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**AUDITED FINANCIAL STATEMENTS**

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**MOTHER TERESA MIDDLE SCHOOL INC.**

**August 31, 2022**

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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, 2022, and the statements of operations and changes in net (deficit) 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, 2022, 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, 2022 and 2021, current assets as at August 31, 2022 and 2021, and net (deficit) assets as at September 1 and August 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended August 31, 2021 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  
February 10, 2023  
Regina, Saskatchewan

Mother Teresa Middle School Inc.

STATEMENT OF FINANCIAL POSITION

As at August 31

|   | Note | Operating<br>\$ | Bursary<br>\$  | 2022<br>\$     | 2021<br>\$     |
|---|------|-----------------|----------------|----------------|----------------|
| <b>ASSETS</b>                               |      |                 |                |                |                |
| <b>Current Assets</b>                       |      |                 |                |                |                |
| Cash  |      | 72,430          | 23,153         | 95,583         | 206,771        |
| Accounts receivable                         |      | 60,000          | 679            | 60,679         | 669            |
| Government remittances receivable           |      | 726             | -              | 726            | 5,933          |
| Prepaid expenses                            |      | 10,583          | -              | 10,583         | 5,740          |
| <b>Total Current Assets</b>                 |      | <b>143,739</b>  | <b>23,832</b>  | <b>167,571</b> | <b>219,113</b> |
| <b>Long-Term Assets</b>                     |      |                 |                |                |                |
| Interfund amounts receivable                |      | 10,000          | 14,156         | 24,156         | 12,489         |
| Long-term investments                       | 3    | 9,258           | 353,513        | 362,771        | 395,355        |
| Capital assets                              | 4    | 44,667          | -              | 44,667         | 41,310         |
| Intangible assets                           | 5    | 2,034           | -              | 2,034          | 2,712          |
| <b>Total Long-Term Assets</b>               |      | <b>65,959</b>   | <b>367,669</b> | <b>433,628</b> | <b>451,866</b> |
| <b>Total Assets</b>                         |      | <b>209,698</b>  | <b>391,501</b> | <b>601,199</b> | <b>670,979</b> |
| <b>LIABILITIES AND NET (DEFICIT) ASSETS</b> |      |                 |                |                |                |
| <b>Liabilities</b>                          |      |                 |                |                |                |
| Accounts payable                            |      | 193,578         | -              | 193,578        | 217,615        |
| Current portion of deferred revenue         |      | -               | -              | -              | 29,818         |
| <b>Total Current Liabilities</b>            |      | <b>193,578</b>  | <b>-</b>       | <b>193,578</b> | <b>247,433</b> |
| Interfund amounts payable                   |      | 14,156          | 10,000         | 24,156         | 12,489         |
| Deferred revenue                            | 7    | -               | 384,043        | 384,043        | 358,790        |
| <b>Total Long-Term Liabilities</b>          |      | <b>14,156</b>   | <b>394,043</b> | <b>408,199</b> | <b>371,279</b> |
| <b>Total Liabilities</b>                    |      | <b>207,734</b>  | <b>394,043</b> | <b>601,777</b> | <b>618,712</b> |
| <b>Total Net (Deficit) Assets</b>           |      |                 |                |                |                |
| Unrestricted                                |      | 1,964           | (2,542)        | (578)          | 52,267         |
| <b>Total Net (Deficit) Assets</b>           |      | <b>1,964</b>    | <b>(2,542)</b> | <b>(578)</b>   | <b>52,267</b>  |
|   |      | <b>209,698</b>  | <b>391,501</b> | <b>601,199</b> | <b>670,979</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 (DEFICIT) ASSETS**

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Year ended August 31

|   | Operating        | Bursary         | 2022             | 2021             |
|---|------------------|-----------------|------------------|------------------|
|   | \$               | \$              | \$               | \$               |
| <b>Revenue</b>                                  |                  |                 |                  |                  |
| Donations                                       | 1,207,002        | -               | 1,207,002        | 907,477          |
| Government Associate School Grant               | 506,559          | -               | 506,559          | 531,240          |
| Grants  | 462,772          | -               | 462,772          | 466,371          |
| Investment income                               | 5,200            | 12,000          | 17,200           | 22,984           |
| Sponsorship                                     | 46,500           | -               | 46,500           | 37,500           |
| Tuition   | 10,250           | -               | 10,250           | 12,100           |
| Miscellaneous income                            | 500              | -               | 500              | 1,300            |
| Unrealized (loss) gain on long-term investments | (884)            | (30,225)        | (31,109)         | 27,107           |
| Loss on sale of marketable securities           | -                | -               | -                | (96)             |
|   | <b>2,237,899</b> | <b>(18,225)</b> | <b>2,219,674</b> | <b>2,005,983</b> |
| <b>Expenses</b>                                 |                  |                 |                  |                  |
| Academics                                       | 600,642          | -               | 600,642          | 662,807          |
| Amortization                                    | 30,470           | -               | 30,470           | 26,455           |
| Computer expenses                               | 12,196           | -               | 12,196           | 14,849           |
| Cultural awareness & events                     | 109,717          | -               | 109,717          | 100,622          |
| Emergent support                                | 6,926            | -               | 6,926            | 7,501            |
| General & administrative                        | 1,330,995        | 12,531          | 1,343,526        | 1,115,334        |
| Summer & after school programming               | 58,829           | -               | 58,829           | 12,410           |
| Vehicle maintenance & operating expenses        | 110,213          | -               | 110,213          | 80,202           |
|   | <b>2,259,988</b> | <b>12,531</b>   | <b>2,272,519</b> | <b>2,020,180</b> |
| <b>Deficiency of revenue over expenses</b>      | <b>(22,089)</b>  | <b>(30,756)</b> | <b>(52,845)</b>  | <b>(14,197)</b>  |
| <b>Net assets, beginning of year</b>            | <b>24,053</b>    | <b>28,214</b>   | <b>52,267</b>    | <b>66,464</b>    |
| <b>Net (deficit) assets, end of year</b>        | <b>1,964</b>     | <b>(2,542)</b>  | <b>(578)</b>     | <b>52,267</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

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>OPERATING ACTIVITIES</b>   |                  |                  |
| Deficiency of revenue over expenses   | (52,845)         | (14,197)         |
| Adjustments to reconcile deficiency of revenue over expenses<br>to cash used in operating activities: |                  |                  |
| Amortization  | 30,470           | 26,455           |
| Loss on sale of marketable securities   | -                | 96               |
| Unrealized loss (gain) on long-term investments   | 31,109           | (27,107)         |
| Deferred revenue - reinvested dividends   | (371)            | -                |
| Donation revenue - donated shares   | (4,954)          | (4,468)          |
|   | 3,409            | (19,221)         |
| Net change in non-cash balances relating to operations:   |                  |                  |
| Increase in accounts receivable   | (60,010)         | (11)             |
| Decrease (increase) in government remittances receivable  | 5,207            | (1,633)          |
| Decrease in contributions receivable  | -                | 38,768           |
| (Increase) decrease in prepaid expenses   | (4,843)          | 5,879            |
| Decrease in accounts payable  | (24,037)         | (55,448)         |
| Decrease in deferred revenue  | (4,565)          | (43,571)         |
| <b>Cash used in operating activities</b>  | <b>(84,839)</b>  | <b>(75,237)</b>  |
| <b>INVESTING ACTIVITIES</b>   |                  |                  |
| Proceeds on disposal of long-term investments   | -                | 4,372            |
| Cash distributions received on long-term investments  | 6,800            | -                |
| Purchase of capital assets  | (33,149)         | (40,130)         |
| Purchase of intangible assets   | -                | (3,390)          |
| <b>Cash used in investing activities</b>  | <b>(26,349)</b>  | <b>(39,148)</b>  |
| <b>Net decrease in cash during year</b>   | <b>(111,188)</b> | <b>(114,385)</b> |
| <b>Cash, beginning of year</b>  | <b>206,771</b>   | <b>321,156</b>   |
| <b>Cash, end of year</b>  | <b>95,583</b>    | <b>206,771</b>   |

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

**NOTES TO THE FINANCIAL STATEMENTS**

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August 31, 2022

**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) Fund Accounting**

MTMS follows the deferral method of accounting for contributions. The accounts of MTMS are maintained in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources are classified for accounting and reporting purposes into funds with activities or objectives specified. For financial reporting purposes, the accounts have been classified into Operating Fund and Bursary Fund.

The Operating Fund supports the Charity's objectives. The Bursary Fund, which is externally restricted, enables students who graduate from MTMS to attend or continue to attend high school and pursue post-secondary education.

**(c) Use of Estimates**

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.

**(d) Cash and Cash Equivalents**

The Charity's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

**(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

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August 31, 2022

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Capital Assets (continued)**

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

| Category                     | Rates   | Method            |
|------------------------------|---------|-------------------|
| Academic Equipment           | 5 years | straight line     |
| Audio Visual Equipment       | 5 years | straight line     |
| Computer Hardware            | 3 years | straight line     |
| Leasehold Improvements       | 6 years | straight line     |
| Physical Education Equipment | 5 years | straight line     |
| Vehicles                     | 30%     | declining balance |

**(f) 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.

**(g) 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 |

**(h) 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.

**(i) Leases**

The Charity is the lessee in a lease transaction and has accounted for the lease as an operating lease. Lease payments are expensed as incurred.



NOTES TO THE FINANCIAL STATEMENTS

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August 31, 2022

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) 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.

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

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

**(k) Allocation of Expenses**

The Charity records its salaries expense by function: Academics, Cultural awareness & events, General & administrative, and Summer & after school programming.

Salary expenses are allocated by employee and time period. Instructional salaries are split between Academics (September to June) and Summer & after school programming (July to August).

|                                   | 2022             | 2021             |
|-----------------------------------|------------------|------------------|
|                                   | \$               | \$               |
| Academics                         | 554,629          | 629,831          |
| Cultural awareness & events       | 73,530           | 68,078           |
| General & administrative          | 985,964          | 821,855          |
| Summer & after school programming | 16,142           | 10,976           |
|                                   | <u>1,630,265</u> | <u>1,530,740</u> |

**3. LONG-TERM INVESTMENTS**

|                         | 2022           |                | 2021           |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | Cost           | Market Value   | Cost           | Market Value   |
|                         | \$             | \$             | \$             | \$             |
| Equity Investments      | 164,927        | 212,012        | 166,773        | 226,962        |
| Fixed Income Securities | 163,629        | 150,759        | 163,257        | 168,393        |
|                         | <u>328,556</u> | <u>362,771</u> | <u>330,030</u> | <u>395,355</u> |

Mother Teresa Middle School Inc.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2022

4. CAPITAL ASSETS

|                              | 2022    |                          | 2021           |                |
|------------------------------|---------|--------------------------|----------------|----------------|
|                              | Cost    | Accumulated Amortization | Net Book Value | Net Book Value |
|                              | \$      | \$                       | \$             | \$             |
| Academic Equipment           | 119,979 | 105,743                  | 14,236         | 12,341         |
| Audio Visual Equipment       | 35,563  | 34,269                   | 1,294          | -              |
| Computer Hardware            | 139,248 | 112,372                  | 26,876         | 25,739         |
| Leasehold Improvements       | 442,126 | 442,126                  | -              | -              |
| Physical Education Equipment | 14,717  | 14,717                   | -              | -              |
| Vehicles                     | 80,051  | 77,790                   | 2,261          | 3,230          |
|                              | 831,684 | 787,017                  | 44,667         | 41,310         |

5. INTANGIBLE ASSETS

|                   | 2022   |                          | 2021           |                |
|-------------------|--------|--------------------------|----------------|----------------|
|                   | Cost   | Accumulated Amortization | Net Book Value | Net Book Value |
|                   | \$     | \$                       | \$             | \$             |
| Computer Software | 43,158 | 41,124                   | 2,034          | 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, 2022, the Bank's prime interest rate is 4.70% (2021 - 2.45%). At August 31, 2022 the operating account was in a surplus position (2021 - surplus position).

7. DEFERRED REVENUE

|   | Deferred Operating Grants |          | Other Deferred Grants (MLT Bursary) |          |
|---|---------------------------|----------|-------------------------------------|----------|
|   | 2022                      | 2021     | 2022                                | 2021     |
|   | \$                        | \$       | \$                                  | \$       |
| Balance, beginning of year                        | 19,818                    | 78,366   | 368,790                             | 353,813  |
| Less: amount recognized<br>as revenue in the year | (20,189)                  | (73,947) | (12,000)                            | (36,144) |
| Plus: amount received                             | 371                       | 15,399   | 27,253                              | 51,121   |
| Balance, end of year                              | -                         | 19,818   | 384,043                             | 368,790  |
| Less current portion                              | -                         | 19,818   | -                                   | 10,000   |
| Long-term portion                                 | -                         | -        | 384,043                             | 358,790  |

**NOTES TO THE FINANCIAL STATEMENTS**

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August 31, 2022

**7. DEFERRED REVENUE (continued)**

MLT Aikins (formerly MacPherson Leslie Tyerman LLP) initially 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 are 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 income earned on the restricted donation may be applied as directed by the board of MTMS in establishing and maintaining bursaries.

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

**8. 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.

**(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 securities. The value of securities changes with 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.

NOTES TO THE FINANCIAL STATEMENTS

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August 31, 2022

**9. RELATED PARTY TRANSACTIONS**

The Charity received donations from a number of related parties, including management, members of the Board of Directors and those related to both.

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

**10. COMMITMENTS**

Future minimum lease payments payable under an operating lease for a vehicle are as follows:

|      | \$            |
|------|---------------|
| 2023 | 8,908         |
| 2024 | 8,908         |
| 2025 | 8,908         |
| 2026 | 5,197         |
|      | <u>31,921</u> |

**11. ECONOMIC DEPENDENCE**

The Charity is economically dependent upon donors, some of whom provide significant donations.

**12. COMPARATIVE FIGURES**

Certain figures for 2021 have been reclassified to conform to current year presentation.