

**MILLWOOD'S CHRISTIAN SCHOOL SOCIETY**  
**Financial Statements**  
**Year Ended June 30, 2021**

**MILLWOOD'S CHRISTIAN SCHOOL SOCIETY**

**Index to Financial Statements**

**Year Ended June 30, 2021**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Operations	3
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Millwood's Christian School Society

### *Opinion*

We have audited the financial statements of Millwood's Christian School Society (the organization), which comprise the statement of financial position as at June 30, 2021 and June 30, 2020, and the statements of operations, changes in net assets and cash flows for the years 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 June 30, 2021 and June 30, 2020 and the results of its operations and cash flows for the years 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 organization in accordance with 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 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 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 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.

(continues)

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

Edmonton, Alberta  
October 19, 2021

*Givens LLP.*

Givens LLP  
Chartered Professional Accountants

**MILLWOOD'S CHRISTIAN SCHOOL SOCIETY****Statement of Operations****Year Ended June 30, 2021**

	2021	2020
<b>REVENUES</b>		
School fees	\$ 1,353,403	\$ 1,362,749
Out of school care	184,014	297,777
Other income	39,816	55,551
School activities	22,221	174,385
	<u>1,599,454</u>	<u>1,890,462</u>
<b>EXPENSES</b>		
General and administrative	1,290,577	941,765
Human resources	693,639	719,743
Program delivery	353,852	512,513
Amortization	177,661	205,950
Interest and bank charges	23,781	29,482
	<u>2,539,510</u>	<u>2,409,453</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>(940,056)</u>	<u>(518,991)</u>
<b>OTHER INCOME</b>		
Rental revenue	444,024	444,024
Interest from other sources	5,178	14,604
	<u>449,202</u>	<u>458,628</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (490,854)</u>	<u>\$ (60,363)</u>


**MILLWOOD'S CHRISTIAN SCHOOL SOCIETY**


**Statement of Financial Position**

**June 30, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 375,369	\$ 349,854
Term deposits (Note 2)	-	551,413
Accounts receivable	4,409	3,365
Government remittances recoverable	28,666	7,855
Prepaid expenses	25,464	20,195
	<u>433,908</u>	932,682
ADVANCES TO RELATED PARTIES (Note 3)	-	3,459
CAPITAL ASSETS (Note 4)	<u>495,732</u>	661,129
	<u>\$ 929,640</u>	<u>\$ 1,597,270</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges (Note 6)	\$ 48,553	\$ 55,849
Deferred income (Note 7)	228,738	426,709
	<u>277,291</u>	482,558
ADVANCES FROM RELATED PARTIES (Note 3)	<u>28,491</u>	-
	<u>305,782</u>	482,558
<b>NET ASSETS</b>		
Unrestricted fund	126,326	453,583
Invested in capital assets	497,532	661,129
	<u>623,858</u>	1,114,712
	<u>\$ 929,640</u>	<u>\$ 1,597,270</u>

ON BEHALF OF THE BOARD

\_\_\_\_\_  
  
 Director

\_\_\_\_\_  
  
 Director

4 The accompanying notes form an integral part of the financial statements



**MILLWOOD'S CHRISTIAN SCHOOL SOCIETY****Statement of Changes in Net Assets****Year Ended June 30, 2021**

	Unrestricted Fund	Invested in Capital Assets	<b>2021</b>	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 453,583	\$ 661,129	\$ <b>1,114,712</b>	\$ 1,175,075
DEFICIENCY OF REVENUES OVER EXPENSES	(490,854)	-	<b>(490,854)</b>	(60,363)
INTERFUND TRANSFERS	163,597	(163,597)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 126,326	\$ 497,532	\$ <b>623,858</b>	\$ 1,114,712

**MILLWOOD'S CHRISTIAN SCHOOL SOCIETY****Statement of Cash Flows****Year Ended June 30, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Cash receipts from donors and fundraising	\$ 1,844,463	\$ 2,265,488
Cash paid to suppliers and employees	(2,350,634)	(2,170,567)
Interest received	5,178	14,604
Interest paid	(23,781)	(29,481)
Government remittances	(20,811)	(1,744)
	<u>(545,585)</u>	<u>78,300</u>
Cash flow from (used by) operating activities		
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(12,263)</u>	<u>(84,289)</u>
<b>FINANCING ACTIVITY</b>		
Advances from (to) related parties	<u>31,950</u>	<u>(3,891)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(525,898)</b>	<b>(9,880)</b>
Cash - beginning of year	<u>901,267</u>	<u>911,147</u>
<b>CASH - END OF YEAR</b>	<b>\$ 375,369</b>	<b>\$ 901,267</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 375,369	\$ 349,854
Term deposits	<u>-</u>	<u>551,413</u>
	<b>\$ 375,369</b>	<b>\$ 901,267</b>



# MILLWOOD'S CHRISTIAN SCHOOL SOCIETY

## Notes to Financial Statements

Year Ended June 30, 2021

---

### PURPOSE OF THE SOCIETY

Millwood's Christian School Society (the "Society") is a not-for-profit organization incorporated provincially under the *Societies Act of Alberta*. As a registered charity, the Society is exempt from the payment of income tax under Section 149(1) of the *Income Tax Act*.

The Society operates to provide an Alternative Christian Education Program to the community.

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

### Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

1. Useful lives of assets for amortization: The Society is required to estimate the useful life of its capital assets in order to determine the amortization method and rates. Amortization reflects the cost of these assets over their useful life. The useful life of an asset can change from year to year. The Board reviews these policies annually.
2. Impairment of long-lived assets: The Society reviews the carrying value of each asset annually to determine if there is any indications of impairment using internal sources. If assets carrying values are less than their cash-generating potential, the asset is reduced to its recoverable amount.

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. These estimates are subject to change at any time based on experience and new information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from these estimates.

(continues)

---

# MILLWOOD'S CHRISTIAN SCHOOL SOCIETY

## Notes to Financial Statements

Year Ended June 30, 2021

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value when acquired or issued, except for certain non-arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost and are tested for impairment at each reporting date. Investments in equity instruments that are quoted in an active market are measured at fair value. Changes in fair value are recognized in revenue over expenditures.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and advances to related parties.

Financial liabilities measured at amortized cost include accounts payable, accrued charges and advances from related parties.

#### Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in revenue over expenditures in the period incurred. Transaction costs related to financial instruments subsequently measured at cost or amortized cost are included in the original cost of the financial asset or liability and recognized in revenue over expenditures over the life of the instrument using the straight-line method.

#### Impairment

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in revenue over expenditures. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss shall be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in revenue over expenditures.

#### Cash and cash equivalents

The Society's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, term deposits with a maturity period of three months or less from the date of acquisition and term deposits that are redeemable. Term deposits that the Society cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

#### Goods and services tax

Contributed materials and services are recoverable at 68 percent as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

*(continues)*

---

# MILLWOOD'S CHRISTIAN SCHOOL SOCIETY

## Notes to Financial Statements

Year Ended June 30, 2021

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Buildings	5-20%
Equipment	10%
Leasehold improvements	10-20%
Motor vehicles	10%

The Society regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

All additions made during the year are amortized at 50 percent of the above rates and no amortization is taken in the year of disposition.

#### Impairment of long lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

#### Donated services

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

#### Government assistance

Government assistance has been received in the form of the Canada Summer Jobs. The subsidy has been recorded to offset employee wages and benefits. The Society also received a COVID-19 Relief Support Grant which has been recorded to offset janitorial services and employee wages and benefits.

*(continues)*

---

# MILLWOOD'S CHRISTIAN SCHOOL SOCIETY

## Notes to Financial Statements

Year Ended June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue recognition

The Society follows the deferred method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

1. School fees and out of school care: Revenues are recognized in the restricted fund when received or receivable if the amount to be received can be estimated and collection is reasonably assured. School fees may be deferred as collection is not reasonably ensured until the school year begins and the student starts attending classes.
2. Facility rent: Revenues from facility rent are recognized as revenue in the unrestricted fund when received or receivable if the amount to be received can be estimated and collection is reasonably assured.
3. School activities: contributions that are specified for a project are recognized as revenue in the restricted fund when received or receivable if the amount to be received can be estimated and collection is reasonably assured. Undesignated contributions are recognized as revenue in the unrestricted fund when received or receivable if the amount to be received can be estimated and collection is reasonably assured.
4. Other income: receipts are recognized as revenue in the unrestricted fund when received or receivable if the amount to be received can be estimated and collection is reasonably assured.

### 2. TERM DEPOSITS

	<u>2021</u>	<u>2020</u>
Redeemable and non-redeemable guaranteed investment certificates that matured September 2020 and May 2021, with interest ranging from 1.30 to 2.05 percent per annum	\$ -	\$ 551,413

### 3. ADVANCES TO RELATED PARTIES

Advances from related parties are unsecured, non-interest bearing, and have no set repayment terms.

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2021 Net book value</b>	2020 Net book value
Buildings	\$ 1,773,639	\$ 1,442,601	\$ 331,038	\$ 436,964
Equipment	35,431	17,851	17,580	17,867
Leasehold improvements	208,612	109,048	99,564	144,933
Motor vehicles	138,150	90,600	47,550	61,365
	<b>\$ 2,155,832</b>	<b>\$ 1,660,100</b>	<b>\$ 495,732</b>	<b>\$ 661,129</b>

# MILLWOOD'S CHRISTIAN SCHOOL SOCIETY

## Notes to Financial Statements

Year Ended June 30, 2021

---

### 5. BANK INDEBTEDNESS

The Society has access to a revolving loan with a limit of \$100,000 (2020 - \$100,000). The total balance outstanding at year end is \$NIL (2020 - \$NIL). Interest is payable at prime plus 1.15 percent. The loan is due on demand and is secured by the Society's properties with a carrying value of \$331,037 (2020 - \$436,965).

---

### 6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	<u>2021</u>	<u>2020</u>
Trades payable	\$ 27,720	\$ 47,830
Payroll liabilities	<u>20,833</u>	<u>8,019</u>
	<u>\$ 48,553</u>	<u>\$ 55,849</u>

---

### 7. DEFERRED INCOME

	<u>2021</u>	<u>2020</u>
<b>Registration fees</b>		
Balance, beginning of the year	\$ 426,709	\$ 457,445
Less: amounts expended	(426,709)	(457,445)
Plus: amounts received restricted for use	<u>228,738</u>	<u>426,709</u>
Balance, end of the year	<u>228,738</u>	426,709

---

# MILLWOOD'S CHRISTIAN SCHOOL SOCIETY

## Notes to Financial Statements

Year Ended June 30, 2021

---

### 8. RELATED PARTY TRANSACTIONS

The following is a summary of the Society's related party transactions:

	<u>2021</u>	<u>2020</u>
<i>Related Church</i>		
Occupancy costs	\$ 385,428	\$ 378,932
Management and administration fees	62,112	60,300
<i>Board members</i>		
Lunchroom supervision	\$ 1,590	\$ 1,340

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

---

### 9. GOVERNMENT ASSISTANCE

Canada Summer Jobs grant was received in the year and allocated as follows:

Human resource costs	\$ 18,714
----------------------	-----------

The Government of Alberta extended additional funding for COVID-19 relief, amounts have been allocated as follows:

Janitorial	\$ 13,100
Out of school care salaries	26,300
Preschool salaries	15,144
	<u>54,544</u>

### 10. COMMITMENTS

The Society has entered into a contractual agreement to rent the facilities for its use with a related Church. This contract is for a 15 year period with an option to renew every 5 years.

The Society also pays the church a management fee monthly for its use of the office personnel.

The annual amounts to be paid are determined by the annual budget and are usually subject to a 3.00 percent increase annually.

Contractual obligation repayment schedule:

2022	\$ 305,170
2023	314,325
2024	323,755
2025	333,468
2026	343,472

---

# MILLWOOD'S CHRISTIAN SCHOOL SOCIETY

## Notes to Financial Statements

Year Ended June 30, 2021

---

### 11. GUARANTEE

The Society has guaranteed the mortgage of a related Church. The original amount guaranteed is \$3,351,039 and the current balance owing on the mortgage is \$1,598,409 (2020 - \$1,775,678). The maximum potential amount of future repayments that the Society could be required to make is \$1,598,409.

---

### 12. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

---

### 13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of June 30, 2021.

#### **Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from families. In order to reduce its credit risk, the Society reviews a new families's credit history before extending credit. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of students which minimizes concentration of credit risk.

#### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

#### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its students and other related sources and accounts payable.

There are no significant changes in the risk profile for the financial instruments of the Society from that of the prior year.

---