 3, 2021


**THE HAMILTON FOUNDATION FOR STUDENT SUCCESS  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2020**

	2020		2020	2019
	Endowment Funds	Restricted Funds	Total	Total
<b>ASSETS</b>				
Cash	\$ -	\$ 919,839	\$ 919,839	\$ 1,032,970
Accounts Receivable	-	1,700	1,700	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 921,539</b>	<b>\$ 921,539</b>	<b>\$ 1,032,970</b>
<b>LIABILITIES</b>				
Accrued Liabilities	\$ -	\$ 2,400	\$ 2,400	\$ 2,400
<b>SURPLUS</b>				
Endowment funds	-	-	-	-
Restricted Funds	-	919,139	919,139	1,030,570
	-	919,139	919,139	1,030,570
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$ -</b>	<b>\$ 921,539</b>	<b>\$ 921,539</b>	<b>\$ 1,032,970</b>

On behalf of the Foundation

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 Chair

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 Secretary

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 Treasurer  
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**THE HAMILTON FOUNDATION FOR STUDENT SUCCESS**  
**STATEMENT OF OPERATIONS AND SURPLUS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	2020		2020	2019
	Endowment Funds	Restricted Funds	Total	Total
<b>REVENUE</b>				
Donations and grants (note 3)	\$ -	\$ 704,216	\$ 704,216	\$ 508,370
Hamilton Community Foundation Grants	-	190,140	\$ 190,140	239,700
Interest	-	32,193	\$ 32,193	48,403
	-	926,549	926,549	796,473
<b>EXPENDITURES</b>				
Transfer to Hamilton Community Foundation (note 4)	\$ -	\$ 109,163	109,163	\$ 83,546
Awards/Disbursements	-	720,439	720,439	638,401
Covid-19	-	171,350	171,350	-
Salaries and benefits	-	19,563	19,563	22,972
Office Supplies, phone, mileage	-	1,280	1,280	1,189
Software	-	3,040	3,040	1,082
Directors' liability insurance	-	4,088	4,088	4,401
Audit fees	-	3,065	3,065	2,554
Postage and printing	-	3,675	3,675	8,495
Legal fees	-	308	308	-
Bank charges and miscellaneous	-	2,010	2,010	2,027
Membership fees	-	-	-	-
	-	1,037,980	1,037,980	764,667
Excess of (expenditures over revenues) revenues over expenditures	-	(111,431)	(111,431)	31,806
Surplus Balance, September 1	-	1,030,570	1,030,570	998,764
<b>SURPLUS BALANCE, AUGUST 31</b>	\$ -	\$ 919,139	\$ 919,139	\$ 1,030,570

**THE HAMILTON FOUNDATION FOR STUDENT SUCCESS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	2020		2020	2019
	Endowment	Restricted	Total	Total
	Funds	Funds		
<b>OPERATING TRANSACTIONS</b>				
Excess of (expenditures over revenues) revenues over expenditures	\$ -	\$ (111,431)	\$ (111,431)	\$ 31,806
Investment Redemption			\$0	525,000
Decrease in accounts receivable	-	(1,700)	(1,700)	-
	-	(113,131)	(113,131)	556,806
Change in Cash Balance	-	(113,131)	(113,131)	556,806
Cash Balance, September 1	-	1,032,970	1,032,970	476,164
<b>CASH BALANCE, AUGUST 31</b>	<b>\$ -</b>	<b>\$ 919,839</b>	<b>\$ 919,839</b>	<b>\$ 1,032,970</b>

**THE HAMILTON FOUNDATION FOR STUDENT SUCCESS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020**

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**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 under the Income Tax Act. On April 5, 2018, the Foundation changed its name from The Hamilton Wentworth District School Board Foundation, to The Hamilton Foundation for Student Success.

**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.

**3. DONATED MATERIALS**

The Foundation received donated materials valued at \$203 during the current year, (2019 - 189) and is included in donations and grants in the statement of operations.

**4. NATURE OF OPERATIONS**

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, 2020 is \$990,671 (2019 - \$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 2020, the Hamilton Foundation for Student Success transferred \$ 109,164 (2109 - \$83,546) to the HCF, and received \$13,225 (2019 - \$23,338) from the HCF in interest earned on the endowment funds.

**5. IMPACT OF COVID-19**

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat that spread of the virus. At the time of approval of these financial statements, the Foundation has not experienced any indicators of financial implications. However, there may be uncertainty over future cash flows and the timing of future cash flows which may cause changes to the assets or liabilities and may have a significant impact on future operations. Management determined that such financial and economic market uncertainty has continued subsequent to the financial statement date and the assets and liabilities of the Foundation as at August 31, 2020 were not adjusted to reflect the potential future impact of COVID-19. Given the outcome and timeframe of a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect at this time.