

FREEDOM INTERNATIONAL SCHOOL INC.
Financial Statements
Year Ended June 30, 2024

FREEDOM INTERNATIONAL SCHOOL INC.
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Year Ended June 30, 2024

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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, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year 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, 2024, and the results of its operations and cash flows for the year 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. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, cash flows from operations for the years ended June 30, 2024 and 2023, current assets as at June 30, 2024 and 2023, and net assets as at July 1 and June 30 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended June 30, 2024 was modified accordingly because of the possible effects of this scope limitation.

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.

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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
October 22, 2024

GHI PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

FREEDOM INTERNATIONAL SCHOOL INC.
Statement of Financial Position
June 30, 2024

	2024	2023
	\$	\$
ASSETS		
CURRENT		
Cash	33,576	303,753
Accounts receivable	43,741	30,275
Prepaid expenses	1,981	3,110
	79,298	337,138
PROPERTY, PLANT AND EQUIPMENT <i>(Note 4)</i>	136,095	160,834
INVESTMENTS IN GIC	45,000	-
	260,393	497,972
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	36,855	37,872
CEBA loan	-	30,000
Deferred contribution	24,106	186,213
	60,961	254,085
TOTAL LIABILITIES	60,961	254,085
NET ASSETS		
Net assets	199,432	243,887
	199,432	243,887
TOTAL LIABILITIES AND NET ASSETS	260,393	497,972

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

FREEDOM INTERNATIONAL SCHOOL INC.
Statement of Revenues and Expenditures
Year Ended June 30, 2024

	2024	2023
	\$	\$
REVENUES		
Federal and provincial grants	351,775	360,575
Donated goods revenue	167,987	116,824
Grants - non government	167,459	103,996
Donations	140,340	166,638
Student fees	30,235	38,540
Fundraisings	5,215	4,473
	<u>863,011</u>	<u>791,046</u>
EXPENSES		
Salaries and wages	511,192	462,806
Donated good expenses	167,987	116,824
Management salaries	93,898	72,422
Rental	38,300	34,598
Supplies	27,056	37,268
Amortization	24,739	24,132
Professional fees	23,646	20,669
Transportation	8,673	5,276
Repairs and maintenance	4,028	5,154
Fundraising	3,964	3,473
Bursaries and scholarships	3,550	-
Insurance	3,151	2,906
Meetings and conventions	1,326	2,057
Memberships	1,193	1,072
Advertising and promotion	640	971
Interest and bank charges	443	472
Utilities	195	236
Bad debts	88	3,330
	<u>914,069</u>	<u>793,666</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(51,058)	(2,620)
OTHER INCOME	6,603	4,919
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(44,455)	2,299

See notes to financial statements

FREEDOM INTERNATIONAL SCHOOL INC.
Statement of Changes in Net Assets
Year Ended June 30, 2024

	General Fund \$	Restricted Fund \$	2024 \$	2023 \$
NET ASSETS - BEGINNING OF YEAR	243,887	-	243,887	241,588
Deficiency of revenues over expenses	(44,455)	-	(44,455)	2,299
NET ASSETS - END OF YEAR	199,432	-	199,432	243,887

FREEDOM INTERNATIONAL SCHOOL INC.

Statement of Cash Flows

Year Ended June 30, 2024

	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(44,455)	2,299
Item not affecting cash:		
Amortization of property, plant and equipment	24,739	24,132
	(19,716)	26,431
Changes in non-cash working capital:		
Accounts receivable	(13,466)	(7,001)
Accounts payable and accrued liabilities	(1,017)	12,105
Prepaid expenses	1,129	(1,326)
CEBA loan	(30,000)	-
	(43,354)	3,778
Cash flow from (used by) operating activities	(63,070)	30,209
INVESTING ACTIVITIES		
Leasehold improvements	-	(5,640)
Investments in GIC	(45,000)	-
Cash flow used by investing activities	(45,000)	(5,640)
FINANCING ACTIVITY		
Deferred contribution	(162,107)	107,829
INCREASE (DECREASE) IN CASH FLOW	(270,177)	132,398
Cash - beginning of year	303,753	171,355
CASH - END OF YEAR	33,576	303,753
CASH CONSISTS OF:		
Cash	33,576	303,753

See notes to financial statements

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Year Ended June 30, 2024

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. The School is a registered charity and is exempt from the payment of income taxes under 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. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

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.

The School recognizes grants when collection is reasonably assured and all criteria to recognize grant revenue is met.

Donated food is recognized at fair value.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Furniture and equipment	20%
Leasehold improvements	10%

The School regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

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FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Year Ended June 30, 2024

3. 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.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year \$166,779 (2023:\$99,466) in goods were received from charity organization and donated onwards.

Cash and short term investments

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

Goods and services tax

Contributed materials and services are recoverable at 68% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Financial Instruments

The School initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets subsequently measured at amortized cost include cash, accounts receivable and grants receivable. Financial liabilities measured at amortized cost include the 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.

Use of estimates

The preparation of financial statements in conformity with ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Significant estimates included in these financial statements relate to the valuation of contributed assets, and the useful life of property, plant and equipment. Actual results could differ from these estimates.

Comparative figures

Certain comparative amounts have been reclassified to confirm to the current year's presentation.

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Year Ended June 30, 2024

4. PROPERTY, PLANT AND EQUIPMENT

	Cost \$	Accumulated amortization \$	2024 Net book value \$	2023 Net book value \$
Furniture and equipment	23,209	14,800	8,409	14,262
Leasehold improvements	183,215	55,529	127,686	146,572
	206,424	70,329	136,095	160,834

5. DEFERRED CONTRIBUTIONS

	2024 \$	2023 \$
Green Team grants	14,671	27,600
Local Food Infrastructure Fund	7,540	11,310
Jumpstart	1,295	1,750
Student fee	600	300
Fundraising	-	750
Anonymous Grant	-	135,000
Winnipeg Foundation	-	9,503
	24,106	186,213

6. CEBA LOAN

Federal Government of Canada has provided an interest free Canada Emergency Business Account (CEBA), partially forgivable, loans of up to \$40,000 to small businesses and not-for-profits, that have experienced diminished revenues due to COVID-19 but face ongoing non-deferrable costs, such as rent, utilities, insurance, taxes and wages.

A portion of the \$40,000 CEBA loan will be forgivable if 75% of the loan is repaid by January 18, 2024. As of June 30, 2024, the School has repaid the loan.

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Year Ended June 30, 2024

7. FINANCIAL INSTRUMENTS

The School is exposed to various risks through its financial instruments and has a comprehensive 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, 2024.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The School is exposed to credit risk from donors and members. In order to reduce its credit risk, the School reviews a new member or donor's credit history before extending credit and conducts regular reviews of its existing donor and members' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The School has a significant number of students which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The School is exposed to this risk mainly in respect of its receipt of funds from its governments, other related sources and accounts payable.

(c) 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. These risks are evaluated below;

(d) Currency risk

Currency risk is the risk to the School's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The School is not significantly exposed to foreign currency exchange risk as its receivable and payable are in local currency.

(e) 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 doesn't carry interest based borrowings.

(f) 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 exposed to other price risk as it has no investment in quoted shares.

(g) Additional risk

Unless otherwise noted, it is management's opinion that the School is not exposed to significant other price risks arising from these financial instruments.
