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**AUDITED FINANCIAL STATEMENTS**

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**MOTHER TERESA MIDDLE SCHOOL INC.**

**August 31, 2021**

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## Independent Auditor's Report

To the Board of Directors of  
Mother Teresa Middle School Inc.

### Qualified Opinion

We have audited the financial statements of Mother Teresa Middle School Inc. (the "Charity"), which comprise the statement of financial position as at August 31, 2021, and the statements of operations and 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 (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at August 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Charity derives revenue from donations, fundraisers and sponsorships the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity and we were not able to determine whether any adjustments might be necessary to recorded donations, fundraisers and sponsorships, the excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2021 and 2020, current assets as at August 31, 2021 and 2020, and net assets as at September 1 and August 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended August 31, 2020 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Charity 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 qualified audit 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 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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 GAAS 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 GAAS, 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 Charity'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 Charity'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 Charity 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.

*Deloitte LLP*

Chartered Professional Accountants  
January 10, 2022  
Regina, Saskatchewan

Mother Teresa Middle School Inc.

STATEMENT OF FINANCIAL POSITION

As at August 31

	Note	Operating \$	Bursary \$	2021 \$	2020 \$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash		169,650	37,121	206,771	321,156
Accounts receivable		-	669	669	658
Government remittances receivable		5,933	-	5,933	4,300
Contributions receivable		-	-	-	38,768
Prepaid expenses		5,740	-	5,740	11,619
<b>Total Current Assets</b>		<b>181,323</b>	<b>37,790</b>	<b>219,113</b>	<b>376,501</b>
<b>Long-Term Assets</b>					
Interfund amounts receivable		10,000	2,489	12,489	82,040
Long-term investments	3	28,630	366,725	395,355	368,248
Capital assets	4	41,310	-	41,310	26,957
Intangible assets	5	2,712	-	2,712	-
<b>Total Long-Term Assets</b>		<b>82,652</b>	<b>369,214</b>	<b>451,866</b>	<b>477,245</b>
<b>Total Assets</b>		<b>263,975</b>	<b>407,004</b>	<b>670,979</b>	<b>853,746</b>
<b>LIABILITIES AND NET (DEFICIT) ASSETS</b>					
<b>Liabilities</b>					
Accounts payable		217,615	-	217,615	273,063
Current portion of deferred revenue	7	19,818	10,000	29,818	87,000
<b>Total Current Liabilities</b>		<b>237,433</b>	<b>10,000</b>	<b>247,433</b>	<b>360,063</b>
Interfund amounts payable		2,489	10,000	12,489	82,040
Deferred revenue	7	-	358,790	358,790	345,179
<b>Total Long-Term Liabilities</b>		<b>2,489</b>	<b>368,790</b>	<b>371,279</b>	<b>427,219</b>
<b>Total Liabilities</b>		<b>239,922</b>	<b>378,790</b>	<b>618,712</b>	<b>787,282</b>
<b>Total Net (Deficit) Assets</b>					
Internally restricted	8	-	-	-	60,368
Unrestricted		24,053	28,214	52,267	6,096
<b>Total Net (Deficit) Assets</b>		<b>24,053</b>	<b>28,214</b>	<b>52,267</b>	<b>66,464</b>
		<b>263,975</b>	<b>407,004</b>	<b>670,979</b>	<b>853,746</b>

The notes are an integral part of the financial statements.

On behalf of the Board:

 Director

 Director

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**Mother Teresa Middle School Inc.****STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

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Year ended August 31

	Operating	Bursary	2021	2020
	\$	\$	\$	\$
<b>Revenue</b>				
Donations	907,477	-	907,477	994,362
Government Associate School Grant	531,240	-	531,240	479,696
Grants	466,371	-	466,371	407,661
Investment income	11,984	11,000	22,984	17,968
Social Impact Bond	-	-	-	200,000
Sponsorship	37,500	-	37,500	52,500
Tuition	12,100	-	12,100	9,910
Miscellaneous income	1,300	-	1,300	-
Unrealized gain (loss) on long-term investments	1,963	25,144	27,107	-
Loss (gain) on sale of marketable securities	(96)	-	(96)	368
	<b>1,969,839</b>	<b>36,144</b>	<b>2,005,983</b>	<b>2,162,465</b>
<b>Expenses</b>				
Academics	1,563,716	-	1,563,716	1,575,756
Amortization	26,455	-	26,455	22,142
Computer expenses	14,849	-	14,849	18,412
Emergent support	7,501	-	7,501	87,886
General & administrative	285,181	8,298	293,479	307,775
Cultural awareness & events	32,544	-	32,544	17,799
Summer & after school programming	1,434	-	1,434	5,892
Vehicle maintenance & operating expenses	80,202	-	80,202	69,218
	<b>2,011,882</b>	<b>8,298</b>	<b>2,020,180</b>	<b>2,104,880</b>
<b>(Deficiency) excess of revenue over expenses</b>	<b>(42,043)</b>	<b>27,846</b>	<b>(14,197)</b>	<b>57,585</b>
<b>Net assets, beginning of year</b>	<b>6,096</b>	<b>60,368</b>	<b>66,464</b>	<b>8,879</b>
Interfund transfer	60,000	(60,000)	-	-
<b>Net (deficit) assets, end of year</b>	<b>24,053</b>	<b>28,214</b>	<b>52,267</b>	<b>66,464</b>

*The notes are an integral part of the financial statements.*

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**Mother Teresa Middle School Inc.****STATEMENT OF CASH FLOWS**

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Year ended August 31

	2021	2020
	\$	\$
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenditures	(14,197)	57,585
Adjustments to reconcile (deficiency) excess of revenue over expenses to cash (used in) provided by operating activities:		
Amortization	26,455	22,142
Loss (gain) on sale of marketable securities	96	(368)
Unrealized (loss) gain on long-term investments	(27,107)	2,564
Donation revenue - donated shares	(4,468)	-
	(19,221)	81,923
Net change in non-cash balances relating to operations:		
(Increase) decrease in accounts receivable	(11)	953
(Increase) decrease in government remittances receivable	(1,633)	456
Decrease (increase) in contributions receivable	38,768	(21,331)
Decrease (increase) in prepaid expenses	5,879	(4,679)
Decrease in accounts payable	(55,448)	(1,707)
(Decrease) increase in deferred revenue	(43,571)	21,917
<b>Cash (used in) provided by operating activities</b>	<b>(75,237)</b>	<b>77,532</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of long-term investments	4,372	8,700
Purchase of long-term investments	-	(6,747)
Purchase of capital assets	(40,130)	(19,437)
Purchase of intangible assets	(3,390)	-
<b>Cash used in investing activities</b>	<b>(39,148)</b>	<b>(17,484)</b>
<b>Net (decrease) increase in cash during year</b>	<b>(114,385)</b>	<b>60,048</b>
<b>Cash, beginning of year</b>	<b>321,156</b>	<b>261,108</b>
<b>Cash, end of year</b>	<b>206,771</b>	<b>321,156</b>

*The notes are an integral part of the financial statements.*

NOTES TO THE FINANCIAL STATEMENTS

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August 31, 2021

**1. Purpose of the Charitable Organization**

Mother Teresa Middle School Inc. (“The Charity” or “MTMS”) was incorporated on April 22, 2010 as a corporation without share capital under the Non-profit Corporations Act, 1995. Its objective is owning and operating an enhanced, holistic Saskatchewan approved, middle school that provides education for students of motivated, marginalized families of inner city Regina. The Charity is not subject to income taxes and is registered under the Income Tax Act.

**2. Significant Accounting Policies**

**(a) Basis of Presentation**

The Charity prepares its financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNPO”).

**(b) Use of Estimates**

The COVID-19 pandemic has resulted in an economic slowdown. The duration and impact of the COVID-19 pandemic are unknown at this time. Estimates to the extent which the COVID-19 pandemic may, directly or indirectly, impact the Charity's operations, financial results, and conditions in future periods are also subject to uncertainty.

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**(c) Capital Assets**

Capital assets are recorded at cost. When capital assets are sold or retired, the related cost and accumulated amortization are removed from the respective accounts and any gain or loss is recorded in the statement of operations. Expenses for repairs and maintenance are expensed as incurred.

Capital assets are amortized over their estimated useful lives using the following methods and rates:

<b>Category</b>	<b>Rates</b>	<b>Method</b>
Academic Equipment	5 years	straight line
Computer Hardware	3 years	straight line
Vehicles	30%	declining balance

**(d) Impairment of Capital Assets**

When a capital asset no longer contributes to the Charity's ability to provide goods and services, or the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

NOTES TO THE FINANCIAL STATEMENTS

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August 31, 2021

**2. Significant Accounting Policies (continued)**

**(e) Intangible Assets**

Intangible assets are accounted for at cost. Amortization is based on their estimated useful life using the following methods and rates:

Category	Rates	Method
Computer Software	3 / 5 years	straight line

**(f) Financial Instruments**

Financial assets and financial liabilities are initially recognized at fair value. Subsequently all financial instruments are measured at amortized cost, except for the long-term investments which are recorded at fair value. Changes in fair value are recognized in the statement of operations.

**(g) Revenue Recognition**

The Charity follows the deferral method of accounting for contributions. Contributions are made up of donations, grants and sponsorship revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

The Charity benefits from contributed materials, supplies and professional services, as well as from services in the form of volunteer time. The value of these materials and services is not recorded in these financial statements.

Fundraising revenue is recognized when it is received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Tuition revenue is recognized as revenue as educational services are provided.

Investment income includes dividend and interest income, realized investment gains and losses on sales of investments, and unrealized gains and losses on investments measured at fair value.

**(h) Allocation of Expenses**

The Charity records its salaries expense by function: Academics, Fundraising, General & Administrative, Marketing & Special Events, Summer & After School Programming and Vehicle Maintenance & Operating expenses.



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**Mother Teresa Middle School Inc.****NOTES TO THE FINANCIAL STATEMENTS**

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August 31, 2021

**3. Long-Term Investments**

	2021		2020	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Equity Investments	166,773	226,962	172,847	200,099
Fixed Income Securities	163,257	168,393	162,858	168,149
	<b>330,030</b>	<b>395,355</b>	335,705	368,248

**4. Capital Assets**

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Academic Equipment	113,695	101,354	12,341	6,402
Computer Hardware	243,735	217,996	25,739	15,940
Vehicles	80,051	76,821	3,230	4,615
	<b>437,481</b>	<b>396,171</b>	<b>41,310</b>	26,957

**5. Intangible Assets**

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer Software	43,158	40,446	2,712	-

**6. Bank Indebtedness**

The Charity has a line of credit with an authorized limit of \$750,000. Collateral for the line of credit is a general security agreement covering all assets of the Charity. The line of credit bears interest at prime plus 1.00%. As at August 31, 2021, the Bank's prime interest rate is 2.45% (2020 - 2.45%). At August 31, 2021 the operating account was in a surplus position (2020 - surplus position).

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2021

7. Deferred Revenue

	Deferred Operating Grants		Other Deferred Grants (MLT Bursary)	
	2021	2020	2021	2020
<b>Balance, beginning of year</b>	<b>78,366</b>	60,262	<b>353,813</b>	350,000
<b>Less: amount recognized as revenue in the year</b>	<b>(73,947)</b>	(42,689)	<b>(36,144)</b>	(8,811)
<b>Plus: amount received</b>	<b>15,399</b>	60,793	<b>51,121</b>	12,624
<b>Balance, end of year</b>	<b>19,818</b>	78,366	<b>368,790</b>	353,813

MLT Aikins (formerly MacPherson Leslie Tyerman LLP) committed the sum of \$250,000 (payable in five yearly installments of \$50,000 beginning in calendar year 2012) to be used to establish bursaries to enable students who graduate from MTMS to attend or continue to attend high school and pursue post-secondary education. Additional donations specified for deposit to the bursary may be received when accompanied by specific direction.

The capital of the restricted donation is to be held in trust for the application of the income earned to be used to fund such bursaries. No portion of the capital can be used without the consent of MLT Aikins.

The deferred revenue recorded in the Operating Fund represents restricted funding to be used on staff professional development in future years.

8. Internally Restricted

In 2018, MTMS received a donation from the Estate of Adrian Harry and Mary Vis, a portion of which management internally restricted to be used for student bursaries. Transfers of \$60,000 were made in 2019 from the Operating Fund to the Bursary Fund to accommodate this restriction. These internally restricted amounts were not available for any other purpose without approval of the board of directors. In 2021, the board of directors approved the interfund transfer of \$60,000 from the Bursary Fund to the Operating Fund to fund operating costs.

9. Financial Risk Management Policy

The Charity is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting date.

(a) Credit Risk

The Charity determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

NOTES TO THE FINANCIAL STATEMENTS

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August 31, 2021

**9. Financial Risk Management Policy (continued)**

**(b) Interest Rate Risk**

The Charity is exposed to interest rate risk arising from fluctuations in interest rates and the degree of volatility in these rates. The Charity does not use derivative instruments to reduce the exposure to risk.

**(c) Market Risk**

Market risk arises as a result of trading in an equity security. The value of equity security changes with stock market conditions, which are affected by general economic and market conditions. The value of security will vary with developments within the specific companies or governments which issue the securities. Fluctuations in the market expose the Charity to a risk of loss.

It is management's opinion that the Charity is not exposed to significant currency risk arising from financial instruments.

**(d) Liquidity Risk**

The Charity's objective is to have sufficient liquidity to meet its liabilities when due. The Charity monitors its cash balances and cash flows generated from operations to meet its requirements.

**10. Related Party Transactions**

Details of balances and transactions with related parties not specifically identified elsewhere in these financial statements are as follows:

	2021	2020
	\$	\$
<b>Revenue</b>		
Donation revenue	765,810	802,234
<b>Expenses</b>		
Insurance expenditures	14,513	13,302

The Charity received donations of \$765,810 (\$802,234 in 2020) from Paul Hill, Maurice Bundon, Madonna Foundation, One Life Makes a Difference, Western Surety Company, and Harvard Western Insurance. The Charity also paid \$14,513 (\$13,302 in 2020) to Harvard Western Insurance for premiums.

All these transactions were carried out in the normal course of operations and are recorded at the exchange value.

The Charity, Madonna Foundation, One Life Makes a Difference, Western Surety Company, and Harvard Western Insurance are related through a common member of the Board of Directors.