

Financial Statements of

**UPPER GRAND DISTRICT
SCHOOL BOARD TRUST FUNDS**

Year ended August 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Chair and Trustees of the Upper Grand District School Board Trust Funds

We have audited the accompanying financial statements of Upper Grand District School Board Trust Funds, which comprise the statement of financial position as at August 31, 2011, statements of operations and changes in fund balance 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 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 an 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 Upper Grand District School Board Trust Funds as at August 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

November 22, 2011
Waterloo, Canada

UPPER GRAND DISTRICT SCHOOL BOARD TRUST FUNDS

Statement of Financial Position

August 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,961	\$ 32,039
Accounts receivable	-	100
	32,961	32,139
Investments	858,380	877,457
	\$ 891,341	\$ 909,596
Liabilities and Fund Balance		
Accounts payable	\$ 178	\$ -
Fund balance	891,163	909,596
	\$ 891,341	\$ 909,596

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director of Education

_____ Chair of the Board

UPPER GRAND DISTRICT SCHOOL BOARD TRUST FUNDS

Statement of Operations and Changes in Fund Balance

Year ended August 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Earnings on investments	\$ 37,936	\$ 41,083
Expenses:		
Scholarships, bursaries and awards	50,022	51,700
Management fees	6,347	5,899
	<u>56,369</u>	<u>57,599</u>
Excess of expenses over revenue	(18,433)	(16,516)
Fund balance, beginning of year	909,596	926,112
Fund balance, end of year	<u>\$ 891,163</u>	<u>\$ 909,596</u>

See accompanying notes to financial statements.

UPPER GRAND DISTRICT SCHOOL BOARD TRUST FUNDS

Statement of Cash Flows

Year ended August 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess of expenses over revenue	\$ (18,433)	\$ (16,516)
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	100	(100)
Increase in accounts payable	178	-
	<u>(18,155)</u>	<u>(16,616)</u>
Financing:		
Decrease in investments	19,077	22,117
Increase in cash	922	5,501
Cash and cash equivalents, beginning of year	32,039	26,538
Cash and cash equivalents, end of year	<u>\$ 32,961</u>	<u>\$ 32,039</u>

See accompanying notes to financial statements.

UPPER GRAND DISTRICT SCHOOL BOARD TRUST FUNDS

Notes to Financial Statements

Year ended August 31, 2011

1. Significant accounting policies:

Management responsibility:

The Trust Funds' financial statements have been prepared by the management of the Upper Grand District School Board Trust Funds in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies followed in the preparation of the financial statements:

Basis of accounting:

(a) Revenue recognition:

Capital receipts and income are reported on the accrual basis of accounting.

(b) Expenditures:

Scholarships, bursaries, awards and management fees are recognized as they are paid or payable.

(c) Investment income:

The Trust Funds have classified cash and investments as held-for-trading which are measured at fair value. Held-for-trading financial instruments are carried at fair value with changes in the fair value reported in earnings.

Investment income is recorded on an accrual basis.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the years. Actual results could differ from those estimates.

2. Financial instruments:

(a) Fair value:

The carrying values of the Trust Funds' financial instruments, other than investments, approximate their fair value due to the immediate or short-term maturity of these financial instruments. The fair value of the investments is recorded in the statement of financial position.

UPPER GRAND DISTRICT SCHOOL BOARD TRUST FUNDS

Note to Financial Statements, continued

Year ended August 31, 2011

2. Financial instruments (continued):

(b) Associated risks:

(i) Market price risk:

Market price risk is the risk that a value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. To manage this risk, the Trust Funds has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerances.

(ii) Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes on the Trust Funds' cash flows, financial position and earnings. Interest rate changes have a direct impact on the market valuation of the Trust Funds' fixed income securities. To manage this risk, the Trust Funds has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerances.

(iii) Credit risk:

Credit risk is the risk that counterparties fail to perform as contracted. The Trust Funds is exposed to credit risk through its collection of receivables. The Trust is not exposed to significant credit risk relating to receivables.

3. Fund management:

The main objective of the Trust Funds, when managing its fund balance, is to safeguard its ability to continue as a going concern so that it can continue to raise funds and provide scholarships, bursaries and awards to students of the Upper Grand District School Board.

The Trust Funds sets the sufficiency of net assets to meet the scholarship, bursary and awards commitments to the students of the Upper Grand District School Board. In order to maintain a sufficient fund balance, management looks forward to future needs and will make the necessary adjustments to its working capital to meet these needs.