

CORNWALL ALTERNATIVE SCHOOL INC.

FINANCIAL STATEMENTS

March 31, 2024


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 not-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.



David Halvorsen
Chair, Board of Directors



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, 2024, 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, 2024, 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 Auditor's 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 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 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.

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

INDEPENDENT AUDITORS' REPORT (continued)

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

- 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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 13, 2024
Regina, Saskatchewan

Virtus Group LLP

Chartered Professional Accountants



CORNWALL ALTERNATIVE SCHOOL INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024
(with comparative figures for 2023)

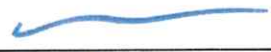
| <u>ASSETS</u> | | | | |
|---|-------------------|-----------------|---------------|---------------|
| | Operating Fund | Capital Fund | Total 2024 | Total 2023 |
| Current assets | | | | |
| Cash | \$ 287,460 | \$ - | \$ 287,460 | \$ 214,113 |
| Accounts receivable | 10,716 | - | 10,716 | 14,514 |
| Interfund receivable (payable) | (75,717) | 75,717 | - | - |
| Prepaid expenses | 19,495 | - | 19,495 | 15,536 |
| | 241,954 | 75,717 | 317,671 | 244,163 |
| Tangible capital assets (Note 3) | - | 269,782 | 269,782 | 300,688 |
| | \$ 241,954 | \$ 345,499 | \$ 587,453 | \$ 544,851 |

| <u>LIABILITIES</u> | | | | |
|--|------------|------|------------|-----------|
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | \$ 100,497 | \$ - | \$ 100,497 | \$ 81,325 |
| Deferred revenue (Note 4) | - | - | - | 17,810 |
| | 100,497 | - | 100,497 | 99,135 |

| <u>FUND BALANCES</u> | | | | |
|-------------------------------------|------------|------------|------------|------------|
| Invested in tangible capital assets | - | 269,782 | 269,782 | 300,688 |
| Internally restricted (Note 6) | 24,773 | 75,717 | 100,490 | 145,028 |
| Unrestricted | 116,684 | - | 116,684 | - |
| | 141,457 | 345,499 | 486,956 | 445,716 |
| | \$ 241,954 | \$ 345,499 | \$ 587,453 | \$ 544,851 |

See accompanying notes to the financial statements.

Approved on behalf of the board:



David Halvorsen

Chairman of Board

CORNWALL ALTERNATIVE SCHOOL INC.
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2024
(with comparative figures for the year ended March 31, 2023)

| | <u>Operating Fund</u> | <u>Capital Fund</u> | <u>Total 2024</u> | <u>Total 2023</u> |
|--|-----------------------|---------------------|-------------------|-------------------|
| Balance - beginning of year | \$ 25,973 | \$ 419,743 | \$ 445,716 | \$ 576,597 |
| Excess (deficiency) of revenue over expenses | 92,150 | (50,910) | 41,240 | (130,881) |
| Investment in tangible capital assets | (20,004) | 20,004 | - | - |
| Interfund transfers | 43,338 | (43,338) | - | - |
| Balance - end of year | <u>\$ 141,457</u> | <u>\$ 345,499</u> | <u>\$ 486,956</u> | <u>\$ 445,716</u> |

See accompanying notes to the financial statements.

CORNWALL ALTERNATIVE SCHOOL INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024
(with comparative figures for the year ended March 31, 2023)

| | Operating Fund | Capital Fund | Total 2024 | Total 2023 |
|---|-------------------|--------------------|------------------|---------------------|
| Revenue | | | | |
| Grants - Sask Learning | \$ 986,000 | \$ - | \$ 986,000 | \$ 792,000 |
| Grants - United Way | 71,250 | - | 71,250 | 58,751 |
| Grants - pandemic funding | - | - | - | 3,500 |
| Donations and fundraising | 68,030 | - | 68,030 | 54,026 |
| Other | 28,670 | - | 28,670 | 22,979 |
| | <u>1,153,950</u> | <u>-</u> | <u>1,153,950</u> | <u>931,256</u> |
| Expenses | | | | |
| Advertising and promotion | 12,576 | - | 12,576 | 9,076 |
| Amortization | - | 10,960 | 10,960 | 20,858 |
| Automotive | 13,559 | - | 13,559 | 19,750 |
| Bank charges | 71 | - | 71 | 409 |
| Building supplies and repairs | 11,258 | - | 11,258 | 27,050 |
| Education | 55,898 | - | 55,898 | 27,185 |
| Equipment repairs | 3,191 | - | 3,191 | 534 |
| Food services | 27,164 | - | 27,164 | 31,858 |
| Insurance | 19,902 | - | 19,902 | 19,599 |
| Loss on disposal of tangible capital assets | - | 39,950 | 39,950 | - |
| Office and general | 3,448 | - | 3,448 | 4,485 |
| Professional fees | 8,818 | - | 8,818 | 8,224 |
| Staff development | 1,397 | - | 1,397 | 349 |
| Utilities | 36,114 | - | 36,114 | 27,689 |
| Wages and benefits | 868,404 | - | 868,404 | 865,071 |
| | <u>1,061,800</u> | <u>50,910</u> | <u>1,112,710</u> | <u>1,062,137</u> |
| Excess (deficiency) of revenue over expenses | \$ 92,150 | \$ (50,910) | \$ 41,240 | \$ (130,881) |

See accompanying notes to the financial statements.

CORNWALL ALTERNATIVE SCHOOL INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024
(with comparative figures for the year ended March 31, 2023)

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Cash provided by (used in) operating activities: | | |
| Excess (deficiency) of revenue over expenses | \$ 41,240 | \$ (130,881) |
| Items not involving cash: | | |
| Amortization | 10,960 | 20,858 |
| Loss on disposal of tangible capital assets | 39,950 | - |
| Non-cash operating working capital (Note 5) | 1,201 | 4,387 |
| | <u>93,351</u> | <u>(105,636)</u> |
| Cash provided by (used in) investing activities: | | |
| Additions to tangible capital assets | <u>(20,004)</u> | <u>(4,536)</u> |
| Increase (decrease) in cash | 73,347 | (110,172) |
| Cash position - beginning of year | <u>214,113</u> | <u>324,285</u> |
| Cash position - end of year | <u>\$ 287,460</u> | <u>\$ 214,113</u> |

See accompanying notes to the financial statements.

CORNWALL ALTERNATIVE SCHOOL INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024
(with comparative figures for the year ended March 31, 2023)

1. Description of operations

Cornwall Alternative School Inc. (the "Organization") is a not-for-profit organization continued under 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(l) 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. The financial statements required 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 period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following accounting 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 instruments 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 value of financial instruments measured at fair value are recognized in the excess of revenues over expenses. When there is an indication of impairment the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

The Organization's recognized financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The fair value of the items approximate cost given their short term nature.

Tangible capital assets

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

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

CORNWALL ALTERNATIVE SCHOOL INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024
(with comparative figures for the year ended March 31, 2023)

2. Summary of significant accounting policies (continued)

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

| | 2024 | | 2023 | |
|----------------------|-------------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | \$ 30,000 | \$ - | \$ 30,000 | \$ 30,000 |
| Buildings | 486,980 | 266,485 | 220,495 | 250,899 |
| Equipment | 53,253 | 43,682 | 9,571 | 9,216 |
| Automotive equipment | 104,583 | 96,335 | 8,248 | 8,891 |
| Computer equipment | 4,394 | 2,926 | 1,468 | 1,682 |
| | <u>\$ 679,210</u> | <u>\$ 409,428</u> | <u>\$ 269,782</u> | <u>\$ 300,688</u> |

4. Deferred revenue

Deferred revenue consists of:

| | 2024 | 2023 |
|------------------|-------------|------------------|
| FCC Spirit grant | \$ - | \$ 15,000 |
| CIF grant | - | 2,810 |
| | <u>\$ -</u> | <u>\$ 17,810</u> |

5. Non-cash operating working capital

Details of net change in each element of working capital related to operations excluding cash are as follows:

| | 2024 | 2023 |
|--|-----------------|-----------------|
| (Increase) decrease in current assets: | | |
| Accounts receivable | \$ 3,798 | \$ 4,465 |
| Prepaid expenses | (3,959) | (1,089) |
| | (161) | 3,376 |
| Increase (decrease) in current liabilities: | | |
| Accounts payable | 19,172 | (16,799) |
| Deferred revenue | (17,810) | 17,810 |
| | 1,362 | 1,011 |
| | <u>\$ 1,201</u> | <u>\$ 4,387</u> |

CORNWALL ALTERNATIVE SCHOOL INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024
(with comparative figures for the year ended March 31, 2023)

6. Internally restricted net assets

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.

| | Balance beginning of year | Transfer from unrestricted fund | Transfer to unrestricted fund | Balance end of year |
|---|---------------------------------|------------------------------------|----------------------------------|---------------------------|
| Operating contingency fund | \$ 20,904 | \$ - | \$ - | \$ 20,904 |
| Professional development fund | 5,069 | - | (1,200) | 3,869 |
| Total internally restricted fund - operating | <u>\$ 25,973</u> | <u>\$ -</u> | <u>\$ (1,200)</u> | <u>\$ 24,773</u> |
| Building repair fund | \$ 52,948 | \$ - | \$ (38,763) | \$ 14,185 |
| Computer replacement fund | 34,393 | - | (3,555) | 30,838 |
| Other equipment | 6,643 | - | (1,020) | 5,623 |
| Sports equipment | 1,853 | - | - | 1,853 |
| Vehicle replacement fund | 23,218 | - | - | 23,218 |
| Total internally restricted fund - capital | <u>\$ 119,055</u> | <u>\$ -</u> | <u>\$ (43,338)</u> | <u>\$ 75,717</u> |

7. Economic dependence

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

8. 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.