

HSEF Renaissance Academy

**Financial Statements
For the year ended November 30, 2018**

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Independent Practitioner's Review Engagement Report

To the Members of HSEF Renaissance Academy:

We have reviewed the accompanying financial statements of HSEF Renaissance Academy that comprise the financial position as at November 30, 2018 and the statements of operations, changes in net assets 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 Accounting Standards for Not-for-Profit Organizations (ASNFPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of HSEF Renaissance Academy as at November 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations.

Vancouver, British Columbia



HSEF Renaissance Academy
Statement of Financial Position
(Unaudited)

November 30 **2018** **2017**

Assets

Current

Cash	\$	729	\$	12,381
Amounts receivable		154		374
Investments (Note 4)		-		4,053,030
Note receivable (Note 5)		93,255		-
		94,138		4,065,785

Liabilities and Net Assets

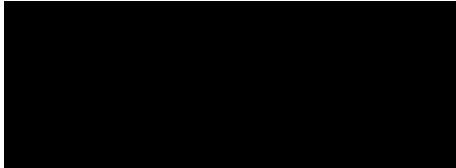
Current

Accounts payable and accrued liabilities	\$	16,960	\$	13,175
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Net assets

Unrestricted		77,178		4,052,610
		94,138		4,065,785

Approved on behalf of the Board of Directors:



Director

_____ Director

The accompanying notes form an integral part of these financial statements.

HSEF Renaissance Academy
Statement of Changes in Net Assets
(Unaudited)

For the year ended, November 30, 2018

Net Assets, November 30, 2016	\$ 866,980
Income from operations	<u>3,185,630</u>
Net Assets, November 30, 2017	\$ 4,052,610
Loss from operations	<u>(3,975,432)</u>
Net Assets, November 30, 2018	\$ 77,178

The accompanying notes form an integral part of these financial statements.

HSEF Renaissance Academy
Statement of Operations
(Unaudited)

For the year ended November 30	2018	2017
Donations	\$ -	\$ 400,000
Program expenditures		
Gifts to qualified donees (Note 6)	1,669,696	33,272
General and administrative expenditures		
Office and miscellaneous	3,792	394
Professional fees	6,340	15,390
	<u>10,132</u>	<u>15,784</u>
(Loss) income from operations before the undernoted:	<u>(1,679,828)</u>	<u>350,944</u>
Investment (loss) income		
Unrealized gain on investments	-	2,762,948
Realized (loss) gain on investments	(2,298,859)	71,738
Interest income	3,255	-
	<u>(2,295,604)</u>	<u>2,834,686</u>
(Loss) income from operations	<u>\$ (3,975,432)</u>	<u>\$ 3,185,630</u>

The accompanying notes form an integral part of these financial statements.

HSEF Renaissance Academy
Statement of Cash Flows
(Unaudited)

For the year ended November 30

	2018	2017
Cash flows from operating activities		
Cash received from donations	\$ -	\$ 10,000
Cash used for administration purposes	(6,127)	(16,157)
Cash used for donations	(8,565)	(33,272)
	(14,692)	(39,429)
Cash flows from investing activities		
Proceeds from sale of investments	495,882	120,239
Purchase of investments	(492,842)	(69,783)
	3,040	50,456
(Decrease) increase in cash during the year	(11,652)	11,027
Cash, beginning of year	12,381	1,354
Cash, end of year	\$ 729	\$ 12,381

(See Notes 5 and 6 for non-cash transactions)

The accompanying notes form an integral part of these financial statements.

HSEF Renaissance Academy
Notes to Financial Statements
(Unaudited)

November 30, 2018

1. Nature of the Academy

The HSEF Renaissance Academy (the "Academy") is continued under the Canada not-for-profit Corporations Act. The Academy is a registered charity and designated as a charitable organization and is exempt from income taxes provided certain requirements of the Federal Income Tax Act are met.

2. Purpose of the Academy

The Academy was founded for the following purposes:

- a) to fund and carry on the development, teaching and dissemination of academic and interdisciplinary educational and research programs and courses which will advance education at a post-secondary level comparable to degree granting colleges and universities in Canada;
 - b) to fund and provide the research, communication, conference, residential, and meeting facilities necessary to accomplish the foregoing;
 - c) to receive gifts, bequests, trusts, funds and property and beneficially, or as a trustee agent, to hold, invest, develop, manage, administer and distribute funds and property for the purposes of the Academy, for and to such other organizations as are "qualified donees" under the provisions of the Income Tax Act and for such other purposes and activities as are authorized for registered charities under the provisions of the Income Tax Act; and
 - d) to conduct any and all activities and exercise any and all such powers as are necessary for the achievement and furtherance of the purposes of the Academy.
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3. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

(b) Use of Estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations 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 amount of revenue and expenses during the year. Actual results may differ from these estimates. Estimates and assumptions are reviewed periodically based on historical experience and other relevant considerations. Revisions to estimates and assumptions are accounted for prospectively.

HSEF Renaissance Academy
Notes to Financial Statements
(Unaudited)

November 30, 2018

3. Summary of Significant Accounting Policies (continued)

(c) Revenue Recognition

The Academy uses the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions are deferred and recognized as revenue when the related expenditures designated by the contributor are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Financial Instruments

Measurement of financial instruments

The Academy initially measures its financial instruments at fair value, except for certain non-arm's length transactions.

The Academy subsequently measures all its financial instruments at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial instruments measured at amortized cost consist of cash, amounts receivable, and accounts payable and accrued liabilities.

The Academy had investments in equity instruments which were quoted in an active market.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. If an impairment exists, the amount of the write-down is recognized in the statement of operations the period impairment was determined. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of reversal is recognized in net income.

Risks

It is management's opinion that the Academy is not exposed to significant currency, interest, or credit risk on these financial instruments, other than noted below.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Academy's investments are subject to market risk through its equity investments.

HSEF Renaissance Academy
Notes to Financial Statements
(Unaudited)

November 30, 2018

4. Investments

Investments consist of marketable securities with a cost of \$nil (2017 - \$2,582,465).

5. Note Receivable

Note receivable consists of a \$90,000 note with interest at 5.00% per annum. The note arose from the transfer of investments with a market value of \$90,000 and cost of \$42,000 which resulted in a realized gain on investments of \$48,000. The note together with interest was repaid on May 22, 2019.

6. Gifts to Qualified Donees

Included in current year's gifts to qualified donees are donated investments with a market value of \$1,661,131 and cost of \$2,856,289 which resulted in a realized loss on investments of \$1,195,158.

7. Subsequent Event

The directors have decided to voluntarily dissolve the Academy. The Academy will donate any excess funds to a qualified donee.