
**FONDATION DU CÉGEP HÉRITAGE
HERITAGE COLLEGE FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2020**

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

Qualified Opinion

We have audited the financial statements of FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION (the organization), which comprise the balance sheet as at June 30, 2020, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2020, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION derives revenue from contributions to fund-raising campaigns the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to the amounts recorded in the records of FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION. Therefore, we were not able to determine whether any adjustments might be necessary to annual revenue from contributions to fund-raising campaign, excess of revenues over expenses, cash flows from operating activities for the years ended June 30, 2020 and 2019, current assets as at June 30, 2020 and June 30, 2019 and net assets as at June 30, 2020 and June 30, 2019. Our audit opinion on the financial statements for the year ended June 30, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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 qualified audit 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 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.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's 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 auditor's 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 these 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization 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.

We 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.

*Lévesque Marchand Welch, SENCRL*¹

Gatineau, Québec
December 14, 2020

¹ By Claude Boisvert, CPA auditor, CA

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
REVENUES		
Government grants (Schedule A)	\$ 20,000	\$ 21,800
Annual fund-raising campaign (Schedule B)	73,361	106,535
Related not-for-profit organization - salaries and employee benefits (Note 6)	39,771	37,113
Net investment income (Schedule C)	(3,343)	20,528
	129,789	185,976
EXPENSES		
Student assistance	14,238	8,884
Bursaries	9,600	20,850
Donations (learning centre) (Note 6)	-	15,000
Project funds	4,000	3,378
Operating fees (Schedule D)	44,244	42,124
Fundraising activities (Schedule E)	40,332	38,364
	112,414	128,600
EXCESS OF REVENUES OVER EXPENSES BEFORE FORGIVENESS OF LONG-TERM DEBT	17,375	57,376
RELATED NOT-FOR-PROFIT ORGANIZATION - FORGIVENESS OF LONG-TERM DEBT (Note 6)	-	157,406
EXCESS OF REVENUES OVER EXPENSES	\$ 17,375	\$ 214,782

The accompanying notes are an integral part of these financial statements.

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 364,580	\$ 149,798
EXCESS OF REVENUES OVER EXPENSES	17,375	214,782
BALANCE, END OF YEAR	\$ 381,955	\$ 364,580

The accompanying notes are an integral part of these financial statements.

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

BALANCE SHEET

AS AT JUNE 30, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 18,448	\$ 35,663
Short term savings (Note 3)	259,054	-
Contributions and other receivables (Note 4)	18,821	17,208
Prepaid expenses	5,500	-
Current portion of investments (Note 5)	82,436	180,750
	384,259	233,621
INVESTMENTS (Note 5)	76,119	168,039
	\$ 460,378	\$ 401,660
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,572	\$ -
Due to Heritage College (Note 6)	76,851	37,080
	78,423	37,080
NET ASSETS	381,955	364,580
	\$ 460,378	\$ 401,660

The accompanying notes are an integral part of these financial statements.

Signed for the Board,

Chris Schaler, Director

_____, Director

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 17,375	\$ 214,782
Non-cash items:		
Forgiveness of long-term debt to Heritage College	-	(157,406)
Unrealized gain/loss on fair value of investment	6,484	(18,555)
	23,859	38,821
Net change in non-cash items related to operating activities (Note 8)	34,230	37,958
	58,089	76,779
INVESTING ACTIVITY		
Investments and cash flows from investing activities	183,750	(30,314)
FINANCING ACTIVITY		
Due to Heritage College	-	(25,000)
INCREASE IN CASH AND CASH EQUIVALENTS	241,839	21,465
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	35,663	14,198
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 277,502	\$ 35,663

Cash and cash equivalent consist of cash and short term savings.

The accompanying notes are an integral part of these financial statements.

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2020

1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization is legally constituted under the Part III of the Companies Act (Québec). The Foundation is a registered charitable organization within the meaning of the Income Tax Act and as such is exempt from income taxes. The Foundation's objective is to collect funds in order to enhance student services, increase resources allocated to perseverance bursaries and student projects, improve accessibility of special needs students, and to replace and upgrade equipment including new technology information equipment used in the class rooms.

2. SIGNIFICANT ACCOUNTING POLICIES

The organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Financial instruments

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, short term savings and contributions and other receivables.

Financial assets measured at fair value include market-linked guaranteed investment.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities and the due to Heritage College.

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using effective interest method.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and pledge amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization recognizes contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations. During the year, the Heritage college paid the audit fees and a portion of the salary of an employee. These transactions were recorded as contributions from a related not-for-profit organization and expenses for the year.

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2020

3. SHORT TERM SAVINGS

	2020	2019
Enhanced Investment Business Accounts	\$ 259,054	\$ -

4. CONTRIBUTIONS AND OTHER RECEIVABLES

	2020	2019
Contributions receivable (Note 6)	\$ 1,096	\$ -
Pledge amounts receivable	16,000	12,500
Payroll deduction from Heritage College employees (Note 6)	1,554	-
Accrued interest	-	2,428
Sales taxes receivable	171	2,280
	\$ 18,821	\$ 17,208

5. INVESTMENTS

	2020	2019
Term deposits, interest rate per year of 2,15%, redeemed on November 22, 2019	\$ -	\$ 15,000
Market-linked guaranteed investment, maturing on April 19, 2021 with a maximum yield at maturity of 13.05%, cumulative rate of return as at June 25, 2020 is 9.79%	82,436	83,825
Market-linked guaranteed investment, maturing on April 19, 2023 with a maximum yield at maturity of 35.10%, cumulative rate of return as at June 25, 2020 is 11.80%	76,119	84,214
Term deposits, interest rate per year of 2,15%, redeemed on November 22, 2019	-	150,750
Term deposits, interest rate per year of 2,15%, redeemed on November 22, 2019	-	15,000
	158,555	348,789

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2020

5. INVESTMENTS (continued)

Current portion of investments	82,436	180,750
	\$ 76,119	\$ 168,039

6. RELATED PARTY TRANSACTIONS

The Heritage College exercises a significant influence over the Heritage College Foundation due to the interchange of managerial personnel and the representation of certain employees of the Heritage College on the Foundation's board of directors.

In 2012 the College explored the feasibility of creating a Foundation and holding a Major Fundraising Campaign. The College sanctioned the creation of the Foundation for which Patent Letters were granted April 2, 2013 and the College endorsed the holding of a major fundraising campaign. The College advanced funds for start-up, consultant, manpower and operating costs inherent to incorporating the Heritage College Foundation, as well as preparing and running the major fundraising campaign.

	2020	2019
Summary of the related party transactions that occurred during the year		
Contributions from (to) the Heritage College:		
Salaries and fringe benefits	\$ 39,771	\$ 37,113
Donations (learning centre)	\$ -	\$ (15,000)
Professional fees and other donations	\$ 2,000	\$ 4,637
Forgiveness of long-term debt	\$ -	\$ 157,406
Financial position at end of year:		
Due to (receivable from) the Heritage College:		
Salaries and fringe benefits	\$ 76,851	\$ 37,080
Student voluntary contribution	\$ (1,096)	\$ -
Payroll deductions from Heritage College employees	\$ (1,554)	\$ -

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2020

7. FINANCIAL INSTRUMENTS

Financial risks

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to contributions and other receivables.

Market risk

Market risk is the risk that the fair value or future cash flows of the organization's financial instruments will fluctuate because of changes in market prices. Some of the organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organization is exposed to interest rate risk on its fixed-interest rate financial instruments. Fixed interest rate instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and its due to Heritage College.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in quoted shares for which the value fluctuates with the quoted market price.

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2020

8. NET CHANGE IN NON-CASH ITEMS RELATED TO OPERATING ACTIVITIES

	2020	2019
Contributions and other receivables	\$ (1,613)	\$ 5,511
Prepaid expenses	(5,500)	-
Accounts payable and accrued liabilities	1,572	-
Due to Heritage College	39,771	32,447
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	\$ 34,230	\$ 37,958

9. COMPARATIVE FIGURES

Certain figures for 2019 have been reclassified to make their presentation identical to that adopted in 2020.

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
SCHEDULE A		
GOVERNMENT GRANTS		
Municipal	\$ 20,000	\$ 21,300
Provincial	-	500
	\$ 20,000	\$ 21,800

SCHEDULE B

ANNUAL FUND-RAISING CAMPAIGN

Individuals	\$ 8,028	\$ 7,451
Partner	-	20,697
Businesses	17,170	29,075
Related not-for-profit organization - other	2,000	4,637
Other not-for-profit organizations	41,200	35,285
Payroll deduction from Heritage College employees	3,456	5,412
Students voluntary contribution	1,096	2,247
Other fund-raising activities	411	1,731
	\$ 73,361	\$ 106,535

SCHEDULE C

NET INVESTMENT INCOME

Net investment income	\$ 3,141	\$ 1,973
Unrealized gain/loss on fair value of investment	(6,484)	18,555
	\$ (3,343)	\$ 20,528

FONDATION DU CÉGEP HÉRITAGE/HERITAGE COLLEGE FOUNDATION

SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
SCHEDULE D		
OPERATING FEES		
Salaries and fringe benefits	\$ 39,771	\$ 37,113
Professional fees	4,280	2,200
Promotion and marketing	-	2,811
Office expenses	193	-
	<hr/>	<hr/>
	\$ 44,244	\$ 42,124

SCHEDULE E

FUNDRAISING ACTIVITIES

Salaries and fringe benefits	\$ 39,771	\$ 37,113
Community outreach	161	593
Travel expenses	236	78
Other fundraising activities	164	580
	<hr/>	<hr/>
	\$ 40,332	\$ 38,364