

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of High Level Christian Education Society,

### Opinion

We have audited the financial statements of HIGH LEVEL CHRISTIAN EDUCATION SOCIETY, which comprise of the statement of financial position as at August 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HIGH LEVEL CHRISTIAN EDUCATION SOCIETY as at August 31, 2023 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### 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 report. We are independent of the School Society 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's and Those Charged with Governance 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 (ASNPO), 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 these financial statements, management is responsible for assessing the School Society's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the School Society or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the School Society's financial reporting process.

### **Auditor's Responsibility 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 auditors' 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 these 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 School Society'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 School Society'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 School Society 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.

We 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.

CALGARY, ALBERTA  
November 20, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2023**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 3)	\$ 298,494	\$ 240,710
Accounts receivables	-	2,200
Other receivables	1,305	857
Prepaid expenses	<u>12,088</u>	<u>8,005</u>
	311,887	251,772
Restricted cash (Note 4)	149,938	124,391
Capital assets (Note 5)	<u>131,419</u>	<u>155,824</u>
	<u>\$ 593,244</u>	<u>\$ 531,987</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT</b>		
Accounts payables and accrued liabilities	\$ 7,852	\$ 7,128
Unearned revenue	16,574	735
Undisbursed designated contributions (Note 6)	<u>2,500</u>	<u>-</u>
	<u>26,926</u>	<u>7,863</u>
Economic dependence (Note 7)		
Related party transactions (Note 8)		
<b><u>NET ASSETS</u></b>		
Capital Reserve	149,938	124,391
Investment in capital assets	131,419	155,824
Unrestricted	<u>284,961</u>	<u>243,909</u>
	<u>566,318</u>	<u>524,124</u>
	<u>\$ 593,244</u>	<u>\$ 531,987</u>

APPROVED BY THE BOARD:

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Treasurer

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY  
STATEMENT OF OPERATIONS  
YEAR ENDED AUGUST 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Academic activities	\$ 20	\$ 20
Administrative and sundry	8,244	12,631
Donations		
Designated funds	200	133
General	19,759	30,234
Fundraising (Note 9)	163,146	176,776
Government grants	356,493	292,895
Tuition and registration fees	<u>126,711</u>	<u>97,728</u>
	<u>674,573</u>	<u>610,417</u>
<b>EXPENSES</b>		
Academic	62,527	42,261
Amortization	24,405	26,778
Bad debts	10,495	4,422
Building and facility	23,486	14,920
Designated funds	200	133
Fundraising (Note 9)	45,107	60,360
Insurance	4,261	3,588
Interest and bank charges	3,266	2,863
Office	7,111	3,460
Professional development	8,462	1,670
Professional fees	9,253	8,455
Salaries, wages and benefits	411,149	351,519
Special needs	4,193	1,642
Telephone	4,403	3,352
Utilities	<u>14,061</u>	<u>13,439</u>
	<u>632,379</u>	<u>538,862</u>
<b>Excess revenue over expenses</b>	<b><u>\$ 42,194</u></b>	<b><u>\$ 71,555</u></b>

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED AUGUST 31, 2023**

	<u>Capital Reserve</u>	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Net Assets</u>	
				<u>2023</u>	<u>2022</u>
Net assets, beginning of year	\$ 124,391	\$ 155,824	\$ 243,909	\$ 524,124	\$ 452,569
Excess of revenue over expenses	-	( 24,405) <sup>1</sup>	66,599	42,194	71,555
Interfund transfers	<u>25,547</u> <sup>2</sup>	<u>-</u>	<u>( 25,547)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 149,938</u>	<u>\$ 131,419</u>	<u>\$ 284,961</u>	<u>\$ 566,318</u>	<u>\$ 524,124</u>
<sup>1</sup> Consists of: Amortization					<u>\$ 24,405</u>
<sup>2</sup> Consists of: Net transfer from operating reserve					<u>\$ ( 25,547)</u>

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY  
STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS PROVIDED FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 42,194	\$ 71,555
Items not affecting cash		
Amortization	24,405	26,778
Net transfer from operations to capital reserve	( 25,547)	( 32,134)
Change in non-cash working capital accounts		
Accounts receivables	2,200	728
Other receivables	( 449)	( 118)
Prepaid expenses	( 4,082)	( 1,124)
Accounts payables and accrued liabilities	724	( 248)
Unearned revenue	15,839	735
Undisbursed designated contributions	<u>2,500</u>	<u>-</u>
 <b>Change in cash</b>	 <b>57,784</b>	 <b>66,172</b>
Cash, beginning of year	<u>240,710</u>	<u>174,538</u>
Cash, end of year	<u>\$ 298,494</u>	<u>\$ 240,710</u>

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023**

**1. PURPOSE OF THE ORGANIZATION**

High Level Christian Education Society is a local organization that delivers education programs under the Authority of the School Act, Chapter S-3, Statutes of Alberta 2000. The High Level Christian Education Society was incorporated under the Societies Act of Alberta as a not-for-profit organization, and is registered with the Canada Revenue Agency as a charitable organization issuing tax deductible receipts to individual and corporate donors that qualify under the Income Tax Act. The School Society is exempt from federal and provincial income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied on a going concern basis.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

Significant estimates in these financial statements include amortization of capital assets and prepaid expenses, accrued payables and the ability to collect on accounts receivable, and unearned revenue.

**Financial instruments**

Financial instruments are recorded at exchange value when acquired or issued. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The School Society's financial instruments consist of cash and cash equivalents, accounts receivables, and accounts payable and accrued liabilities. Unless otherwise indicated, it is management's opinion that the School Society is not exposed to significant interest or credit risks arising from these financial instruments. The exchange values of these financial instruments approximate their carrying value, unless otherwise noted.

**Cash and cash equivalents**

Cash and cash equivalents consists of cash held in banks and guaranteed investment certificates (GIC). The stated value of the GIC estimates the fair value. See (Note 3).

Certain amounts in cash have been restricted to support future capital projects for the Society. See (Note 4).



**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital assets**

Capital assets are recorded at cost. Capital assets with a cost less than \$5,000 are expensed in the year of acquisition. Amortization on capital assets is recorded on the following basis:

Building	4% straight line
Equipment	20% straight line
Playground	5% straight line

The School Society regularly reviews its capital assets to eliminate obsolete items and determine any impairment. Government grants are treated as a reduction of capital assets cost.

**Revenue recognition**

The School Society follows the deferral method of accounting for contributions. Revenue and expenses are recorded on the accrual basis.

Donations, academic activities, administrative and sundry income, government grants and fundraising are recognized in the year to which they relate.

Tuition and registration fees are recognized as revenue when such courses and programs are delivered.

Designated funds are recorded as designated contribution liabilities until spent. Once spent, they are transferred to revenue on the same basis as the assets or expenditures acquired by the funds.

**Operating and capital reserves**

Reserves are established at the discretion of the Board of Directors of the Society to set aside funds for operating and for capital purposes. Such reserves are appropriations of unrestricted net assets.

**Contributed services**

As with most charitable organizations, significant donations of time and services are received during each year. Due to the difficulties in establishing dollar values for these services, no attempt has been made to include a value for the services in the records of the School Society.

**3. CASH AND CASH EQUIVALENTS**

The School Society has GICs with a commercial bank that have interest rates of 0.35% and maturity date of February 1, 2024.

**4. RESTRICTED CASH**

Cash of \$149,938 (2022 - \$124,391) have been set aside for capital purposes See Note 6.

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023**

**5. CAPITAL ASSETS**

	<u>2023 Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>
Land	\$ 87,341	\$ -	\$ 87,341
Building	610,135	566,057	44,078
Equipment	12,898	12,898	-
Playground	<u>78,552</u>	<u>78,552</u>	<u>-</u>
	<u>\$ 788,926</u>	<u>\$ 657,507</u>	<u>\$ 131,419</u>
	<u>2022 Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>
Land	\$ 87,341	\$ -	\$ 87,341
Building	610,135	541,652	68,483
Equipment	12,898	12,898	-
Playground	<u>78,552</u>	<u>78,552</u>	<u>-</u>
	<u>\$ 788,926</u>	<u>\$ 633,102</u>	<u>\$ 155,824</u>

**6. UNDISBURSED DESIGNATED CONTRIBUTIONS**

Amount donated to the School Society to be used for purchase of basketball backboards.

**7. ECONOMIC DEPENDENCE**

During the year, the School Society received \$356,493 (2022 - \$292,895) Alberta Government grants, representing 53% (2022 - 48%) of the School Society's total revenue. As such, the School Society's future economic viability is dependent on its continuance to receive such funding.

**8. RELATED PARTY TRANSACTIONS**

The School Society collected \$32,985 in donations from various board members or families who are related to member on the Board of Directors. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**9. FUNDRAISING**

In order to raise \$163,146 (2022 - \$176,776) of fundraising revenue, the School Society spent \$45,107 (2022 - \$60,360) on expenses incurred for the purposes of obtaining such revenue. All fundraising activities were organized and ran by volunteers. The School Society has no employees whose principal duties involve fundraising.

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023**

**10. FINANCIAL RISK MANAGEMENT**

**Credit risk**

Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss. The School Society is exposed to credit risk on its accounts receivable and cash. Management assesses its accounts receivable on a continuous basis and makes a provision for any amounts that are not collectible through an allowance for doubtful accounts. There has been no change to credit risk exposure during the year. Cash is deposited at major commercial banks.