

Aperture
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HIGH LEVEL CHRISTIAN EDUCATION SOCIETY

FINANCIAL STATEMENTS

AUGUST 31, 2022

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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, 2022, 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, 2022 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, 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 21, 2022

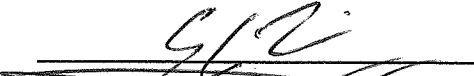


CHARTERED PROFESSIONAL ACCOUNTANTS

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022**

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 240,710	\$ 174,538
Accounts receivables	2,200	2,928
Other receivables	857	738
Prepaid expenses	<u>8,005</u>	<u>6,883</u>
	251,772	185,087
Restricted cash (Note 4)	124,391	92,257
Capital assets (Note 5)	<u>155,824</u>	<u>182,601</u>
	<u>\$ 531,987</u>	<u>\$ 459,945</u>
<u>LIABILITIES</u>		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,128	\$ 7,376
Unearned revenue	<u>735</u>	<u>-</u>
	<u>7,863</u>	<u>7,376</u>
COVID-19 (Note 6)		
Economic dependence (Note 7)		
Related party transactions (Note 8)		
<u>NET ASSETS</u>		
Capital reserve	124,391	92,257
Investment in capital assets	155,824	182,601
Unrestricted	<u>243,909</u>	<u>177,711</u>
	<u>524,124</u>	<u>452,569</u>
	<u>\$ 531,987</u>	<u>\$ 459,945</u>

APPROVED BY THE BOARD:


 _____ Chairperson

 _____ Treasurer

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2022**

	<u>2022</u>	<u>2021</u>
REVENUE		
Academic activities	\$ 20	\$ 274
Administrative and sundry	12,631	4,234
Donations		
Designated funds	133	-
General	30,234	50,431
Fundraising (Note 9)	176,776	104,115
Government grants	292,895	312,793
Tuition and registration fees	<u>97,728</u>	<u>62,654</u>
	<u>610,417</u>	<u>534,501</u>
EXPENSES		
Academic	42,261	88,197
Amortization	26,778	30,913
Bad debts	4,422	-
Building and facility	14,920	45,906
Designated funds	133	-
Fundraising (Note 9)	60,360	64,674
Insurance	3,588	2,419
Interest and bank charges	2,863	2,103
Office	3,460	4,351
Professional development	1,670	701
Professional fees	8,455	8,425
Salaries, wages and benefits	351,519	206,275
Special needs	4,851	3,384
Telephone	143	-
Utilities	<u>13,439</u>	<u>12,101</u>
	<u>538,862</u>	<u>469,449</u>
Excess of revenue over expenses	<u>\$ 71,555</u>	<u>\$ 65,052</u>

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2022**

	<u>Capital Reserve</u>	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Net Assets</u>	
				<u>2022</u>	<u>2021</u>
Net assets, beginning of year	\$ 92,257	\$ 182,601	\$ 177,711	\$ 452,569	\$ 387,517
Excess (deficiency) of revenue over expenses	-	(26,777) ¹	98,332	71,555	65,052
Interfund transfers	<u>32,134</u> ²	<u>-</u>	<u>(32,134)</u> ²	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 124,391</u>	<u>\$ 155,824</u>	<u>\$ 243,909</u>	<u>\$ 524,124</u>	<u>\$ 452,569</u>

¹Consists of:
Amortization \$ 26,777

²Consists of:
Net transfer from operation to capital reserve \$ 32,134

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2022**

	<u>2022</u>	<u>2021</u>
CASH FLOWS PROVIDED FROM (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 71,555	\$ 65,052
Items not affecting cash		
Amortization	26,778	30,913
Expenses from restricted investments	-	29,521
Net transfer from operation to capital reserve	32,134	-
Change in non-cash working capital accounts		
Accounts receivable	726	(2,928)
Other receivable	(118)	(241)
Prepaid expenses	(1,122)	1,832
Accounts payable and accrued liabilities	(248)	(819)
Deferred revenue	<u>735</u>	<u>(3,970)</u>
Change in cash	66,172	119,360
Cash, beginning of year	<u>174,538</u>	<u>55,178</u>
Cash, end of year	<u>\$ 240,710</u>	<u>\$ 174,538</u>

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

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 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 the ability to collect on accounts receivable.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. 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 fair values of these financial instruments approximate their carrying value, unless otherwise noted.

The Society is exposed to liquidity risk as it is dependent on future grants and other school generated funds to fund the ongoing operations.

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, 2022**

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 \$124,391 (2021 - \$92,257) have been set aside for capital purposes.

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

5. CAPITAL ASSETS

	<u>2022 Cost</u>	<u>Accumulated Amorization</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>
	<u>2021 Cost</u>	<u>Accumulated Amorization</u>	<u>Net book value</u>
Land	\$ 87,341	\$ -	\$ 87,341
Building	610,135	517,247	92,888
Equipment	12,898	12,898	-
Playground	<u>78,552</u>	<u>76,180</u>	<u>2,372</u>
	<u>\$ 788,926</u>	<u>\$ 606,325</u>	<u>\$ 182,601</u>

6. COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at August 31, 2022, the School Society management believes that some aspects of the disruption to operations may be temporary; however, there is uncertainty about the length and potential long term impact of the disruption.

7. ECONOMIC DEPENDENCE

During the year, the School Society received \$292,895 (2021 - \$312,793) Alberta Government grants, representing 48% (2021 - 59%) 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 \$47,084 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.

**HIGH LEVEL CHRISTIAN EDUCATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

9. FUNDRAISING

In order to raise \$176,776 (2021 - \$104,115) of fundraising revenue, the School Society spent \$60,360 (2021 - \$64,674) 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.