

**CORNWALL ALTERNATIVE SCHOOL INC.**

**REGINA, SASKATCHEWAN**

**FINANCIAL STATEMENTS  
AS AT MARCH 31, 2023**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Cornwall Alternative School Inc.** have been prepared by the Organization's management in accordance with Canadian accounting standards for non-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

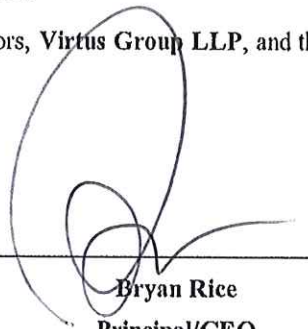
The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.



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**David Halvorsen**  
Chairperson



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**Bryan Rice**  
Principal/CEO

## INDEPENDENT AUDITORS' REPORT



**To the Board of Directors,  
Cornwall Alternative School Inc.**

### *Opinion*

We have audited the financial statements of **Cornwall Alternative School Inc.**, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in fund balances 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 the Organization as at March 31, 2023, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

### *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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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.

### *Information Other than the Financial Statements and Auditors' Report Thereon*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

## INDEPENDENT AUDITORS' REPORT continued

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

### *Auditor's Responsibilities 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 auditor's 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 Organization'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 Organization'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 Organization 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 23, 2023  
Regina, Saskatchewan

*Virtus Group LLP*

Chartered Professional Accountants



**CORNWALL ALTERNATIVE SCHOOL INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**  
**(with comparative figures for 2022)**

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2023</u>	<u>Total 2022</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	\$ 214,112	-	\$ 214,112	324,285
Accounts receivable	14,514	-	14,514	18,979
Interfund receivable (payable)	(119,055)	119,055	-	-
Prepaid expenses	15,536	-	15,536	14,447
	<u>125,107</u>	<u>119,055</u>	<u>244,162</u>	<u>357,711</u>
<b>Tangible capital assets (Note 3)</b>	<u>-</u>	<u>300,688</u>	<u>300,688</u>	<u>317,010</u>
	<u>\$ 125,107</u>	<u>\$ 419,743</u>	<u>\$ 544,850</u>	<u>\$ 674,721</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 81,324	-	\$ 81,324	98,123
Deferred revenue (Note 4)	17,810	-	17,810	-
	<u>99,134</u>	<u>-</u>	<u>99,134</u>	<u>98,123</u>
<b>FUND BALANCES</b>				
Invested in tangible capital assets	-	300,688	300,688	317,010
Internally restricted (Note 5)	25,973	119,055	145,028	259,588
	<u>25,973</u>	<u>419,743</u>	<u>445,716</u>	<u>576,598</u>
	<u>\$ 125,107</u>	<u>\$ 419,743</u>	<u>\$ 544,850</u>	<u>\$ 674,721</u>

See accompanying notes to the financial statements.

**APPROVED ON BEHALF OF THE BOARD:**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**CORNWALL ALTERNATIVE SCHOOL INC.**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
(with comparative figures for the year ended March 31, 2022)

	Operating fund	Capital fund	Total 2023	Total 2022
<b>Balance - beginning of year</b>	\$ 128,202	\$ 448,395	\$ 576,597	\$ 710,558
<b>Excess (deficiency) of revenue over expenses</b>	(110,023)	(20,858)	(130,881)	(133,961)
<b>Investment in tangible capital assets</b>	(4,536)	4,536	-	-
<b>Interfund transfer</b>	12,330	(12,330)	-	-
<b>Balance - end of year</b>	<u>\$ 25,973</u>	<u>\$ 419,743</u>	<u>\$ 445,716</u>	<u>\$ 576,597</u>

See accompanying notes to the financial statements.

**CORNWALL ALTERNATIVE SCHOOL INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
**(with comparative figures for the year ended March 31, 2022)**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2023</b>	<b>Total 2022</b>
<b>Revenue</b>				
Grants - Sask Learning	\$ 792,000	\$ -	\$ 792,000	\$ 769,000
Grants - United Way	58,751	-	58,751	102,030
Grants - pandemic funding	3,500	-	3,500	8,314
Donations and fundraising	54,026	-	54,026	32,833
Other	22,979	-	22,979	20,610
	<u>931,256</u>	<u>-</u>	<u>931,256</u>	<u>932,787</u>
<b>Expenses</b>				
Advertising and promotion	9,076	-	9,076	426
Amortization	-	20,858	20,858	20,480
Automotive	19,750	-	19,750	22,409
Bank charges and interest	409	-	409	212
Building supplies and repairs	27,050	-	27,050	20,917
Education	27,185	-	27,185	44,224
Equipment repairs	534	-	534	2,752
Food services	31,858	-	31,858	24,920
Insurance	19,599	-	19,599	13,552
Office and general	4,485	-	4,485	6,068
Professional fees	8,224	-	8,224	7,194
Staff development	349	-	349	2,781
Utilities	27,689	-	27,689	28,402
Wages and benefits	865,071	-	865,071	872,411
	<u>1,041,279</u>	<u>20,858</u>	<u>1,062,137</u>	<u>1,066,748</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (110,023)</u>	<u>\$ (20,858)</u>	<u>\$ (130,881)</u>	<u>\$ (133,961)</u>

See accompanying notes to the financial statements.

**CORNWALL ALTERNATIVE SCHOOL INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
**(with comparative figures for the year ended March 31, 2022)**

	<u>2023</u>	<u>2022</u>
<b>Cash provided by (used in) operating activities:</b>		
Excess (deficiency) of revenue over expenses for the year	\$ (130,881)	\$ (133,961)
Items not affecting cash:		
- Amortization of tangible capital assets	20,858	20,480
	(110,023)	(113,481)
Non-cash operating working capital:		
Accounts receivable	4,465	(12,850)
Prepaid expenses	(1,089)	(142)
Accounts payable	(16,799)	18,637
Deferred revenue	17,810	(11,814)
	(105,636)	(119,650)
<b>Cash provided by (used in) investing activities:</b>		
Additions to tangible capital assets	(4,536)	-
Proceeds on disposal of investments	-	162,452
	(4,536)	162,452
<b>Increase (decrease) in cash during the year</b>	(110,172)	42,802
<b>Cash position - beginning of year</b>	324,285	281,483
<b>Cash position - end of year</b>	\$ 214,113	\$ 324,285

See accompanying notes to the financial statements.



**CORNWALL ALTERNATIVE SCHOOL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
**(with comparative figures for the year ended March 31, 2022)**

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**1. Description of operations**

Cornwall Alternative School Inc. (the "Organization") is a not-for-profit organization continued under the *The Non-profit Corporations Act, 2022* in Saskatchewan. The Organization offers an alternative student-centered education to grade 7 to 10 students who are at risk in a traditional educational setting. As a non-profit organization, the Organization is exempt from income tax under Section 149(1) of the *Income Tax Act*.

**2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Management makes 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 period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in revenues and expenses in the period in which they become known. The financial statements reflect the following policies:

**Fund accounting**

The Organization follows the restricted fund method of accounting for contributions and maintains two funds:

- a) Operating Fund: The operating fund reflects the primary operations and administration of the school.
- b) Capital Fund: The capital fund reports the revenues and expenses related to management of the school's investment in tangible capital assets.

**Financial instruments - recognition and measurement**

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value improves.

**CORNWALL ALTERNATIVE SCHOOL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
**(with comparative figures for the year ended March 31, 2022)**

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**2. Significant accounting policies (continued)**

**Tangible capital assets**

Tangible assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Buildings	4 %
Equipment	20 %
Automotive equipment	30 %
Computer equipment	30 %

**Revenue recognition**

Grant funding is recognized as revenue during the period to which the funding agreement applies. Donations, fundraising and other revenues are recognized when the funds are received.

Unrestricted contributions are recognized in the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the operating fund in the year the related expenses are incurred.

**Donations in kind**

Donations of materials and services are recorded at fair market value when received, if the amount can be reasonably estimated.

**3. Tangible capital assets**

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 30,000	\$ -	\$ 30,000	\$ 30,000
Buildings	539,336	288,437	250,899	261,808
Equipment	52,500	43,284	9,216	8,336
Automotive equipment	104,583	95,692	8,891	15,879
Computer equipment	4,394	2,712	1,682	987
	<u>\$ 730,813</u>	<u>\$ 430,125</u>	<u>\$ 300,688</u>	<u>\$ 317,010</u>

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**CORNWALL ALTERNATIVE SCHOOL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
(with comparative figures for the year ended March 31, 2022)

**4. Deferred revenue**

Deferred revenue consists of:

	<u>2023</u>	<u>2022</u>
FCC Spirit grant	\$ 15,000	\$ -
CIF grant	2,810	-
	\$ 17,810	\$ -

**5. Internally restricted funds**

The internally restricted operating fund has been set aside as a contingency fund against any future funding shortfalls, and is supported by cash on hand. It is the intention of management to set aside enough funds to cover up to six months of operations.

The internally restricted capital fund consists of amounts set aside for vehicle replacement, building repairs and equipment.

	<u>Balance beginning of year</u>	<u>Transfer from unrestricted fund</u>	<u>Transfer to unrestricted fund</u>	<u>Balance end of year</u>
Operating contingency fund	\$ 123,134	\$ (102,230)	\$ -	\$ 20,904
Professional development fund	5,069	-	-	5,069
Total internally restricted fund - operating	\$ 128,203	\$ (102,230)	\$ -	\$ 25,973
Building repair fund	\$ 59,828	\$ (6,880)	\$ -	\$ 52,948
Computer replacement fund	36,774	(2,381)	-	34,393
Other equipment	9,562	(2,919)	-	6,643
Sports equipment	2,003	(150)	-	1,853
Vehicle replacement fund	23,218	-	-	23,218
Total internally restricted fund - capital	\$ 131,385	\$ (12,330)	\$ -	\$ 119,055

**6. Economic dependence**

The Organization currently receives significant grant revenue from the Ministry of Education. As a result, the Organization is dependant upon the continuance of these grants to maintain operations at their current level.

**CORNWALL ALTERNATIVE SCHOOL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
**(with comparative figures for the year ended March 31, 2022)**

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**7. Financial risk management**

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Organization is exposed are:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk on the accounts receivable, however, does not have a significant exposure to any individual customer or counterpart. The Organization incurred insignificant bad debt expense during the past three years.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations, and funding grants. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Organizations financial obligations.

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