



Financial Statements

December 31, 2010

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 financial position as at December 31, 2010, and the statements of operations and 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 generally accepted accounting principles, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Trust derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and fund balances.

Qualified Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of EducationMatters, Calgary's Public Education Trust as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Calgary LLP

CHARTERED ACCOUNTANTS

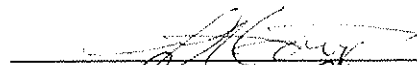
Calgary, Alberta
March 17, 2011

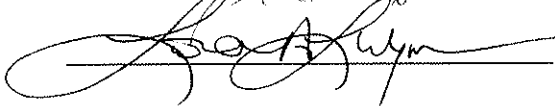
EducationMatters, Calgary's Public Education Trust
Statement of Financial Position
December 31, 2010

	2010	2009
Assets		
Current assets		
Cash and cash equivalents (notes 3 and 6)	\$ 1,836,289	\$ 1,676,140
Accounts receivable	88	176
Goods and Services Tax recoverable	3,551	4,341
Prepaid expenses	<u>700</u>	<u>-</u>
	1,840,628	1,680,657
Investments (notes 4 and 6)	1,497,343	1,368,107
Property and equipment (note 5)	<u>10,401</u>	<u>17,311</u>
	<u>\$ 3,348,372</u>	<u>\$ 3,066,075</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 14,745	\$ 59,937
Deferred operating contributions (note 7)	<u>500,000</u>	<u>500,000</u>
	<u>514,745</u>	<u>559,937</u>
Funds		
Operating funds (including investment in capital assets)	589,717	581,831
Flow-through funds	573,886	533,360
Endowment funds (note 6)	<u>1,670,024</u>	<u>1,390,947</u>
	<u>2,833,627</u>	<u>2,506,138</u>
	<u>\$ 3,348,372</u>	<u>\$ 3,066,075</u>

Commitments (note 8)

On behalf of the Board,


 _____, Governor


 _____, Governor

EducationMatters, Calgary's Public Education Trust
Statement of Operations and Changes in Fund Balances
Year Ended December 31, 2010

	2010				
	Operating Funds	Flow- Through Funds	Endowment Funds	Total	2009
Revenue					
Contributions (note 7)	\$ 842,722	\$ 555,008	\$ 214,283	\$ 1,612,013	\$ 1,483,272
Gains on investments	1,124	6,272	80,079	87,475	184,913
Interest, dividends and fee revenue	<u>20,486</u>	<u>-</u>	<u>55,794</u>	<u>76,280</u>	<u>24,218</u>
	<u>864,332</u>	<u>561,280</u>	<u>350,156</u>	<u>1,775,768</u>	<u>1,692,403</u>
Expenditures					
Grants (note 7)	-	519,438	50,593	570,031	527,447
Salaries and benefits (note 10)	520,348	-	-	520,348	545,184
Communications	136,558	-	-	136,558	83,888
Fund expenses	-	1,316	20,486	21,802	33,259
Fund development (note 10)	37,284	-	-	37,284	18,184
Office	43,525	-	-	43,525	51,791
Professional fees	38,752	-	-	38,752	40,789
Special events (note 10)	38,465	-	-	38,465	83,463
Computer applications & support	26,901	-	-	26,901	27,987
Rent	7,703	-	-	7,703	7,055
Amortization	<u>6,910</u>	<u>-</u>	<u>-</u>	<u>6,910</u>	<u>6,672</u>
	<u>856,446</u>	<u>520,754</u>	<u>71,079</u>	<u>1,448,279</u>	<u>1,425,719</u>
Excess of revenue over expenditures	7,886	40,526	279,077	327,489	266,684
Fund balance, beginning of year	<u>581,831</u>	<u>533,360</u>	<u>1,390,947</u>	<u>2,506,138</u>	<u>2,239,454</u>
Fund balance, end of year	<u>\$ 589,717</u>	<u>\$ 573,886</u>	<u>\$ 1,670,024</u>	<u>\$ 2,833,627</u>	<u>\$ 2,506,138</u>

EducationMatters, Calgary's Public Education Trust
Statement of Cash Flows
Year Ended December 31, 2010

	2010	2009
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenditures	\$ 327,489	\$ 266,684
Add (deduct) items not affecting cash		
Amortization	6,910	6,672
Change in deferred operating contributions	-	(2,500)
Unrealized gain on investments	<u>(81,203)</u>	<u>(117,945)</u>
	<u>253,196</u>	<u>152,911</u>
Changes in non-cash working capital		
Accounts receivable and Goods and Services Tax recoverable	878	416
Prepaid expenses	(700)	-
Accounts payable and accrued liabilities	<u>(45,192)</u>	<u>5,460</u>
	<u>(45,014)</u>	<u>5,876</u>
	<u>208,182</u>	<u>158,787</u>
Investing activities		
Purchase of equipment	-	(14,300)
Proceeds from (purchase) sale of investments, net	<u>(48,033)</u>	<u>17,978</u>
	<u>(48,033)</u>	<u>3,678</u>
Cash inflow	160,149	162,465
Cash and cash equivalents, beginning of year	<u>1,676,140</u>	<u>1,513,675</u>
Cash and cash equivalents, end of year	<u>\$ 1,836,289</u>	<u>\$ 1,676,140</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 49,175	\$ 262,656
Term deposits	<u>1,787,114</u>	<u>1,413,484</u>
	<u>\$ 1,836,289</u>	<u>\$ 1,676,140</u>

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
December 31, 2010

1. Nature of Trust

EducationMatters, Calgary's Public Education Trust, (the "Trust") was formed by way of 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

(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 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.

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.

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
December 31, 2010

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 temporary investments with a maturity date of three months or less.

(d) Investments

Investments include pooled investment funds that consist of mutual funds and are measured at fair value.

(e) Property and equipment

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

(f) 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.

(g) Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. There are no significant differences between the carrying values of these amounts and their estimated market values due to the short-term nature of these instruments. It is management's opinion that the Trust is not exposed to significant interest or credit risk arising from these financial instruments. Financial instruments also include investments, which are carried at their fair value.

EducationMatters, Calgary's Public Education Trust

Notes to Financial Statements

December 31, 2010

Canadian Institute of Chartered Accountants ("CICA") Section 3861 "*Financial Instruments - Disclosure and Presentation*" requires the Trust to make the following classifications:

- Cash and cash equivalents and investments are classified as assets "held-for-trading" and are measured at fair value. Gains and losses resulting from periodic revaluation are recorded in excess of revenue over expenditures.
- Accounts receivable are classified as "loans and receivables" and are recorded at cost, which approximates fair value.
- Accounts payable and accrued liabilities are classified as "other financial liabilities" and are recorded at cost, which approximates fair value.

(h) 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.

(i) Future accounting pronouncements

As of January 1, 2011, the Trust will be required to adopt changes to Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1582 - "*Business Combinations*", which will replace Section 1581 - "*Business Combinations*", and which harmonize the Canadian standards related to business combinations with International Financial Reporting Standards ("IFRS"). This new standard establishes revised standards on the recognition and measurement of identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, as well as recognition and measurement guidance for goodwill acquired in the business combination or the gain from a bargain purchase option. The new standard also provides guidance on identifying the acquirer and identifying the acquisition date (being the date at which control is acquired), and on presentation and disclosure to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

As of January 1, 2011, the Trust will be required to adopt changes to CICA Handbook Section 1601 - "*Consolidated Financial Statements*" and Section 1602 - "*Non-Controlling Interests*" which, together, replace Section 1600 - "*Consolidated Financial Statements*". These sections establish revised standards for the preparation of consolidated financial statements and specifically discuss the consolidation accounting following a business combination involving the purchase of an equity interest of one company by another. These sections also provide guidance in situations involving a combination or consolidation other than through purchase of an equity interest or involving unincorporated businesses.

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
December 31, 2010

The Accounting Standards Board ("AcSB") has issued a new accounting framework for not-for-profit organizations. Not-for-profit organizations must choose to apply for this new framework or IFRS to fiscal years beginning on or after January 1, 2012. Early adoption is permitted. The standards in this new framework did not substantially change from the existing CICA Handbook Section 4400 and the Trust believes the implementation of the new framework will not have a significant impact on the financial statements.

3. Cash and cash equivalents

Cash and cash equivalents include short-term investments of \$1,787,114 (2009 - \$1,413,484) 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 0.37% (2009 - 0.55%).

4. Investments

Investments include pooled investment funds that have a market-based unit value that is used to allocate income to participants and to value contributions and withdrawals. Investments comprise \$1,497,343 (2009 - \$1,368,107) in mutual 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 shares held at December 31, 2010.

5. Property and equipment

			Net Book Value	
	Cost	Accumulated Amortization	2010	2009
Computer equipment	\$ 14,300	\$ 5,482	\$ 8,818	\$ 11,679
Furniture and fixtures	<u>20,250</u>	<u>18,667</u>	<u>1,583</u>	<u>5,632</u>
	<u>\$ 34,550</u>	<u>\$ 24,149</u>	<u>\$ 10,401</u>	<u>\$ 17,311</u>

6. Endowment Funds

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

	2010	2009
Cash and cash equivalents	\$ 172,681	\$ 22,840
Investments	<u>1,497,343</u>	<u>1,368,107</u>
	<u>\$ 1,670,024</u>	<u>\$ 1,390,947</u>

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
December 31, 2010

7. Transactions with the Calgary Board of Education

The Trust is economically dependent on contributions from The Calgary Board of Education ("CBE") to cover general and administrative expenditures. During the year, the CBE contributed \$750,000 (2009 - \$750,000) to the Trust, \$500,000 of which was deferred to 2011, in accordance with spending of the funds over a one-year period and this amount is included in deferred operating contributions on the statement of financial position. The Trust rented office space and purchased services costing \$7,703 (2009 - \$7,056) and \$8,266 (2009 - \$11,904), respectively, from the CBE. These transactions were recorded at the amounts established and agreed to by the parties.

Grants awarded to CBE schools by the Trust are distributed to recipients by way of the CBE. In 2010, this amount was \$421,062 (2009 - \$322,681), of which \$NIL (2009 - \$29,598) is included in accounts payable and accrued liabilities.

8. Commitments

The Trust's office lease with the CBE was renewed on August 9, 2010 for an additional one-year term to August 31, 2011 and requires annual rental payments of \$7,860.

9. Capital disclosures

In managing capital, the Trust focuses on liquid resources available for operations. The Trust's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2010, the Trust has met its objective of having sufficient liquid resources to meet its current obligations. The Trust is not subject to any externally imposed capital requirements.

10. Additional information on Fund Development

(a) Expenses incurred to solicit contributions.

	2010	2009
Fundraising event	\$ 38,424	\$ 66,691
Fund Development expenses	37,284	18,184
Fund Development salaries and benefits	<u>98,813</u>	<u>154,270</u>
	<u>\$ 174,521</u>	<u>\$ 239,145</u>

(b) Gross contributions received in 2010 were \$769,291 (2009 - \$638,355).

EducationMatters, Calgary's Public Education Trust
Notes to Financial Statements
December 31, 2010

(c) Summary of dispositions of contributions.

	2010	2009
Grants	\$ 439,423	\$ 379,443
Scholarships	<u>130,608</u>	<u>148,004</u>
	<u>\$ 570,031</u>	<u>\$ 527,447</u>

There was one disposition of contributions greater than 10% of the gross contributions received in 2010 and 2009 to support the CBE Healthy Learning system-wide initiative and to further support each CBE school's personalized action plan and healthy learning goals which include healthy eating, active living and developing positive social environments (\$138,550 granted in 2010; \$126,950 in 2009).

(d) Allocation of total expenditures:

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

	2010	2009
Communications expenses	\$ 213,760	\$ 178,040
Fund development expenses, excluding events	136,097	172,454
Events	38,465	83,463
Grants	570,031	527,447
Program expenses	483,016	457,643
Amortization expense	<u>6,910</u>	<u>6,672</u>
	<u>\$ 1,448,279</u>	<u>\$ 1,425,719</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.