



Mother Teresa Middle School Inc.

Audited Financial Statements

August 31, 2024

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 "Organization"), which comprise the statement of financial position as at August 31, 2024, and the statement of operations and changes in net assets, and the statement of 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 Organization as at August 31, 2024, 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 Organization 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 Organization 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, 2024 and 2023, current assets as at August 31, 2024 and 2023, and net assets as at September 1 and August 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended August 31, 2023 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 Organization 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 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.

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 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.

Deloitte LLP

Chartered Professional Accountants
Regina, Saskatchewan
December 6, 2024

Mother Teresa Middle School Inc.
Statement of Financial Position
As at August 31

	Note	Operating \$	Bursary \$	Endowment \$	2024 \$	2023 \$
ASSETS						
Current Assets						
Cash and cash equivalents	3	360,364	4,930	137,725	503,019	152,563
Accounts receivable		3,200	1,148	-	4,348	36,232
Government remittances receivable		5,365	-	-	5,365	1,000
Prepaid expenses		12,280	-	-	12,280	10,382
Total Current Assets		381,209	6,078	137,725	525,012	200,177
Long-Term Assets						
Interfund amounts receivable		244,752	-	-	244,752	8,010
Long-term investments	4	-	439,347	4,433,975	4,873,322	387,810
Capital assets	5	34,116	-	-	34,116	39,977
Intangible assets	6	678	-	-	678	1,356
Total Long-Term Assets		279,546	439,347	4,433,975	5,152,868	437,153
Total Assets		660,755	445,425	4,571,700	5,677,880	637,330
LIABILITIES AND NET EXCESS (DEFICIT)						
Liabilities						
Accounts payable		263,785	-	-	263,785	292,609
Interfund amounts payable		-	-	230,000	230,000	-
Deferred revenue	8, 9	230,000	-	-	230,000	4,517
Total Current Liabilities		493,785	-	230,000	723,785	297,126
Interfund amounts payable		-	14,752	-	14,752	8,010
Deferred revenue	8	-	405,737	-	405,737	384,398
Total Long-Term Liabilities		-	420,489	-	420,489	392,408
Total Liabilities		493,785	420,489	230,000	1,144,274	689,534
Net Excess (Deficit)						
Unrestricted		166,970	24,936	-	191,906	(52,204)
Restricted		-	-	4,341,700	4,341,700	-
Total Net Excess (Deficit)		166,970	24,936	4,341,700	4,533,606	(52,204)
		660,755	445,425	4,571,700	5,677,880	637,330

Commitments [Note 12]

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 Changes in Net Assets**

Year ended August 31

	Note	Operating \$	Bursary \$	Endowment \$	2024 \$	2023 \$
Revenue						
Donations		2,059,781	-	-	2,059,781	1,484,958
Government Associate School Grant		512,836	-	-	512,836	488,620
Other grants		141,611	-	-	141,611	315,389
Investment income		-	9,300	-	9,300	10,400
Sponsorship		40,000	-	-	40,000	40,000
Tuition		13,360	-	-	13,360	9,610
Miscellaneous income		8,588	-	-	8,588	7,540
Unrealized fair value gain on re-valuation of long-term investments		-	30,567	533,730	564,297	7,064
Loss on sale of long-term investments		(30)	-	-	(30)	(109)
Gain on sale of capital assets		9,417	-	-	9,417	-
		2,785,563	39,867	533,730	3,359,160	2,363,472
Expenses						
Academics		591,726	-	-	591,726	650,797
Amortization		31,466	-	-	31,466	33,746
Computer expenses		12,471	-	-	12,471	11,975
Cultural awareness & events		110,103	-	-	110,103	121,556
Emergent support		10,481	-	-	10,481	6,853
General & administrative		1,544,413	11,351	-	1,555,764	1,399,677
Gifts		3,050	-	-	3,050	3,017
Summer & after school programming		76,507	-	-	76,507	63,411
Vehicle maintenance & operating expenses		189,752	-	-	189,752	124,066
		2,569,969	11,351	-	2,581,320	2,415,098
Excess (deficiency) of revenue over expenses		215,594	28,516	533,730	777,840	(51,626)
Net assets (deficit), beginning of year		(48,624)	(3,580)	-	(52,204)	(578)
Endowment fund	9	-	-	3,807,970	3,807,970	-
Net assets (deficit), end of year		166,970	24,936	4,341,700	4,533,606	(52,204)

The notes are an integral part of the financial statements.

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

Year ended August 31

	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	777,840	(51,626)
Adjustments to reconcile excess (deficiency) of revenue over expenses to cash provided by operating activities:		
Donation revenue - in kind donations (shares and gift cards)	(8,491)	(7,387)
Unrealized fair value gain on re-valuation of long-term investments	(564,297)	(7,064)
Loss on sale of long-term investments	30	109
Gain on sale of capital assets	(9,417)	-
Amortization	31,466	33,746
	227,131	(32,222)
Net change in non-cash balances relating to operations:		
Decrease in accounts receivable	32,022	24,447
Increase in government remittances receivable	(4,365)	(274)
Decrease in prepaid expenses	1,793	201
(Decrease) increase in accounts payable	(28,824)	99,031
Decrease in deferred revenue	(4,287)	(276)
Cash provided by operating activities	223,470	90,907
INVESTING ACTIVITIES		
Proceeds on disposal of long-term investments	4,770	48,749
Cash distributions received on long-term investments	-	5,072
Purchase of long-term investments	(1,960,250)	(59,370)
Proceeds on sale of capital assets	11,000	-
Purchase of capital assets	(26,510)	(28,378)
Cash distributions received on investments in the Endowment fund	28,986	-
Net purchases and sales of investments in the Endowment fund	(11,256)	-
Cash used in investing activities	(1,953,260)	(33,927)
FINANCING ACTIVITIES		
Proceeds received for the Endowment fund	2,080,246	-
Cash provided by financing activities	2,080,246	-
Net increase in cash and cash equivalents during year	350,456	56,980
Cash and cash equivalents, beginning of year	152,563	95,583
Cash and cash equivalents, end of year	503,019	152,563

The notes are an integral part of the financial statements.

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2024

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, Bursary Fund and Endowment 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. The Endowment Fund, which is externally restricted, provides graduate support for students who graduate from MTMS to complete high school and 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. Significant estimates include the determination of the valuation of investments.

(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, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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

The Charity initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which the Charity has measured at fair market value.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable, government remittances receivable. Financial liabilities measured at amortized cost include accounts payable.

(i) Leases

The Charity is the lessee in three 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, 2024

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 or the Endowment 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. Endowment contributions are recognized as direct increases in net assets in the year. Investment income in the Endowment Fund includes dividend and interest income, realized gains and losses on sales of investments measured at amortized cost, and unrealized gains and losses on investments measured at fair value. Investment transactions are recognized on the transaction date and resulting revenue is recognized on an accrual basis.

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), Summer & after school programming (July), and General and administrative.

	2024	2023
	\$	\$
Academics	543,447	592,508
Cultural awareness & events	70,887	83,085
General & administrative	1,192,694	1,022,974
Summer & after school programming	21,368	20,204
	1,828,396	1,718,771

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2024

3. CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Cash held in investment accounts	142,655	9
Cash held at bank	357,943	152,626
Other	2,421	(72)
	503,019	152,563

Included in the cash and cash equivalents amount above is cash of \$8,763 (nil at August 31, 2023) and high interest savings of \$80,720 (nil at August 31, 2023) denominated in U.S dollars.

4. LONG-TERM INVESTMENTS

	2024		2023	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Canadian Investments				
Equity Investments	202,113	279,097	190,353	239,505
Fixed Income Securities	165,389	160,251	156,178	148,305
	367,502	439,348	346,531	387,810
Foreign Investments				
Equity Investments	3,900,245	4,433,974	-	-
	4,267,747	4,873,322	346,531	387,810

5. CAPITAL ASSETS

	2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Academic Equipment	119,979	113,643	6,336	10,088
Audio Visual Equipment	35,563	34,916	647	971
Computer Hardware	194,135	167,002	27,133	27,336
Leasehold Improvements	442,126	442,126	-	-
Physical Education Equipment	14,717	14,717	-	-
Vehicles	-	-	-	1,582
	806,520	772,404	34,116	39,977

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2024

6. INTANGIBLE ASSETS

	2024		2023	
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Computer Software	43,158	42,480	678	1,356

7. 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, 2024, the Bank's prime interest rate is 6.70% (2023 - 7.20%). At August 31, 2024 the operating account was in a surplus position (2023 - surplus position).

8. DEFERRED REVENUE

	2024	
	Operating Fund (current) \$	MLT Bursary (long-term) \$
Balance, beginning of year	4,517	384,398
Less: amount recognized as revenue in the current year	(4,517)	(9,300)
Plus: amounts received in current year	230,000	30,639
Balance, end of year	230,000	405,737

Included in the amounts received in the current year are new contributions received and net investment income earned in each fund.

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 Operating Fund amount received represents the accrual of the annual disbursement from the Endowment fund (Note 9).

The prior year deferred revenue recorded in the Operating Fund represents external restricted funding used on staff professional development.

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2024

9. ENDOWMENT FUND

	2024	2023
Balance, beginning of year	-	-
Plus: contributions	4,020,240	-
Plus: net investment income earned in current year	17,730	-
Less: annual distribution to Operating Fund	(230,000)	-
	<u>3,807,970</u>	<u>-</u>

In 2024 an Endowment Fund was established to support economically disadvantaged MTMS graduates transition to and complete high school and post-secondary education by utilizing dedicated staff that support students in developing individual transition plans, work to remove barriers to academic success, social, financial and educational challenges. The Endowment Fund has been funded through agreements with two donors, \$2,000,000 from an anonymous donor and \$2,000,000 from One Life Makes A Difference (a Registered Charity). The Endowment fund is managed by the MTMS Board of Directors utilizing an established spending and investment policies.

Distributions from the Endowment Fund will not encroach on the principal portion without prior written approval of the donors. Allowable annual disbursements of the Endowment Fund are 5-7% of the market value at August 31st, not to exceed the annual budget for the Graduate Support Program approved by the MTMS Board of Directors.

\$1,939,994 of the contributions received in the year were received in-kind through the transfer of investments and has not been included on the statement of cash flows.

10. 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. The Charity is exposed to interest rate risk on the cash equivalents held in high interest savings.

(c) Other Price Risk

The Charity is exposed to other price risk through its investments in quoted shares for which the value fluctuates with the quoted market price. The Charity does not engage in risk management practices such as hedging or derivatives with its investments.

Mother Teresa Middle School Inc.
Notes to the Financial Statements

August 31, 2024

10. FINANCIAL RISK MANAGEMENT POLICY (continued)

(d) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rate. The Charity is exposed to currency risk on its cash and cash equivalents, and marketable securities denominated in U.S. dollars. The Charity regularly purchases investments denominated in U.S. dollars. The Charity does not currently enter into forward contracts to mitigate this risk.

(e) 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. The significant financial liabilities include accounts payable.

11. 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.

12. COMMITMENTS

Future minimum lease payments payable under operating leases for vehicles are as follows:

	\$
2025	47,820
2026	44,108
2027	38,911
2028	38,911
2029	38,911
	<u>208,661</u>

13. ECONOMIC DEPENDENCE

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