



Mother Teresa Middle School Inc.

Audited Financial Statements

August 31, 2023

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, 2023, and the statements of operations and changes in net deficit 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, 2023, 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, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net deficit as at September 1 and August 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended August 31, 2022 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 21, 2024

Regina, Saskatchewan


Mother Teresa Middle School Inc.
Statement of Financial Position

As at August 31

	Note	Operating \$	Bursary \$	2023 \$	2022 \$
ASSETS					
Current Assets					
Cash		152,554	9	152,563	95,583
Accounts receivable		35,223	1,009	36,232	60,679
Government remittances receivable		1,000	-	1,000	726
Prepaid expenses		10,382	-	10,382	10,583
Total Current Assets		199,159	1,018	200,177	167,571
Long-Term Assets					
Interfund amounts receivable		8,010	-	8,010	24,156
Long-term investments	3	-	387,810	387,810	362,771
Capital assets	4	39,977	-	39,977	44,667
Intangible assets	5	1,356	-	1,356	2,034
Total Long-Term Assets		49,343	387,810	437,153	433,628
Total Assets		248,502	388,828	637,330	601,199
LIABILITIES AND NET DEFICIT					
Liabilities					
Accounts payable		292,609	-	292,609	193,578
Total Current Liabilities		292,609	-	292,609	193,578
Interfund amounts payable		-	8,010	8,010	24,156
Deferred revenue	7	4,517	384,398	388,915	384,043
Total Long-Term Liabilities		4,517	392,408	396,925	408,199
Total Liabilities		297,126	392,408	689,534	601,777
Total Net Deficit					
Unrestricted		(48,624)	(3,580)	(52,204)	(578)
Total Net Deficit		(48,624)	(3,580)	(52,204)	(578)
		248,502	388,828	637,330	601,199

The notes are an integral part of the financial statements.

On behalf of the Board:


 Director


 Director

Mother Teresa Middle School Inc.**Statement of Operations and Net Deficit**

Year ended August 31

	Operating	Bursary	2023	2022
	\$	\$	\$	\$
Revenue				
Donations	1,484,958	-	1,484,958	1,207,002
Government Associate School Grant	488,620	-	488,620	506,559
Other grants	315,389	-	315,389	462,772
Investment income	-	10,400	10,400	17,200
Sponsorship	40,000	-	40,000	46,500
Tuition	9,610	-	9,610	10,250
Miscellaneous income	7,540	-	7,540	500
Unrealized fair value gain (loss) on re-valuation of long-term investments	885	6,179	7,064	(31,109)
Loss on sale of long-term investments	(109)	-	(109)	-
	2,346,893	16,579	2,363,472	2,219,674
Expenses				
Academics	650,797	-	650,797	600,642
Amortization	33,746	-	33,746	30,470
Computer expenses	11,975	-	11,975	12,196
Cultural awareness & events	121,556	-	121,556	109,717
Emergent support	6,853	-	6,853	6,926
General & administrative	1,382,060	17,617	1,399,677	1,343,526
Gifts	3,017	-	3,017	-
Summer & after school programming	63,411	-	63,411	58,829
Vehicle maintenance & operating expenses	124,066	-	124,066	110,213
	2,397,481	17,617	2,415,098	2,272,519
Deficiency of revenue over expenses	(50,588)	(1,038)	(51,626)	(52,845)
Net (deficit) assets, beginning of year	1,964	(2,542)	(578)	52,267
Net deficit, end of year	(48,624)	(3,580)	(52,204)	(578)

The notes are an integral part of the financial statements.

Mother Teresa Middle School Inc.**Statement of Cash Flows**

Year ended August 31

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(51,626)	(52,845)
Adjustments to reconcile deficiency of revenue over expenses to cash provided by (used in) operating activities:		
Amortization	33,746	30,470
Loss on sale of long-term investments	109	-
Unrealized fair value (gain) loss on re-valuation of long-term investments	(7,064)	31,109
Deferred revenue - reinvested dividends	-	(371)
Donation revenue - donated shares	(7,387)	(4,954)
	(32,222)	3,409
Net change in non-cash balances relating to operations:		
Decrease (increase) in accounts receivable	24,447	(60,010)
(Increase) decrease in government remittances receivable	(274)	5,207
Decrease (increase) in prepaid expenses	201	(4,843)
Increase (decrease) in accounts payable	99,031	(24,037)
Decrease in deferred revenue	(276)	(4,565)
Cash provided by (used in) operating activities	90,907	(84,839)
INVESTING ACTIVITIES		
Proceeds on disposal of long-term investments	48,749	-
Cash distributions received on long-term investments	5,072	6,800
Purchase of long-term investments	(59,370)	-
Purchase of capital assets	(28,378)	(33,149)
Cash used in investing activities	(33,927)	(26,349)
Net increase (decrease) in cash during year	56,980	(111,188)
Cash, beginning of year	95,583	206,771
Cash, end of year	152,563	95,583

The notes are an integral part of the financial statements.

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2023

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.

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2023

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 two lease transactions and has accounted for the leases as operating leases. Lease payments are expensed as incurred.

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2023

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 Bursary Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the Operating Fund when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Charity benefits from contributed materials, supplies and professional services, as well as from services in the form of volunteer time. With the exception of donated publicly traded securities, which are measured at fair value, the value of these materials and services are not recorded in these financial statements.

Fundraising revenue is recognized as part of miscellaneous income 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 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).

	2023	2022
	\$	\$
Academics	592,508	554,629
Cultural awareness & events	83,085	73,530
General & administrative	1,022,974	985,964
Summer & after school programming	20,204	16,142
	1,718,771	1,630,265

3. LONG-TERM INVESTMENTS

	2023		2022	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Equity Investments	190,353	239,505	164,927	212,012
Fixed Income Securities	156,178	148,305	163,629	150,759
	346,531	387,810	328,556	362,771

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2023

4. CAPITAL ASSETS

	2023			2022
	Cost	Accumulated	Net Book Value	Net Book Value
	\$	\$	\$	\$
Academic Equipment	119,979	109,891	10,088	14,236
Audio Visual Equipment	35,563	34,592	971	1,294
Computer Hardware	167,626	140,290	27,336	26,876
Leasehold Improvements	442,126	442,126	-	-
Physical Education Equipment	14,717	14,717	-	-
Vehicles	80,051	78,469	1,582	2,261
	860,062	820,085	39,977	44,667

5. INTANGIBLE ASSETS

	2023			2022
	Cost	Accumulated	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer Software	43,158	41,802	1,356	2,034

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, 2023, the Bank's prime interest rate is 7.20% (2022 - 4.70%). At August 31, 2023 the operating account was in a surplus position (2022 - surplus position).

7. DEFERRED REVENUE

	Deferred Operating Grants		Other Deferred Grants (MLT Bursary)	
	2023	2022	2023	2022
	\$	\$	\$	\$
Balance, beginning of year	-	19,818	384,043	368,790
Less: amount recognized				
as revenue in the year	-	(20,189)	(10,400)	(12,000)
Plus: amount received	4,517	371	10,755	27,253
Balance, end of year	4,517	-	384,398	384,043

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2023

7. DEFERRED REVENUE (continued)

MLT Aikins 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 current year deferred revenue recorded in the Operating Fund represents external restricted funding to be used for after school and summer programming . The prior year deferred revenue recorded in the Operating Fund represents external restricted funding used on staff professional development.

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.

Mother Teresa Middle School Inc.
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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 operating leases for vehicles are as follows:

	\$
2024	33,568
2025	33,568
2026	29,856
2027	24,660
2028	24,660
	<u>146,312</u>

11. ECONOMIC DEPENDENCE

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

12. SUBSEQUENT EVENTS

Subsequent to August 31, 2023 the Charity entered into an agreement with a donor to establish a new Endowment Fund in the amount of \$2,000,000 which will be matched by a related Charity for a total of \$4,000,000.