

Financial Statements of

**COLLINGWOOD SCHOOL
FOUNDATION**

Year ended June 30, 2018



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INDEPENDENT AUDITORS' REPORT

To the Directors of Collingwood School Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Collingwood School Foundation, which comprise the statement of financial position as at June 30, 2018, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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 Collingwood School Foundation as at June 30, 2018 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

Burnaby, Canada
November 26, 2018

COLLINGWOOD SCHOOL FOUNDATION

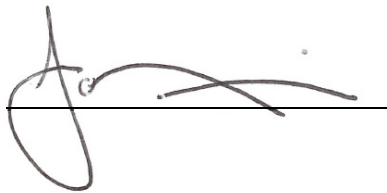
Statement of Financial Position

June 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 13,008	\$ 50,302
Investments (note 3)	11,846,670	1,086,864
Cash surrender value life insurance (note 4)	30,677	30,289
	<u>\$ 11,890,355</u>	<u>\$ 1,167,455</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 7,503	\$ 6,506
Due to Collingwood School Society	3,242	42,589
	<u>10,745</u>	<u>49,095</u>
Net Assets		
General Fund	106,179	104,320
Endowment Fund	11,773,431	1,014,040
	<u>11,879,610</u>	<u>1,118,360</u>
	<u>\$ 11,890,355</u>	<u>\$ 1,167,455</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

COLLINGWOOD SCHOOL FOUNDATION

Statement of Operations and Changes in Net Assets

Year ended June 30, 2018, with comparative information for 2017

	General Fund	Endowment Fund	2018 Total	2017 Total
Revenue:				
Donations	\$ -	\$10,761,478	\$ 10,761,478	\$ 75,000
Investment income	1,429	88,308	89,737	34,521
Gain on disposal of investments	755	46,421	47,176	7,577
	2,184	10,896,207	10,898,391	117,098
Expenditures:				
Investment management fees and bank charges	81	4,980	5,061	7,083
Life insurance policy premiums	-	706	706	706
Professional fees	244	15,043	15,287	8,357
Donations to Collingwood School Society	-	1,300	1,300	2,400
Fair value adjustment on investments	-	114,787	114,787	(27,043)
	325	136,816	137,141	(8,497)
Excess of revenue over expenses	1,859	10,759,391	10,761,250	125,595
Net assets, beginning of year	104,320	1,014,040	1,118,360	992,765
Net assets, end of year	\$ 106,179	\$11,773,431	\$ 11,879,610	\$ 1,118,360

See accompanying notes to financial statements.

COLLINGWOOD SCHOOL FOUNDATION

Statement of Cash Flows

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 10,761,250	\$ 125,595
Items not involving cash		
Fair value adjustment on investments	114,787	(27,043)
Gain on disposal of investments	(47,176)	(7,577)
Changes in non-cash operating working capital:		
Cash surrender value of life insurance policies	(388)	(1,632)
Accounts payable	997	406
Due to Collingwood School Society	(39,347)	11,055
	<u>10,790,123</u>	<u>100,804</u>
Investments:		
Purchase of investments	(11,674,319)	(213,479)
Proceeds from sale of investments	846,902	27,423
	<u>(10,827,417)</u>	<u>(186,056)</u>
Decrease in cash	(37,294)	(85,252)
Cash, beginning of year	50,302	135,554
Cash, end of year	<u>\$ 13,008</u>	<u>\$ 50,302</u>

See accompanying notes to financial statements.

COLLINGWOOD SCHOOL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2018

1. Operations:

Collingwood School Foundation (the "Foundation") was incorporated on November 25, 1997 under the authority of the Society Act of British Columbia and commenced operations in June 1998. On June 28, 2018, the Foundation transitioned to the new Societies Act (British Columbia). The Foundation is designated as a public foundation, is a registered charity under the Income Tax Act and is therefore exempt from income taxes.

The Foundation raises funds for the stated purpose of the Foundation, which is to support the Collingwood School Society's ("Collingwood School") facilities, financial aid, educational programs and strategic plan objectives. The Foundation aims to provide exemplary stewardship of its funds with an emphasis on optimal return from secure investments. Collingwood School operates a non-denominational and co-educational school in West Vancouver, British Columbia.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and include the following significant accounting policies:

(a) Fund accounting:

The General Fund reports unrestricted donations made to the Foundation over which the Board of Directors of the Foundation has the discretion to allocate and distribute the funds in accordance with their directives.

The Endowment Fund reports donations that are restricted for use as endowments to support the programs of Collingwood School. The principal amounts and net investment earnings thereon are to be used solely for purposes designated by donors.

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions whereby contributions are recognized as revenue of the appropriate fund when received.

Endowment contributions are recognized as revenue in the Endowment Fund.

COLLINGWOOD SCHOOL FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2018

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Donations and contributions in-kind are reported at fair value at the time of receipt when such value can be reasonably determined.

Investment income is recorded in the respective funds when earned.

The cash surrender value of life insurance policies owned by the Foundation are recognized as an asset when the funds have reasonable assurance of immediate or future collection of proceeds.

(c) 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 Foundation has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The Foundation does not hold any financial derivatives as at June 30, 2018.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

COLLINGWOOD SCHOOL FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2018

2. Significant accounting policies (continued):

(e) Administrative expense and donated services:

Certain administrative expenditures of the Foundation are borne by Collingwood School and are not recorded in these financial statements. All expenses incurred directly by the Foundation are recorded in their applicable fund, except professional fees, which have been allocated based on the proportion of net assets.

The Foundation is dependent on volunteers for the donation of their time to assist the Foundation. Due to the difficulty of determining their fair market value, donated services are not recorded in the financial statements.

3. Investments:

During the year, the Foundation received a gift of \$10,587,873 from the Collingwood School Society endowed for the purposes of student financial aid.

Investments held at fair value consist of equity and fixed income pooled funds invested with Leith Wheeler as follows:

	2018	2017
Canadian Equity Fund – Series A	\$ 3,566,687	\$ 478,815
US Equity Fund – Series A	1,397,122	-
International Pooled Fund – Series A	952,780	-
Fixed Income Fund – Series A	5,915,080	603,786
Money Market Fund – Series A	15,001	4,263
	<u>\$11,846,670</u>	<u>\$ 1,086,864</u>

	2018	2017
Unrealized gains, beginning of year	\$ 84,101	\$ 57,058
Change in unrealized gains / losses	(114,787)	27,043
Unrealized gains, end of year	<u>\$ (30,686)</u>	<u>\$ 84,101</u>

The fixed income fund consists of Leith Wheeler Income Series A Units with an average maturity of 9.6 years (2017 - 10.1 years), duration of 7.2 years (2017 - 7.4 years), and an average yield of 2.78% (2017 - 2.3%).

COLLINGWOOD SCHOOL FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2018

4. Life insurance policies:

The Foundation has been assigned irrevocable beneficial ownership of various life insurance policies. The contracts have face value amounts totaling \$125,000 (2017 - \$125,000). The value recorded on the statements represents the current cash surrender value of existing policies.

At June 30, 2018, the insurance policies have cash surrender values totaling \$30,677 (2017 - \$30,289). In the event that the donors discontinue paying the premiums, the Foundation can receive proceeds equal to the cash surrender values. Upon the deaths of the donors, the total proceeds will be payable to the Foundation.

5. Pledges and bequests:

In addition to donations, the Foundation has received pledges of support in the form of future donations, bequests and proceeds from insurance policies in the approximate amount of \$2,333,000 (2017 - \$2,333,000). Pledges, bequests and proceeds from insurance policies have not been included in the financial statements as collection of these amounts is not reasonably assured, except for the cash surrender value of life insurance policies where the Society is the named policyholder and irrevocable beneficiary.

6. Related party transactions:

During the year, the Foundation donated \$1,300 (2017 - \$2,400) to the Collingwood School from restricted funds derived from endowments for bursaries and scholarships.

The Foundation has \$3,242 (2017 - \$42,589) due to the Collingwood School for both the reimbursement of administration expenses paid by the Collingwood School on the Foundation's behalf and nil (2017 - \$8,200) of donations not yet transferred to the Collingwood School.

7. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to its Investment Policy as approved by the Board.

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to cash flow 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. Investments in pooled and equity funds are subject to risks arising from changes in market conditions.

The risks associated with investments are managed through the Foundation's established Investment Policy.

The Foundation believes that it is not exposed to significant foreign currency, credit or liquidity risk arising from its financial instruments.