



Financial Statements of

**THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND**

And Independent Auditors' Report thereon

Year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of The Winnipeg School Division

Opinion

We have audited the financial statements of The Winnipeg School Division Children's Heritage Fund (the "Entity"), which comprise the statement of financial position as at December 31, 2020, the statements of revenue and expenditures and unappropriated surplus, appropriated surplus, specific purpose funds and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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 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 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 conclusions are 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

May 20, 2021

THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND
Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 318,375	\$ 1,516,913
Accounts receivable	82,595	6,066
Interest and dividends receivable	170	170
	<u>401,140</u>	<u>1,523,149</u>
Investments (schedule):		
Bonds and debentures	58,473	55,299
Equity investments	4,400,874	2,764,464
	<u>4,459,347</u>	<u>2,819,763</u>
	<u>\$ 4,860,487</u>	<u>\$ 4,342,912</u>
Liabilities and Surplus		
Current liabilities:		
Accounts payable	\$ 93,101	\$ 9,649
Due to related parties (note 2)	-	25,258
	<u>93,101</u>	<u>34,907</u>
Deferred revenue	107,276	138,228
Specific purpose funds	544,671	503,680
Surplus:		
Unappropriated surplus	142,553	-
Contributed surplus	1,000,000	1,000,000
Appropriated surplus	2,972,886	2,666,097
	<u>4,115,439</u>	<u>3,666,097</u>
	<u>\$ 4,860,487</u>	<u>\$ 4,342,912</u>

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND
Statement of Revenue and Expenditures and Unappropriated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Interest	\$ 3,349	\$ 20,866
Dividends	258,502	139,093
Realized gain on investments	123,263	30,943
Unrealized increase in fair value of investments	142,372	376,002
Donations	1,441,988	1,767,853
	<u>1,969,474</u>	<u>2,334,757</u>
Expenditures:		
General	29,280	17,385
Playground equipment, multi-cultural enrichment and other	99,842	240,252
Program	1,391,010	1,767,851
	<u>1,520,132</u>	<u>2,025,488</u>
Excess of revenue over expenditures	449,342	309,269
Unappropriated surplus, beginning of year	–	25,796
Transfer to appropriated surplus	(306,789)	(335,065)
Unappropriated surplus, end of year	<u>\$ 142,553</u>	<u>\$ –</u>

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND
Statement of Appropriated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Appropriated surplus, beginning of year	\$ 2,666,097	\$ 2,331,032
Transfer from appropriated surplus	306,789	335,065
Appropriated surplus, end of year	\$ 2,972,886	\$ 2,666,097

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND
Statement of Specific Purpose Funds

Year ended December 31, 2020

	Balance, beginning of year	Gain on investments	Donations	Investment income	Scholarship expenditure	Balance, end of year
Argyle Scholarship	\$ -	\$ -	\$ 100	\$ -	\$ 100	\$ -
B. Steinhorsen Law Enforcement Scholarship Fund	197	-	-	2	-	199
Brian David Schellenberg Award	78,918	-	5,133	748	4,000	80,799
Cash for Kids Fund	1,132	-	-	11	-	1,143
Cecil Rhodes Book Award	1,997	-	-	19	75	1,941
Cecil Rhodes Scholarship Fund	2,831	-	100	27	100	2,858
Churchill School Scholarship Fund	39,409	-	-	369	1,625	38,153
Clara Hughes Olympic Award	1,747	-	500	14	1,000	1,261
Clinical Support Services Award of Merit	7,557	-	3,853	74	4,500	6,984
Douglas Todd Memorial Flying Award	97,107	-	-	901	5,000	93,008
Dr. Davinder Jassal Scholarship	15	-	2,000	-	2,000	15
ELM Glen Young Physiotherapy	-	-	1,000	-	1,000	-
Emergent Biosolution	-	-	4,400	-	4,400	-
Frances Brown Atwell	6,797	-	-	63	400	6,460
GBL Champion Ironworks Scholarship	-	-	1,200	-	1,200	-
GBL ET Ethans Memorial Scholarship	3,953	-	500	37	500	3,990
GBL Peter Pura Memorial Prize	-	-	200	-	200	-
GBL The Captain Barry Leipsic	-	-	11,668	1	10,662	1,007
Gerald Finkle Fund	-	-	4,200	6	1,500	2,706
Gordon Bell Scholarship Fund	3,112	-	-	28	300	2,840
Grant Park Dora & Albert Diamond	15,789	-	-	146	1,000	14,935
Grant Park Irv Sera Scholarship Fund	104	-	-	1	-	105
Grant Park Scholarship Fund	4,976	-	-	44	800	4,220
Hard of Hearing Fund	351	-	-	3	-	354
HJM Scholarship	-	-	7,700	67	-	7,767
Hugh John Macdonald Music Outreach Program	29,410	-	18,498	284	19,300	28,892
Isaac Brock Alumni Award	1,449	-	-	14	-	1,463
J. Smyth Scholarship Fund	11,104	-	-	96	2,000	9,200
Joan Firman Estate Scholarship Fund	1,185	-	-	11	100	1,096
John Loxley-Pollock Scholarship Fund	551	-	2,427	5	500	2,483
Judith Dueck New Canadian Scholarship Fund	22,378	980	-	743	600	23,501
Kelvin Alice Osborne Memorial Scholarship	4,377	-	-	40	500	3,917
Kelvin Elizabeth Schacter Scholarship	250	-	250	2	250	252
Kelvin High Scholarship Fund	5,269	-	-	48	500	4,817
Leslie Snell Memorial Fund	32,942	-	-	310	500	32,752
Lord Selkirk Award	105	-	-	-	105	-
Nariman Ayed Music Award	998	-	-	8	500	506
NIJ Niji Mahkwa Grade 8 Award	1,666	-	-	16	60	1,622
Niji Mahkwa Aberdeen	273	-	-	-	273	-
Niji Mahkwa Scholarship Fund	168	-	-	-	168	-
Platinum Jets Award	-	-	3,000	-	3,000	-
Point Douglas Citizenship	-	-	1,500	-	1,500	-
Rob Altemeyer Achievement	8,424	-	-	76	750	7,750
Scarfe Memorial Scholarship Fund	2,159	-	-	20	250	1,929
SIS Carl Vivier Scholarship	23,184	-	5,000	213	7,500	20,897
SIS Rygiel Sisler Scholarship	4,137	-	-	38	500	3,675

**THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND
Statement of Specific Purpose Funds (continued)**

Year ended December 31, 2020

	Balance, beginning of year	Gain on investments	Donations	Investment income	Scholarship expenditure	Balance, end of year
SIS The Lorne Richards Physics	\$ -	\$ -	\$ 250	\$ -	\$ 250	\$ -
ST J Class of 77 Scholarship	3,848	-	-	36	250	3,634
St. John's School Scholarship Fund	18,773	-	1,000	173	2,176	17,770
STJ Safiniuk Athletic Scholarship	-	-	30,000	109	-	30,109
STJ Wolchok Scholarship	6,310	-	-	52	2,000	4,362
Strathcona Art Award	55	-	-	-	50	5
Teplitsky-Marantz Memorial Scholarship Fund	4,579	-	-	42	250	4,371
TVH Manuel Sousa Award for Excellence in Photography	-	-	10,945	15	-	10,960
Wellington School Scholarship Fund	5,209	-	-	49	-	5,258
William Grulkey Scholarship	2	-	700	2	-	704
Winnipeg Hawkeyes Football Scholarship - 3 schools	25,524	1,220	-	975	-	27,719
Winnipeg Hawkeyes Football Scholarship - Sisler	23,359	975	-	948	1,000	24,282
	\$ 503,680	\$ 3,175	\$ 116,124	\$ 6,886	\$ 85,194	\$ 544,671

These funds are invested in cash and fixed income securities.

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND
Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 449,342	\$ 309,269
Items not affecting cash:		
Stock dividends on equity investments	(258,502)	(139,093)
Unrealized gain on investments	(145,547)	(377,058)
Realized gain on investments	(123,263)	(30,943)
Increase (decrease) in deferred revenue	(30,951)	5,101
Increase in specific purpose funds	40,991	25,067
Change in non-cash working capital:		
Accounts receivable	(76,529)	(5,569)
Accounts payable	83,452	537
	<u>(61,007)</u>	<u>(212,689)</u>
Financing activities:		
Change in due to related parties	(25,258)	(35,499)
Investing activities:		
Purchase of Investment	(4,000,000)	-
Proceeds on maturity and sale of investment	2,887,727	175,268
	<u>(1,112,273)</u>	<u>175,268</u>
Decrease in cash	(1,198,538)	(72,920)
Cash, beginning of year	1,516,913	1,589,833
Cash, end of year	<u>\$ 318,375</u>	<u>\$ 1,516,913</u>
Supplementary cash flow information:		
Interest received	\$ 3,349	\$ 20,866

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION CHILDREN'S HERITAGE FUND

Notes to Financial Statements

Year ended December 31, 2020

Fund description:

The Children's Heritage Fund (the "Fund") of The Winnipeg School Division (the "Division") was established in 1980 through By-Law No. 860 to further purchases of playground equipment, multi-cultural enrichment and other activities specified by a committee of the Division. The funding provided by the Division to establish this Fund is recorded as contributed surplus.

1. Significant accounting policies:

The financial statements of the Fund are prepared in accordance with the Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) in Part III of the CPA Handbook.

(a) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Fund has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expenses as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

(b) Appropriated surplus:

The Fund's policy is to restrict expenditures in the year to 5 percent of the average market value of Fund assets for the prior three years. This restriction does not however apply to unallocated monies carried forward from prior years and unspent monies related to previously approved projects. Gross revenue less donations for specific purposes earned which is in excess of the payout restriction for the following year, is transferred to appropriated surplus from unappropriated surplus. When a loss is incurred by the Fund, the gross loss less donations for specific purposes, plus the payout restriction for the following year, is transferred from the appropriated surplus to unappropriated surplus.

As at December 31, 2020, an amount of \$96,974 (2019 - \$26,091) has been carried-forward from projects approved for funding. There is a two year time limit for funds to be expended on approved projects.

THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND
Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Foreign currency translation:

The fair value of foreign currency denominated investments included in the statement of financial position is translated into Canadian dollars at year end rates of exchange. Gains and losses arising from translation are included in excess of revenue over expenditures.

Foreign currency denominated transactions are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

(d) Deferred revenue:

Donations received for specific purposes are deferred and recorded as revenue at the time the applicable expenditure is made.

(e) Income taxes:

The Fund is a not-for-profit organization under the *Income Tax Act* and accordingly is exempt from income taxes, provided certain requirements of the *Income Tax Act* are met.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 period. Actual results could differ from those estimates.

2. Related party transactions:

The Fund had a payable to the Division of nil as at December 31, 2020 (2019 - \$14,346) and a payable to The Winnipeg School Division Pension Fund for Employees Other Than Teachers of nil as at December 31, 2020 (2019 - \$10,912).

3. Financial instruments:

Despite the uncertainty as to the outcome and ultimate effects of the pandemic, the Fund has fully maintained its valuation governance processes relying on its investment manager, Leith Wheeler, in providing their best estimate of the impact that the COVID-19 pandemic has had on the valuations of its investments as of the date of these financial statements.

THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND
Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Financial instruments (continued):

The Fund is monitoring developments relating to COVID-19 and continuing to assess through the performance reporting by the Fund's investment manager the ongoing impact on the Fund's investments.

(a) Fair value:

The fair value of accounts receivable, interest and dividends receivable, accounts payable and due to related parties approximates their carrying value due to their short-term to maturity.

The fair value of investments is disclosed in the attached schedule.

Due to the COVID-19 pandemic, financial markets experienced exceptional volatility in 2020. The Fund's exposure across all risk parameters including market, credit and liquidity remained within all risk limits set out in the Fund's Statement of Investment Policies and Procedures.

(b) Liquidity:

100 percent (2019 - 100 percent) of the Fund's investments are traded in public markets and are liquid. These include equity and fixed income securities.

(c) Credit risk:

The Fund's fixed income investments are primarily in Canadian-issued instruments. There were no significant concentrations of credit risk in the portfolio in either 2020 or 2019.

(d) Interest rate risk:

Interest rate risk is the risk that the market value of the Fund's investments will fluctuate due to changes in market interest rates. To properly manage the Fund's interest rate risk, appropriate guidelines on the weighting and duration for the bonds and other fixed income investments are set and monitored. The Fund's investments in fixed income securities is sensitive to interest rate movements.

(e) Other price risk:

The Fund's investments in equities are sensitive to market fluctuations. To properly manage the Fund's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored. A decline of 10 percent in equity values will impact the Fund's equity investments by an approximate loss of \$440,087 (2019 - \$276,446).

**THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE FUND**

Schedule - Investments

December 31, 2020, with comparative information for 2019

	Interest rate	Par value	2020 Fair value	2019 Fair value
Bonds and debentures:				
<i>Provincial:</i>				
Province of British Columbia:				
November 19, 2027	6.15%	\$ 15,000	\$ 20,169	\$ 19,194
June 18, 2029	5.70%	28,000	38,304	36,105
Total bonds and debentures		\$ 43,000	\$ 58,473	\$ 55,299

	No. of units	2020 Fair value	2019 Fair value
Equity investments:			
Leith Wheeler Pooled	356,527.110	\$ 4,400,874	\$ -
Greystone Canadian Equity Fund	-	-	2,764,464
Total equity investments		\$ 4,400,874	\$ 2,764,464