

FREEDOM INTERNATIONAL SCHOOL INC.

Financial Statements

Period Ended June 30, 2019

FREEDOM INTERNATIONAL SCHOOL INC.
Index to Financial Statements
Period Ended June 30, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9



GHI Professional
Corporation, Chartered
Professional Accountant
Suite 200 - 1460
Chevrier Blvd.
Winnipeg MB R3T 1Y6
Canada

Tel: 431-887-4148

INDEPENDENT AUDITOR'S REPORT

To the Members of Freedom International School Inc.

Qualified Opinion

I have audited the financial statements of Freedom International School Inc. (the School), which comprise the statement of financial position as at June 30, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the School as at June 30, 2019, and the results of its operations and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the School derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the School and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. My audit opinion on the financial statements for the year ended June 30, 2018 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the School in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 ASNPO, 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 School'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 School or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the School's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 School'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 School's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the School 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.

I 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 I identify during my audit.

Winnipeg, Manitoba
November 7, 2020

CHARTERED PROFESSIONAL ACCOUNTANT

FREEDOM INTERNATIONAL SCHOOL INC.
Statement of Financial Position
June 30, 2019

ASSETS

CURRENT

Cash	\$ 10,170
Accounts receivable	18,904
Prepaid expenses	<u>824</u>
	<u>\$ 29,898</u>

LIABILITIES AND NET ASSETS

CURRENT

Accounts payable and accrued liabilities	\$ 6,569
--	----------

NET ASSETS

23,329

LIABILITIES AND NET ASSETS

\$ 29,898

ON BEHALF OF THE BOARD

B. P. Book Director

[Signature] Director

See notes to financial statements

FREEDOM INTERNATIONAL SCHOOL INC.
Statement of Revenues and Expenditures
Period Ended June 30, 2019

REVENUES	
Donations	\$ 138,711
Fundraisings	356
Student fees	<u>3,140</u>
	<u>142,207</u>
EXPENSES	
Advertising and promotion	3,710
Business taxes, licenses and memberships	748
Cleaning charges	600
Fundraising	2,098
Hourly subsidies to contractors	4,760
Interest and bank charges	7
Meetings and conventions	113
Memberships and professional development	94
Professional fees	4,024
Rental	17,100
Salaries and wages	78,468
Sports, arts and awards	2,551
Supplies	3,020
Transportation	<u>1,585</u>
	<u>118,878</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 23,329</u>

FREEDOM INTERNATIONAL SCHOOL INC.
Statement of Changes in Net Assets
Period Ended June 30, 2019

	<u>2019</u>
NET ASSETS - BEGINNING OF PERIOD	\$ -
EXCESS OF REVENUES OVER EXPENSES	<u>23,329</u>
NET ASSETS - END OF PERIOD	<u>\$ 23,329</u>

FREEDOM INTERNATIONAL SCHOOL INC.

Statement of Cash Flows

Period Ended June 30, 2019

OPERATING ACTIVITIES	
Excess of revenues over expenses	<u>\$ 23,329</u>
Changes in non-cash working capital:	
Accounts receivable	(18,904)
Accounts payable and accrued liabilities	6,569
Prepaid expenses	<u>(824)</u>
	<u>(13,159)</u>
INCREASE IN CASH FLOW	10,170
Cash - beginning of period	<u>-</u>
CASH - END OF PERIOD	<u>\$ 10,170</u>
CASH FLOWS SUPPLEMENTARY INFORMATION	
Interest paid	<u>\$ 7</u>

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Period Ended June 30, 2019

1. PURPOSE OF THE SCHOOL

Freedom International School (the "School") is a not-for-profit organization incorporated on May 1, 2018 under the Corporations Act of Manitoba. As a registered charity the School is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The School is designed to provide support for students and their families as they transition successfully into Canadian society. The School operates to address the needs of students who are two or more academic years behind their peers in the public school system.

The registered office of the organization is 771 Sargent Avenue, Winnipeg, MB R3E 0B5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNFPO) and reflect the following significant account policies:

First financial statements

These are the first financial statements of the School since its incorporation date and were prepared in accordance with ASNFPO.

Fund accounting

The School has established the following funds to account for and to report on activities or objectives of the School.

Unrestricted

All revenues, expenditures, assets and liabilities relating to day to day operations of the School are reported in the School's Unrestricted Fund.

Internally restricted

Assets, liabilities, revenues and expenses related to internally restricted funds, if any, of Freedom International School Inc. are separately reported.

Revenue recognition

School follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Student fees are recognized as revenue proportionately over the fiscal year to which they relate.

Expenses

Expenses are accounted for in the books of accounts when they are actually incurred.

(continues)

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Period Ended June 30, 2019

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

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. Volunteers contribute significant hours per year to assist School in delivering its services. Whether the fair value of contributed services and donated material goods cannot be reasonably determined, those contributed services and material goods are not reflected in these financial statements.

Capital assets

Capital assets are recorded as expenses in the year they are acquired.

Cash

Cash and bank are made up of unrestricted cash and balance with bank at the statement of financial position date.

Goods and Services Tax

Goods and Services Tax (GST) paid on materials purchased and services acquired are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value when the School becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. Financial assets and liabilities measured at amortized cost. Financial assets and financial liabilities subsequently measured at amortised costs include cash, accounts receivable, accounts payable and accrued liabilities.

With respect to financial assets measured at cost or amortized cost, The School recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

3. FINANCIAL INSTRUMENTS

The School is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the School's risk exposure and concentration as of June 30, 2019.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The School has sufficient funds in bank to meet its debt. The School is exposed to this risk mainly related to accounts payable and accrued liabilities.

(continues)

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Period Ended June 30, 2019

3. FINANCIAL INSTRUMENTS *(continued)*

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The School is not significantly exposed to these risks. Analysis of each risk is given below:

(c) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The School is not exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable as these are held in Canadian dollars.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the School manages exposure through its normal operating and financing activities. The School is not exposed to interest rate risk as it does not carry any floating interest rate bank indebtedness and credit facilities.

(e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The School is not nexposed to other price risk as it has no investment in quoted shares.

4. SUBSEQUENT EVENT

Covid 19

Subsequent to the statement of financial position date, on March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the School in future periods
