

Financial Statements of

CORNERSTONE CHRISTIAN SCHOOL INC.

Moose Jaw, Saskatchewan

And Independent Auditor's Report thereon

Year ended June 30, 2024



KPMG LLP
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada
Telephone (306) 791-1200
Fax (306) 757-4703

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cornerstone Christian School Inc.

Opinion

We have audited the financial statements of Cornerstone Christian School Inc. (the Entity), which comprise:

- the statement of financial position as at June 30, 2024
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity's internal control.



Page 3

- 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 Entity'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 Entity 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.
- 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.

DRAFT

Chartered Professional Accountants

Regina, Canada

September 26, 2024

CORNERSTONE CHRISTIAN SCHOOL INC.

Statement of Financial Position

As at June 30, 2024, with comparative information for 2023

	Operating Fund	Special Purpose Fund	Capital Fund	2024 Total	2023 Total
Assets					
Current Assets:					
Cash	\$ -	\$ 46,425	\$ -	\$ 46,425	\$ 44,838
Accounts receivable (note 4)	197,684	-	-	197,684	150,396
Prepaid expenses and deposits	32,833	-	-	32,833	35,239
Goods and services tax receivable	7,444	-	-	7,444	5,539
Inventory	2,542	-	-	2,542	4,361
	240,503	46,425	-	286,928	240,373
Capital assets (note 5)	-	-	1,091,673	1,091,673	1,161,215
	\$ 240,503	\$ 46,425	\$ 1,091,673	\$ 1,378,601	\$ 1,401,588
Liabilities					
Current Liabilities:					
Bank indebtedness	\$ 114,916	\$ -	\$ -	\$ 114,916	\$ 82,266
Accounts payable	46,098	-	-	46,098	53,148
Unearned revenue (note 6)	100,261	-	-	100,261	74,917
Current portion of long-term debt (note 7)	-	-	24,997	24,997	46,190
Government assistance payable (note 8)	439,801	-	-	439,801	394,778
	701,076	-	24,997	726,073	651,299
Long-term debt (note 7)	-	-	69,710	69,710	76,556
Net Assets (Deficit):					
Operating Fund	(460,573)	-	-	(460,573)	(409,574)
Special Purpose Fund	-	46,425	-	46,425	44,838
Capital Fund	-	-	996,966	996,966	1,038,469
	(460,573)	46,425	996,966	582,818	673,733
Commitments (note 9)					
Subsequent event (note 12)					
	\$ 240,503	\$ 46,425	\$ 1,091,673	\$ 1,378,601	\$ 1,401,588

See accompanying notes to financial statements.

On behalf of the Board:

Director

Principal/CEO

CORNERSTONE CHRISTIAN SCHOOL INC.

Statement of Operations and Changes in Net Assets

For the year ended June 30, 2024, with comparative information for 2023

	Operating Fund	Special Purpose Fund	Capital Fund	2024 Total	2023 Total
Revenues (see schedules)					
Grants	\$ 2,260,496	\$ -	\$ -	\$ 2,260,496	\$ 1,990,250
Tuition and other fees	670,352	-	-	670,352	604,027
Fundraising and donations	47,210	-	-	47,210	24,738
Other revenue	75,870	-	19,269	95,139	83,525
Special projects	97,863	-	-	97,863	106,880
Special purpose fund	-	65,438	-	65,438	66,568
	3,151,791	65,438	19,269	3,236,498	2,875,988
Expenditures (see schedules)					
	3,163,021	63,851	100,541	3,327,413	3,067,514
(Deficiency) excess of revenue over expenditures	(11,230)	1,587	(81,272)	(90,915)	(191,526)
Net assets (deficit), beginning of year	(409,574)	44,838	1,038,469	673,733	865,259
Transfers between funds	(39,769)	-	39,769	-	-
Net assets (deficit), end of year	\$ (460,573)	\$ 46,425	\$ 996,966	\$ 582,818	\$ 673,733

See accompanying notes to financial statements.

CORNERSTONE CHRISTIAN SCHOOL INC.

Statement of Cash Flows

For the year ended June 30, 2024, with comparative information for 2023

	Operating Fund	Special Purpose Fund	Capital Fund	2024 Total	2023 Total
Cash flows from Operating Activities:					
(Deficiency) excess of revenues over expenditures	\$ (11,230)	\$ 1,587	\$ (81,272)	\$ (90,915)	\$ (191,526)
Items not affecting cash:					
Amortization	-	-	87,640	87,640	84,588
Loss (gain) on disposal of capital assets	-	-	4,000	4,000	(750)
Change in non-cash working capital items:					
Accounts receivable	(47,288)	-	-	(47,288)	(127,451)
Prepaid expenses and deposits	2,406	-	-	2,406	(6,456)
Goods and services tax receivable	(1,905)	-	-	(1,905)	2,048
Inventory	1,819	-	-	1,819	(491)
Accounts payable	(7,050)	-	-	(7,050)	19,143
Unearned revenue	25,344	-	-	25,344	(11,053)
Government assistance payable	45,023	-	-	45,023	48,011
Interfund transfers	(39,769)	-	39,769	-	-
	(32,650)	1,587	50,137	19,074	(183,937)
Cash Flows from Investing Activities:					
Purchase of capital assets	-	-	(22,097)	(22,097)	(71,288)
Proceeds from disposal of capital assets	-	-	-	-	750
	-	-	(22,097)	(22,097)	(70,538)
Cash Flows from Financing Activities:					
Proceeds from bank indebtedness	32,650	-	-	32,650	82,266
Proceeds of long-term debt	-	-	-	-	105,000
Repayment of long-term debt	-	-	(28,040)	(28,040)	(62,554)
	32,650	-	(28,040)	4,610	124,712
Increase (decrease) in cash	-	1,587	-	1,587	(129,763)
Cash, beginning of year	-	44,838	-	44,838	174,601
Cash, end of year	\$ -	\$ 46,425	\$ -	\$ 46,425	\$ 44,838

See accompanying notes to financial statements.

CORNERSTONE CHRISTIAN SCHOOL INC.

Notes to the Financial Statements

For the year ended June 30, 2024

1. Nature of operations:

Cornerstone Christian School Inc. (the "School") was incorporated under the provisions of the *Non-Profit Corporations Act* of the Province of Saskatchewan. The School is responsible for managing donor designated funds and tuition for use in education.

The School enjoys tax-exempt status as a registered charity (Charity Number – 893970970 RR 0001) under Paragraph 149(1)(f) of the Income Tax Act. In order to maintain registered status, a public organization must fulfill certain annual expenditure requirements.

2. Basis of presentation:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. Significant accounting policies:

(a) Cash:

Cash consists of cash on hand, canteen floats, cash for deposit and bank accounts.

(b) Fund accounting:

The organization maintains accounts in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

- Operating Fund - to facilitate accounting for the primary operations of the School, including revenues received for provision of services from Prairie South School Division. Expenses are for the delivery of services.
- Special Purpose Fund - a restricted fund to facilitate accounting for assets subject to restrictions set out by the board including, but not limited to, scholarship and graduation funds.
- Capital Fund - to facilitate accounting for capital assets and debts related to capital assets.

(c) Revenue recognition:

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably assured. Unrestricted revenues are recognized as follows:

- Grant revenue is recorded when grant funds are received.
- Tuition and other fee revenue is recorded when amounts are invoiced and relate to the current academic year. Tuition paid in advance is recorded as unearned revenue.
- Revenue from fundraising, donations, other revenues and special projects are recorded when funds are received or at point of sale.

Restricted contributions are recognized as revenue of the Special Purpose Fund. Restricted revenues for the Special Purpose Fund are recorded when received.

CORNERSTONE CHRISTIAN SCHOOL INC.

Notes to the Financial Statements (continued)

For the year ended June 30, 2024

3. Significant accounting policies (continued):

(d) Financial instruments:

The School's financial instruments consist of cash, accounts receivable, goods and services tax receivable, bank indebtedness, accounts payable, government assistance payable and long-term debt. Financial instruments are recorded at fair value on initial recognition and subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Management has not elected to carry any of the financial instruments at fair value. Financial assets, where applicable, are tested for impairment at the end of each reporting period when there are indications that an asset may be impaired.

(e) Capital assets:

Capital assets are recorded at cost in the Capital Fund. Normal maintenance and repair expenditures are expensed as incurred. The School provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Land improvements	8%
Building	5%
Furnishings and equipment	20%
Computer equipment	30%
Vehicles	30%
Buses	10%

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the fiscal period. Some of the areas where estimates are used are in the valuation of accounts receivable and in the determination of useful lives of capital assets. Actual results could differ from those estimates and assumptions.

CORNERSTONE CHRISTIAN SCHOOL INC.

Notes to the Financial Statements (continued)

For the year ended June 30, 2024

4. Accounts receivable:

	2024	2023
Trade accounts receivable	\$ 197,684	\$ 150,396

During the year, the school recorded bad debt expense of \$5,763 (2023 - \$nil) which is included in other expenses of the operating funds.

5. Capital assets:

	2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 2,000	\$ -	\$ 2,000	\$ 2,000
Land improvements	50,444	37,490	12,954	14,081
Building	2,509,440	1,613,856	895,584	942,720
Furnishings and equipment	315,251	287,909	27,342	29,505
Computer equipment	252,542	195,015	57,527	65,948
Vehicles and buses	238,223	141,957	96,266	106,961
	\$ 3,367,900	\$ 2,276,227	\$ 1,091,673	\$ 1,161,215

Amortization for the year amounted to \$87,640 (2023 - \$84,588).

6. Unearned revenue:

	2024	2023
Prepaid tuition and fees	\$ 91,075	\$ 67,147
Canteen fund	3,096	3,001
Gift card credits	6,090	4,769
	\$ 100,261	\$ 74,917

Unearned revenue is made up of funds received prior to services or goods being delivered.

CORNERSTONE CHRISTIAN SCHOOL INC.

Notes to the Financial Statements (continued)

For the year ended June 30, 2024

7. Long-term debt:

	2024	2023
Loan repayable at 7.7% to Bank of Montreal in monthly blended principal and interest payments of \$2,052, maturing September 30, 2027.	\$ 75,834	\$ 93,356
Loan repayable at 7.7% to Bank of Montreal in monthly blended payments of \$531, secured by equipment with a carrying value of \$26,858 (2023 - \$29,842), maturing November 30, 2026.	18,873	23,000
Loan repayable at 4.25% to Bank of Montreal in monthly blended principal and interest payments of \$1,668, secured by equipment with a carrying value of \$60,225 (2023 - \$66,917), maturing November 30, 2023.	-	6,390
	94,707	122,746
Less: Current portion	24,997	46,190
	\$ 69,710	\$ 76,556

Estimated principal repayments are as follows:

2025	\$ 24,997
2026	26,865
2027	42,845

Interest on the above debt totaled to \$8,901 (2023 - \$7,598). The school also has a line of credit with Bank of Montreal for \$200,000 (2023 - \$200,000) of which \$123,127 was drawn as at June 30, 2024 (2023 - \$99,590). The line of credit has an interest rate of prime plus 1% and is repayable on demand.

8. Government assistance payable:

In 2022, the School received communication from Canada Revenue Agency (CRA) indicating they were not eligible for government assistance provided under the Canada Emergency Wage Subsidy (CEWS) program. An appeal has been filed with the CRA to challenge their determination of eligibility. Amounts received in connection with the CEWS program have been recorded as repayable at the balance sheet date, but the ultimate repayment of funds is contingent on a final decision resulting from the aforementioned appeal. Interest of \$93,034 (2023 - \$48,011) has been accrued on the balance.

CORNERSTONE CHRISTIAN SCHOOL INC.

Notes to the Financial Statements (continued)

For the year ended June 30, 2024

9. Commitments:

The school leases various office equipment. Minimum annual base lease payments over the next two years on these leases are as follows:

2024 - 2025	\$ 5,626
2025 - 2026	3,186

10. Economic dependence:

A substantial portion of funding is received from the Saskatchewan Ministry of Education. This funding represents 70% (2023 – 70%) of total revenue and 77% (2023 – 76%) of accounts receivable outstanding at June 30, 2024. The loss of this funding would have a significant impact on the school's ability to continue its operations.

11. Financial instrument risks:

The School is exposed to various financial risks through transactions in financial instruments. The following provides information to assess the extent of the School's exposure to these risks. There have been no significant changes to these risks since 2023.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The School's main credit risk relates to its cash and accounts receivable. Cash is maintained with a large federally regulated financial institution in Canada. The School reduces this risk by regularly reviewing credit policies and limiting the amount of credit extended when necessary. Management believes concentrations of credit risk with respect to amounts receivable is limited due to the large number of small accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the school will not be able to meet its financial obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable rate. The school's approach to managing liquidity is to ensure that it can match grant payments to cash flows to ensure that it has sufficient cash flows to fund its operations and to meet its obligations when they come due, under normal and stressed conditions. There is liquidity risk around the outcome of management's appeal to CRA, see note 8; management will re-assess cashflows and determine options to repay this obligation should the appeal be unsuccessful.

CORNERSTONE CHRISTIAN SCHOOL INC.

Notes to the Financial Statements (continued)

For the year ended June 30, 2024

11. Financial instrument risks (continued):

(c) Interest risk:

The school is exposed to interest rate risk on their long-term debt. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

Consistent with similar not-for-profit organizations, risk management policies are part of the overall management of the school's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in management activities, requirements and actions. As a part of the overall management of the school's operations management considers avoidance of undue concentrations of risk and employs appropriate investment and credit management policies to manage the School's exposure.

12. Subsequent event:

Subsequent to year end, a section of the sewer line in the elementary portion of the School collapsed and will need to be repaired in the imminent future. Management has received quotes for the repairs and estimates the related costs to be approximately \$35,000; these expenditures will be recorded in the next fiscal year.

CORNERSTONE CHRISTIAN SCHOOL INC.

Schedule of Revenues - Operating Fund

For the year ended June 30, 2024, with comparative information for 2023

	2024	2023
Grants:		
Grants received from Prairie South School Division #210	\$ 486,000	\$ 445,000
Grants paid directly by Prairie South School Division #210	1,773,131	1,538,677
Annual Reconciliation	1,365	6,573
	\$ 2,260,496	\$ 1,990,250
Tuition and other fees:		
Tuition	\$ 642,800	\$ 584,779
Student fees	4,420	2,025
Registration	6,691	4,020
Driver's education	16,441	13,203
	\$ 670,352	\$ 604,027
Fundraising and donations:		
Donations	\$ 47,210	\$ 24,738

CORNERSTONE CHRISTIAN SCHOOL INC.

Schedule of Revenues - Operating Fund

For the year ended June 30, 2024, with comparative information for 2023

	2024	2023
Other revenue:		
Transportation	\$ 45,714	\$ 38,015
Interest	1,307	1,266
Facility rental	8,065	8,454
Miscellaneous	2,453	3,593
Extra-curricular and field trips	18,331	29,883
	\$ 75,870	\$ 81,211
Special projects:		
Canteen	\$ 66,486	\$ 60,059
Musical	30,913	38,049
One Acts	464	8,772
	\$ 97,863	\$ 106,880

CORNERSTONE CHRISTIAN SCHOOL INC.

Schedule of Revenues - Special Purpose Fund

For the year ended June 30, 2024, with comparative information for 2023

	2024	2023
Special purpose fund:		
Legacy 3036 fundraiser	\$ 17,174	\$ -
CCS Missions	13,182	-
Graduation fund	12,911	10,833
Student aid	8,350	29,197
Other revenue/projects	7,010	20,113
Bursary revenue	4,495	3,200
High school student leadership council	2,316	3,225
	\$ 65,438	\$ 66,568

CORNERSTONE CHRISTIAN SCHOOL INC.

Schedule of Revenues - Capital Fund

For the year ended June 30, 2024, with comparative information for 2023

	2024	2023
Capital fund:		
Capital donations	\$ 18,524	\$ 1,564
Gain on sale of depreciated capital assets	745	750
	\$ 19,269	\$ 2,314

CORNERSTONE CHRISTIAN SCHOOL INC.

Schedule of Expenditures - Operating Fund

For the year ended June 30, 2024, with comparative information for 2023

	2024	2023
Teaching salaries	\$ 1,645,871	\$ 1,548,020
CCS expenses:		
CCS salaries and benefits	709,916	672,617
General instructional and education	70,805	55,579
Professional development	2,740	3,524
General administrative	193,767	164,260
Facilities	120,487	129,873
Technology	48,845	57,047
Transportation	98,682	58,873
Other expense	172,507	140,197
	1,417,749	1,281,970
Special projects:		
Canteen	62,677	57,088
Musical	34,705	36,419
One Acts	2,019	12,732
	99,401	106,239
	\$ 3,163,021	\$ 2,936,229

CORNERSTONE CHRISTIAN SCHOOL INC.

Schedule of Expenditures - Special Purpose Fund

For the year ended June 30, 2024, with comparative information for 2023

	2024	2023
CCS Missions	\$ 23,920	\$ -
Graduation fund	14,767	9,659
Miscellaneous	10,281	12,145
Student aid	9,759	10,896
Bursary	2,683	2,500
High school student leadership council	2,441	3,899
	\$ 63,851	\$ 39,099

CORNERSTONE CHRISTIAN SCHOOL INC.

Schedule of Expenditures - Capital Fund

For the year ended June 30, 2024, with comparative information for 2023

	2024	2023
Loan interest	\$ 8,901	\$ 7,598
Amortization of capital assets	87,640	84,588
Loss on disposal of capital assets	4,000	-
	\$ 100,541	\$ 92,186