
**SASKATOON SOCIETY FOR
CHRISTIAN EDUCATION INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT

To the Members of
Saskatoon Society for Christian Education Inc.

Qualified Opinion

We have audited the accompanying financial statements of Saskatoon Society for Christian Education Inc., which comprise the statement of financial position as at June 30, 2023 and the statements of revenue and expenditures, changes in fund balances and cash flows and the schedule of restricted funds revenue and expenditures for the year then ended, along with the summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatoon Society for Christian Education Inc. as at June 30, 2023 and its financial performance 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 charitable organizations, the society derives revenue from the general public in the form of donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenue was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Saskatoon Society for Christian Education Inc. 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Saskatoon Society for Christian Education Inc.'s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Saskatoon Society for Christian Education Inc. or to cease operations, or has no realistic alternative but to do so.

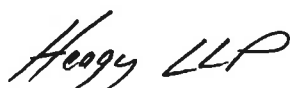
Those charged with governance are responsible for overseeing Saskatoon Society for Christian Education Inc.'s financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise 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 Saskatoon Society for Christian Education Inc.'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 Saskatoon Society for Christian Education Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Saskatoon Society for Christian Education Inc. 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.



CHARTERED PROFESSIONAL ACCOUNTANTS
Saskatoon, SK
October 12, 2023

SASKATOON SOCIETY FOR CHRISTIAN EDUCATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30

	General Fund		Capital Asset Fund		Restricted Funds		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS (notes 6 and 9)								
Cash	74,715	670,620	-	-	546,700	508,714	621,415	1,179,334
Term deposit (note 3)	250,000	-	-	-	-	-	250,000	-
Accounts receivable (note 4)	10,231	28,143	-	-	-	-	10,231	28,143
Prepaid expenditures	14,331	13,287	-	-	-	-	14,331	13,287
TANGIBLE CAPITAL ASSETS								
(notes 5 and 9)	349,277	712,050	-	-	546,700	508,714	895,977	1,220,764
	-	-	4,228,907	4,376,503	-	-	4,228,907	4,376,503
TOTAL ASSETS	349,277	712,050	4,228,907	4,376,503	546,700	508,714	5,124,884	5,597,267
CURRENT LIABILITIES								
Accounts payable and accrued liabilities (note 7)	57,001	253,112	-	-	-	-	57,001	253,112
Government payroll remittances payable	96,938	104,521	-	-	-	-	96,938	104,521
Deferred revenue (note 8)	174,415	157,452	-	-	-	-	174,415	157,452
Current portion of callable debt (note 9)	-	-	67,600	65,500	-	-	67,600	65,500
Current liabilities before callable debt	328,354	515,085	67,600	65,500	-	-	395,954	580,585
Callable debt (note 9)	-	-	67,452	146,851	-	-	67,452	146,851
TOTAL LIABILITIES	328,354	515,085	135,052	212,351	-	-	463,406	727,436
FUND BALANCES	20,923	196,965	4,093,855	4,164,152	546,700	508,714	4,661,478	4,869,831
TOTAL LIABILITIES AND FUND BALANCES	349,277	712,050	4,228,907	4,376,503	546,700	508,714	5,124,884	5,597,267

SIGNED ON BEHALF OF THE BOARD

 Director
 Director

SASKATOON SOCIETY FOR CHRISTIAN EDUCATION INC.

STATEMENT OF CHANGES IN FUND BALANCES **FOR THE YEAR ENDED**
JUNE 30

	General Fund		Capital Asset Fund		Restricted Funds		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE - BEGINNING OF YEAR	196,965	397,357	4,164,152	4,203,642	508,714	511,035	4,869,831	5,112,034
Excess (deficiency) of revenue over expenditures	(110,938)	(137,346)	(151,285)	(160,884)	53,870	56,027	(208,353)	(242,203)
Repayment of callable debt	(65,104)	(63,046)	77,299	63,046	(12,195)	-	-	-
Tangible capital asset purchases: Fundraising fund	-	-	3,689	58,348	(3,689)	(58,348)	-	-
BALANCE - END OF YEAR	20,923	196,965	4,093,855	4,164,152	546,700	508,714	4,661,478	4,869,831
FUND BALANCES CONSIST OF:								
Invested in tangible capital assets	-	-	4,093,855	4,164,152	-	-	4,093,855	4,164,152
Unrestricted	20,923	196,965	-	-	-	-	20,923	196,965
Internally restricted - schedule 1	-	-	-	-	270,853	263,585	270,853	263,585
Externally restricted - schedule 1	-	-	-	-	275,847	245,129	275,847	245,129
	20,923	196,965	4,093,855	4,164,152	546,700	508,714	4,661,478	4,869,831

SASKATOON SOCIETY FOR CHRISTIAN EDUCATION INC.

STATEMENT OF REVENUE AND EXPENDITURES **FOR THE YEAR ENDED**
JUNE 30

	General Fund		Capital Asset Fund		Restricted Funds		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Ministry of Education funding	2,237,413	2,236,718	-	-	-	-	2,237,413	2,236,718
Tuition	973,059	861,972	-	-	-	-	973,059	861,972
Donations	67,565	21,723	-	-	49,245	54,900	116,810	76,623
Student fund	-	-	-	-	51,903	38,079	51,903	38,079
Missions	-	-	-	-	45,175	652	45,175	652
Fundraising	-	-	-	-	26,308	42,742	26,308	42,742
Other	18,266	24,167	-	-	-	-	18,266	24,167
Interest	10,252	3,022	-	-	-	-	10,252	3,022
	3,306,555	3,147,602	-	-	172,631	136,373	3,479,186	3,283,975
EXPENDITURES								
Teacher services	2,086,072	1,962,890	-	-	-	-	2,086,072	1,962,890
Salaries and benefits	932,140	913,373	-	-	-	-	932,140	913,373
Materials, services and supplies -								
Administration	159,224	154,244	-	-	-	-	159,224	154,244
Education	72,313	81,963	-	-	-	-	72,313	81,963
Depreciation	-	-	151,285	160,884	-	-	151,285	160,884
Utilities	76,495	69,592	-	-	-	-	76,495	69,592
Missions	-	-	-	-	54,444	1,202	54,444	1,202
Financial assistance	51,822	59,271	-	-	-	-	51,822	59,271
Student fund	-	-	-	-	48,966	35,536	48,966	35,536
Repairs and maintenance	34,109	36,238	-	-	8,576	17,852	42,685	54,090
Fundraising	-	-	-	-	6,775	25,756	6,775	25,756
Interest on callable debt	5,318	7,377	-	-	-	-	5,318	7,377
	3,417,493	3,284,948	151,285	160,884	118,761	80,346	3,687,539	3,526,178
EXCESS (DEFICIENCY) OF REVENUE								
OVER EXPENDITURES	(110,938)	(137,346)	(151,285)	(160,884)	53,870	56,027	(208,353)	(242,203)

SASKATOON SOCIETY FOR CHRISTIAN EDUCATION INC.

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED
JUNE 30**

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures for the year	(208,353)	(242,203)
Item not affecting cash -		
Depreciation	151,285	160,884
	(57,068)	(81,319)
Changes in non-cash working capital items -		
Accounts receivable	17,912	(10,777)
Prepaid expenditures	(1,044)	(1,052)
Accounts payable and accrued liabilities	(196,111)	(31,014)
Government payroll remittances payable	(7,583)	23,499
Deferred revenue	16,963	50,888
Cash Used In Operating Activities	(226,931)	(49,775)
FINANCING ACTIVITIES		
Repayment of callable debt	(77,299)	(63,046)
Cash Used In Financing Activities	(77,299)	(63,046)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,689)	(58,348)
Purchase of term deposit	(250,000)	-
Cash Used In Investing Activities	(253,689)	(58,348)
DECREASE IN CASH POSITION	(557,919)	(171,169)
CASH POSITION - BEGINNING OF YEAR	1,179,334	1,350,503
CASH POSITION - END OF YEAR	621,415	1,179,334

SASKATOON SOCIETY FOR CHRISTIAN EDUCATION INC.

**SCHEDULE 1 - RESTRICTED FUNDS
REVENUE AND EXPENDITURES**

**FOR THE YEAR ENDED
JUNE 30**

	2023	2022
	\$	\$
REVENUE		
Student fund	51,903	38,079
Building fund	49,245	65,242
Missions fund	45,175	652
Fundraising fund	24,880	32,000
General restricted fund	1,428	400
	172,631	136,373
EXPENDITURES		
Missions fund	54,444	1,202
Student fund	48,966	35,536
Designated fund	8,576	17,852
Fundraising fund	5,896	25,756
General restricted fund	879	-
	118,761	80,346
EXCESS OF REVENUE OVER EXPENDITURES	53,870	56,027
TRANSFERS TO THE CAPITAL FUND:		
Building fund	(12,195)	-
TRANSFERS WITHIN RESTRICTED FUNDS:		
Designated fund	8,576	17,852
Fundraising fund	(8,576)	(17,852)
PURCHASE OF TANGIBLE CAPITAL ASSETS:		
Fundraising fund	(3,689)	(58,348)
RESTRICTED FUNDS - BEGINNING OF YEAR	508,714	511,035
RESTRICTED FUNDS - END OF YEAR	546,700	508,714
INTERNALLY RESTRICTED FUNDS CONSIST OF:		
Fundraising fund	140,635	133,916
Teacher services reserve fund	107,907	107,907
Non-designated restricted fund	15,183	15,183
Salary reserve fund	5,000	5,000
General restricted fund	2,128	1,579
	270,853	263,585
EXTERNALLY RESTRICTED FUNDS CONSIST OF:		
Building fund	179,235	142,185
Missions fund	48,966	58,235
Student fund	32,276	29,339
Designated fund	15,370	15,370
	275,847	245,129
TOTAL RESTRICTED FUNDS	546,700	508,714

1. THE ORGANIZATION

Saskatoon Society for Christian Education Inc. is incorporated under the Non-profit Corporations Act of the Province of Saskatchewan and operates an educational institution under the name of Saskatoon Christian School. Saskatoon Society for Christian Education Inc. is a registered charitable organization and is exempt from income taxes under provisions of the Canadian Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial Instruments

The society initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The society subsequently measures all financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures for the year.

Financial assets measured at amortized cost include cash, term deposit and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government payroll remittances payable and callable debt.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess (deficiency) of revenue over expenditures for the year. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenditures for the year.

Tangible Capital Assets and Depreciation

Tangible capital assets are recorded at cost and amortized over their estimated useful lives. This requires estimation of the useful life of the asset and its salvage and residual value. When management considers that a tangible capital asset no longer contributes to the society's ability to provide services, its carrying amount is written down to its residual value. As is true of all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of tangible capital assets is calculated using the declining balance method at the following annual rates:

Land improvements	2.5%
Buildings	2.5% to 10%
Landscaping and school grounds improvements	5% to 10%
Furniture, fixtures and school equipment	10%
Playground equipment	10%
Automotive equipment	20%
Computer equipment	20%

Depreciation on assets acquired during the year is recorded at the full annual rate. There is no depreciation recorded in the year of disposal.

Fund Accounting

Saskatoon Society for Christian Education Inc. follows the restricted fund method of accounting for contributions. It accounts for its operations using the following funds:

General Fund

The general fund reflects the primary operations of the society.

Capital Asset Fund

The capital asset fund is a restricted fund that reflects the equity of the society in tangible capital assets after taking into consideration any associated callable debt. Expenditures consist primarily of depreciation on tangible capital assets.

Restricted Funds

Restricted funds account for contributions for various externally and internally restricted funds as created by the society.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the general fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate fund in the year received.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Specifically, Ministry of Education and other government funding is recognized as revenue based upon the terms of the funding agreement. Accordingly, amounts not received by year end are shown as grants receivable and any amounts received relating to the next fiscal year are shown as deferred revenue. Tuition is recognized as revenue upon providing services to students during the school year. Finally, missions, fundraising, student fund and donations revenue is recognized when funds are received.

SASKATOON SOCIETY FOR CHRISTIAN EDUCATION INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Resources

Cash resources consist of restricted and unrestricted cash balances.

Donated Goods and Services

The society benefits from the donation of goods and services from individuals. Donations of goods for operating and fundraising purposes are recorded as donations and fundraising revenue at estimated fair market value if they would have been otherwise purchased. No accounting recognition is given to the value of services donated to the society since a fair market value cannot be reasonably estimated.

Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Significant items subject to estimate and assumption include valuation of accounts receivable and the estimated useful lives of tangible capital assets. Actual results could differ from estimates.

3. TERM DEPOSIT

The term deposit matures within 8 months and bears interest at a variable rate based on prime.

The prime rate at June 30, 2023 was 6.95%.

4. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Trade receivables	18,952	22,687
GST receivable	5,187	5,456
Less: allowance for doubtful accounts	(13,908)	-
	<u>10,231</u>	<u>28,143</u>

SASKATOON SOCIETY FOR CHRISTIAN EDUCATION INC.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED
JUNE 30, 2023****5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Depreciation	Net Book Value	
	\$	\$	2023 \$	2022 \$
Land	309,015	-	309,015	309,015
Land improvements	94,181	29,642	64,539	66,194
Buildings	5,172,582	1,888,843	3,283,739	3,377,320
Landscaping and school grounds improvements	430,431	144,201	286,230	301,697
Furniture, fixtures and school equipment	535,466	338,930	196,536	218,373
Playground equipment	123,194	96,477	26,717	29,686
Automotive equipment	40,306	36,912	3,394	4,242
Computer equipment	148,817	90,080	58,737	69,976
	6,853,992	2,625,085	4,228,907	4,376,503

6. LINE OF CREDIT

Saskatoon Society for Christian Education Inc. carries a line of credit with the RBC Royal Bank which is secured by a general security agreement covering all assets of the society. The line of credit bears interest at a floating rate based on bank prime plus 0.25 percent. The society's total available line of credit is \$100,000 (2022 - \$100,000). The terms of the line of credit are renegotiated from time to time.

The prime rate at June 30, 2023 was 6.95%.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023 \$	2022 \$
Trade payables and accrued liabilities	38,160	38,933
Vacation pay	18,841	12,852
Accrued salaries and wages	-	201,327
	57,001	253,112

8. DEFERRED REVENUE

	2023 \$	2022 \$
Prepaid tuition fees	172,259	157,212
Other deferred revenue	2,156	240
	174,415	157,452

SASKATOON SOCIETY FOR CHRISTIAN EDUCATION INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2023**9. CALLABLE DEBT**

	2023	2022
	\$	\$
3% RBC Royal Bank demand loan, payable in blended monthly instalments of \$5,869, due August 2025, secured by land and buildings and a general security agreement covering all assets of the society	135,052	212,351
Less: current portion	67,600	65,500
	<u>67,452</u>	<u>146,851</u>

The RBC Royal Bank demand loan is subject to a debt covenant whereby the debt service coverage is not to be less than 1.1 to 1. As at June 30, 2023, the society was in violation of the debt covenant. Since the loan is classified as a demand loan and included in current liabilities, there are no changes required to the financial statement presentation.

The principal payments required in each of the next two years to meet retirement provisions are as follows:

	\$
Year ending June 30, 2024	67,600
2025	67,452

10. ECONOMIC DEPENDENCE

Saskatoon Society for Christian Education Inc. receives significant funding from the Ministry of Education and continued operations are dependent upon this funding.

11. FINANCIAL RISKS***Credit Risk***

Credit risk is the risk that financial instrument future cash flows will fluctuate due to changes in the financial position of entities that possess credit with the society. The society is subject to credit risk on its accounts receivable. Management has attempted to minimize this risk by monitoring accounts receivable and by having policies in place regarding the extension of credit. There has been no change in risk exposure from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The society is subject to interest rate risk on its debt obligations. The society has attempted to minimize this risk by negotiating the best possible interest rates. There has been no change in risk exposure from the prior year.

11. FINANCIAL RISKS (continued)

Liquidity Risk

Liquidity risk is the risk that the society will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly with respect to its accounts payable and accrued liabilities, government payroll remittances payable and callable debt. The society has attempted to minimize this risk by budgeting future cash flows, monitoring cash resources and consulting with the Ministry of Education regarding future funding agreements. There has been no change in risk exposure from the prior year.