



Financial Statements

December 31, 2015

Independent Auditors' Report

To the Board of Governors
EducationMatters, Calgary's Public Education Trust

We have audited the accompanying financial statements of EducationMatters, Calgary's Public Education Trust, which comprise the statement of financial position as at December 31, 2015, 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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EducationMatters, Calgary's Public Education Trust as at December 31, 2015, 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.

Collins Barrow Calgary LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
March 10, 2016

EducationMatters, Calgary's Public Education Trust
Statement of Financial Position
December 31, 2015

	2015	2014
Assets		
Current assets		
Cash and cash equivalents (notes 3 and 6)	\$ 2,281,640	\$ 1,954,955
Goods and Services Tax recoverable	655	1,401
Prepaid expenses	<u>-</u>	<u>4,400</u>
	2,282,295	1,960,756
Investments (notes 4 and 6)	4,534,126	3,998,032
Property and equipment (note 5)	<u>31,632</u>	<u>32,488</u>
	<u>\$ 6,848,053</u>	<u>\$ 5,991,276</u>

Liabilities

Current liabilities		
Accounts payable and accrued liabilities	\$ 27,846	\$ 25,337
Deferred operating contributions (note 7)	<u>440,000</u>	<u>440,000</u>
	<u>467,846</u>	<u>465,337</u>

Funds

Operating funds (including investment in capital assets)	774,197	707,463
Flow-through funds	941,345	725,289
Endowment funds (note 6)	<u>4,664,665</u>	<u>4,093,187</u>
	<u>6,380,207</u>	<u>5,525,939</u>
	<u>\$ 6,848,053</u>	<u>\$ 5,991,276</u>

Commitments (note 8)

See accompanying notes to the financial statements

On behalf of the Board,


 _____, Governor

 _____, Governor

EducationMatters, Calgary's Public Education Trust
Statement of Operations
Year Ended December 31, 2015

	2015				2014
	Operating Funds	Flow- Through Funds	Endowment Funds	Total	
Revenue					
Contributions	\$ 679,672	\$ 901,258	\$ 335,633	\$ 1,916,563	\$ 2,543,386
Interfund fees	96,892	(36,299)	(60,593)	-	-
Gains (losses) on investments	(1,377)	-	305,281	303,904	338,336
Interest and dividend revenue	<u>22,027</u>	<u>-</u>	<u>150,701</u>	<u>172,728</u>	<u>107,153</u>
	<u>797,214</u>	<u>864,959</u>	<u>731,022</u>	<u>2,393,195</u>	<u>2,988,875</u>
Expenditures					
Grants (notes 7 and 10)	-	645,307	161,052	806,359	1,279,260
Salaries and benefits (note 10)	490,862	-	-	490,862	437,363
Communications	1,556	-	-	1,556	2,929
Fund development (note 10)	16,673	-	-	16,673	49,534
Office	39,964	-	-	39,964	40,444
Professional fees	61,318	188	1,329	62,835	58,917
Special events (note 10)	30,383	-	-	30,383	37,833
Computer applications & support	43,264	-	-	43,264	36,366
Rent	38,993	-	-	38,993	38,993
Amortization (note 10)	<u>8,038</u>	<u>-</u>	<u>-</u>	<u>8,038</u>	<u>2,272</u>
	<u>731,051</u>	<u>645,495</u>	<u>162,381</u>	<u>1,538,927</u>	<u>1,983,911</u>
Excess of revenue over expenditures	<u>\$ 66,163</u>	<u>\$ 219,464</u>	<u>\$ 568,641</u>	<u>\$ 854,268</u>	<u>\$ 1,004,964</u>

See accompanying notes to the financial statements

EducationMatters, Calgary's Public Education Trust
Statement of Changes in Fund Balances
Year Ended December 31, 2015

	Operating Funds	Flow- Through Funds	Endowment Funds	Total
Fund balances, December 31, 2013	\$ 614,842	\$ 844,975	\$ 3,061,158	\$ 4,520,975
Excess (deficiency) of revenue over expenditures	103,802	(119,424)	1,020,586	1,004,964
Interfund transfers	<u>(11,181)</u>	<u>(262)</u>	<u>11,443</u>	<u>-</u>
Fund balances, December 31, 2014	707,463	725,289	4,093,187	5,525,939
Excess of revenue over expenditures	66,163	219,464	568,641	854,268
Interfund transfers	<u>571</u>	<u>(3,408)</u>	<u>2,837</u>	<u>-</u>
Fund balances, December 31, 2015	<u><u>\$ 774,197</u></u>	<u><u>\$ 941,345</u></u>	<u><u>\$ 4,664,665</u></u>	<u><u>\$ 6,380,207</u></u>

See accompanying notes to the financial statements

EducationMatters, Calgary's Public Education Trust
Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenditures	\$ 854,268	\$ 1,004,964
Add (deduct) items not affecting cash		
Amortization	8,038	2,272
Unrealized gain on investments	<u>(279,330)</u>	<u>(332,753)</u>
	<u>582,976</u>	<u>674,483</u>
Changes in non-cash working capital		
Goods and Services Tax recoverable	746	(853)
Prepaid expenses	4,400	600
Accounts payable and accrued liabilities	<u>2,509</u>	<u>4,006</u>
	<u>7,655</u>	<u>3,753</u>
Cash provided by operating activities	<u>590,631</u>	<u>678,236</u>
Investing activities		
Purchase of equipment	(7,182)	(32,025)
Purchase of investments	(359,194)	(707,794)
Disposal of investments	<u>102,430</u>	<u>38,982</u>
Cash used in investing activities	<u>(263,946)</u>	<u>(700,837)</u>
Cash inflow (outflow)	326,685	(22,601)
Cash and cash equivalents, beginning of year	<u>1,954,955</u>	<u>1,977,556</u>
Cash and cash equivalents, end of year	<u>\$ 2,281,640</u>	<u>\$ 1,954,955</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 158,314	\$ 163,080
Treasury bills (note 3)	<u>2,123,326</u>	<u>1,791,875</u>
	<u>\$ 2,281,640</u>	<u>\$ 1,954,955</u>

See accompanying notes to the financial statements

EducationMatters, Calgary's Public Education Trust

Notes to Financial Statements

December 31, 2015

1. Nature of Trust

EducationMatters, Calgary's Public Education Trust, (the "Trust") was formed by way of a trust indenture on January 20, 2003. The Trust is a registered charity and a public trust under the *Income Tax Act* (Canada) and, accordingly, is exempt from income taxes and can issue donation receipts for income tax purposes. The Trust's mandate is to promote citizen engagement with and inspire passion for public education and to mobilize resources for programs that enhance public education.

The Board of Trustees of the Calgary Board of Education (the "CBE Board") appoints all Trust governors. At least two, but not more than 50%, of the Trust governors must be members of the CBE Board.

2. Significant accounting policies

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

(a) Revenue

The Trust receives contributions in the form of donations to specified funds, operating grants and event funding.

The Trust recognizes contributions when the amounts can be reasonably estimated and collection is assured.

The Trust follows the deferral method of accounting for restricted contributions related to general operations of the Trust. These contributions are recognized as revenue in the operating fund in the period in which the related expenses are incurred.

The Trust recognizes interest, dividends and fee revenue when the amounts are earned.

(b) Trust funds

The Trust holds operating, flow-through and endowment funds. The Trust follows the deferral accounting method for the operating fund and the restricted fund accounting method for the flow-through and endowment funds.

The Trust restricts endowment fund grants in any fiscal period to a maximum of 4.5% of the market value of the endowment at the end of the prior fiscal year.

Operating funds

Operating fund contributions received that relate to a subsequent period are shown as deferred operating contributions on the statement of financial position.

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
December 31, 2015

Flow-through funds

Flow-through funds are spent during the year in which they are received or the year following to support a wide range of programs and projects.

Endowment Funds

Endowment funds are created by donors to provide long-term support for discretionary spending, general fields of interest or designated specific programs or projects.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term investments with a maturity date of three months or less.

(d) Property and equipment

The Trust capitalizes administrative assets, consisting of computer equipment and office equipment, at cost and amortizes them over their estimated useful lives of five years on a straight-line basis.

Property and equipment is evaluated for impairment when events or circumstances indicate its carrying value may not be recoverable. Any impairment is measured by comparing the carrying value of the assets to the fair value, based on the present value of future cash flows expected to be generated from the assets.

(e) Measurement uncertainty

The valuation of property and equipment is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as property and equipment. The amounts recorded for amortization of the property and equipment are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

The valuation of accrued liabilities is based on management's best estimates of expenses incurred during the year that will be payable in future periods.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
December 31, 2015

(f) Financial instruments

The Trust initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The Trust subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in pooled investment funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash and cash equivalents. The Trust's financial assets measured at fair value include the pooled investment funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess of revenue over expenditures.

The Trust recognizes its transaction costs in excess of revenue over expenditures in the period incurred for its equity investments and for all other financial assets and liabilities that are subsequently measured at fair value. Financial instruments that are subsequently measured at cost or amortized cost are adjusted by the transaction costs and financing fees that are directly attributable to their origination, issuance or assumption.

(g) Expenditures

Administrative expenses are charged to endowment funds in accordance with donor agreements. Interest income earned on flow-through funds is allocated to the operating fund in lieu of an administration fee. Expenses incurred for a specific fund are charged to that fund.

(h) Donated services

Donated services are not recognized in the financial statements as there is no objective basis available to measure the value of such services.

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
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3. Cash and cash equivalents

Cash and cash equivalents include short-term investments of \$2,123,326 (2014 - \$1,791,875) consisting entirely of investments in Canadian treasury bills with maturity dates of 90 days or less. Short-term investments yield an average interest rate of 0.63% (2014 - 1.01%).

4. Investments

Investments include pooled investment funds that have a market-based unit value. Investments are comprised of \$4,534,126 (2014 - \$3,998,032) in pooled investment funds measured at fair value. The Trust's policy is to liquidate gifted shares on the same day as they are received. There were no gifted shares held at December 31, 2015 or 2014.

5. Property and equipment

			Net Book Value	
	Cost	Accumulated Amortization	2015	2014
Computer equipment	\$ 54,156	\$ 23,594	\$ 30,562	\$ 30,705
Office equipment	<u>3,566</u>	<u>2,496</u>	<u>1,070</u>	<u>1,783</u>
	<u>\$ 57,722</u>	<u>\$ 26,090</u>	<u>\$ 31,632</u>	<u>\$ 32,488</u>

6. Endowment funds

Endowment funds are invested to provide long-term support, and are comprised of the following:

	2015	2014
Cash	\$ 130,539	\$ 95,155
Investments	<u>4,534,126</u>	<u>3,998,032</u>
	<u>\$ 4,664,665</u>	<u>\$ 4,093,187</u>

7. Related party transactions

The Trust is economically dependent on contributions from the Calgary Board of Education ("CBE") and is committed to provide services to CBE in fund development, grants and student awards. During the year, the Trust received \$660,000 (2014 - \$660,000) from the CBE. \$440,000 of the contributions received was deferred to 2016 in accordance with spending of the funds over a twelve-month period and is included in deferred operating contributions on the statement of financial position. The Trust rented office space and purchased services of \$38,993 (2014 - \$38,993) and \$6,442 (2014 - \$6,886), respectively, from the CBE. These transactions were recorded at the amounts established and agreed to by the parties.

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Grants awarded to CBE schools by the Trust are distributed to recipients by way of the CBE. In 2015, this amount was \$360,320 (2014 - \$930,845).

8. Commitments

The Trust's office lease with the CBE was renewed in August 2015 for an additional one-year term to August 31, 2016 and requires monthly rental payments of \$3,249.

9. Financial instruments

The Trust is exposed to the following significant financial risks:

(a) 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 financial instrument that potentially subjects the Trust to significant concentration of credit risk consists primarily of cash and cash equivalents. The Trust mitigates its exposure to credit loss by placing its cash and cash equivalents with major financial institutions.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust's investments in pooled investment funds expose the company to price risks as equity investments are subject to price changes in the open market.

10. Additional information on fund development

(a) Expenses incurred to raise funds

	2015	2014
Fundraising event	\$ 30,383	\$ 37,833
Fund development expenses	16,673	49,534
Fund development salaries and benefits	<u>133,835</u>	<u>105,809</u>
	<u>\$ 180,891</u>	<u>\$ 193,176</u>

(b) Funds raised during 2015 were \$1,236,891 (2014 - \$1,853,824).

(c) Summary of disbursements

	2015	2014
Grants	\$ 402,357	\$ 958,845
Scholarships	<u>404,002</u>	<u>320,415</u>
	<u>\$ 806,359</u>	<u>\$ 1,279,260</u>

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
December 31, 2015

In 2015 and 2014 there were no disbursements greater than 10% of the funds raised.

(d) Allocation of total expenditures and disbursements

Total expenditures and disbursements after allocation of salaries and benefits to the cost centres consist of the following:

	2015	2014
Grant disbursements	\$ 806,359	\$ 1,279,260
Communication expenses	1,556	2,929
Fund development expenses, excluding events	150,508	155,343
Events	30,383	37,833
Program expenses	542,083	506,274
Amortization expense	<u>8,038</u>	<u>2,272</u>
	<u>\$ 1,538,927</u>	<u>\$ 1,983,911</u>

Salary and benefit costs are incurred to operate the Trust and its programs in a cost-effective manner while maximizing all opportunities to further the Trust's mission. The Trust allocates salary and benefits based on the actual time spent in each cost centre by each staff person.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.