WINNIPEG SCHOOL DIVISION

Financial Statements of

THE WINNIPEG SCHOOL DIVISION CHILDREN'S HERITAGE EDUCATION ENDOWMENT FUND

And Independent Auditor's Report thereon

Year ended December 31, 2024

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INDEPENDENT AUDITOR'S 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 Education Endowment Fund (the "Entity"), which comprise the statement of financial position as at December 31, 2024, the statements of revenue and expenditures and unappropriated surplus, appropriated surplus 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 at December 31, 2024, 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 "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's 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.

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 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 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 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 safeguard.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

May 16, 2025

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

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 259,732	$ 499,914
Accounts receivable	74,249	13,141
Interest and dividends receivable	432	690
	334,413	513,745
Investments (schedule 1):		
Bonds and Guaranteed Investment Certificates	58,200	58,372
Equity	5,350,395	4,899,860
	5,408,595	4,958,232
	$ 5,743,008	$ 5,471,977
Liabilities and Surplus		
Current liabilities:		
Accounts payable	$ 17,095	$ 14,643
Due to related parties (note 2)	6,364	6,164
	23,459	20,807
Deferred revenue	136,352	355,066
Specific purpose funds (schedule 2)	679,131	614,564
Surplus:		
Unappropriated surplus	60,290	18,876
Contributed surplus	1,000,000	1,000,000
Appropriated surplus	3,843,776	3,462,664
	4,904,066	4,481,540
	$ 5,743,008	$ 5,471,977

See accompanying notes to financial statements.

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

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Donations	$ 2,010,412	$ 1,475,890
Dividends	795,550	481,093
Gain on sale of investments	14,469	2,921
	2,820,431	1,959,904
Expenditures:		
Program	2,004,412	1,447,595
Playground equipment, multi-cultural enrichment and other	185,054	182,428
General	48,955	52,200
Unrealized decrease in fair value of investments	159,484	5,787
	2,397,905	1,688,010
Excess of revenue over expenditures	422,526	271,894
Unappropriated surplus, beginning of year	18,876	–
Transfer to appropriated surplus	(381,112)	(253,018)
Unappropriated surplus, end of year	$ 60,290	$ 18,876

See accompanying notes to financial statements.

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

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Appropriated surplus, beginning of year	$ 3,462,664	$ 3,209,646
Transfer to appropriated surplus	381,112	253,018
Appropriated surplus, end of year	$ 3,843,776	$ 3,462,664

See accompanying notes to financial statements.

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

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ 422,526	$ 271,894
Items not affecting cash:		
Reinvested stock dividends on equity investments	(795,549)	(481,093)
Unrealized loss on investments	159,655	5,802
Realized gain on investments	(14,469)	(2,921)
Increase (decrease) in deferred revenue	(218,714)	204,230
Increase in specific purpose funds	64,567	39,133
Change in non-cash working capital:		
Accounts receivable	(60,850)	(11,748)
Accounts payable	2,452	145
	(440,382)	25,442
Financing activities:		
Change in due to related parties	200	6,164
Investing activities:		
Proceeds on maturity and sale of investment	200,000	200,000
Increase (decrease) in cash	(240,182)	231,606
Cash, beginning of year	499,914	268,308
Cash, end of year	$ 259,732	$ 499,914
Supplementary cash flow information:		
Interest received	$ 19,595	$ 12,711

See accompanying notes to financial statements.

Fund description:

The Children's Heritage Education Endowment 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, 2024, an amount of $114,638 (2023 - $67,524) has been carried-forward from projects approved for funding. There is a two year time limit for funds to be expended on approved projects.

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 combined payable to the Division and Winnipeg School Division Pension Fund for Employees other than Teachers of $6,364 as at December 31, 2024 (2023 - $6,164).

3. Financial instruments:

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.

3. Financial instruments (continued):

(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.

(b) Liquidity:

100 percent (2023 – 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 2024 or 2023.

(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 $535,040 (2023 - $489,986).

THE WINNIPEG SCHOOL DIVISION
CHILDREN'S HERITAGE EDUCATION ENDOWMENT FUND
Schedule 1 - Investments

December 31, 2024, with comparative information for 2023

			2024	2023
	Interest rate	Par value	Fair value	Fair value
Fixed Investments:				
Bank of Montreal GIC:				
July 05,2027	4.75%	$ 11,000	$ 11,000	$ 11,000
Province of British Columbia Bonds:				
November 19, 2027	6.150%	15,000	16,276	16,346
June 18, 2029	5.700%	28,000	30,924	31,026
Total fixed investments		$ 54,000	$ 58,200	$ 58,372

		2024	2023
	No. of units	Fair value	Fair value
Equity investments:			
Leith Wheeler Pooled	465,786,361	$5,350,395	$ 4,899,860