

FREEDOM INTERNATIONAL SCHOOL INC.
Financial Statements
Year Ended June 30, 2025

FREEDOM INTERNATIONAL SCHOOL INC.
Index to Financial Statements
Year Ended June 30, 2025

	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 - 10



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, 2025, 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, 2025, 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. 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, 2024 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
August 27, 2025

Draft
CHARTERED PROFESSIONAL ACCOUNTANT

FREEDOM INTERNATIONAL SCHOOL INC.
Statement of Financial Position
As at June 30, 2025

	2025	2024
	\$	\$
ASSETS		
CURRENT		
Cash	61,195	33,576
Accounts receivable	56,948	43,741
Prepaid expenses	2,453	1,981
	120,596	79,298
PROPERTY, PLANT AND EQUIPMENT <i>(Note 3)</i>	124,527	136,095
INVESTMENTS IN GIC	65,000	45,000
TOTAL ASSETS	310,123	260,393
LIABILITIES AND NET ASSETS		
CURRENT		
Deferred contribution <i>(Note 4)</i>	63,634	24,106
Payroll liabilities	27,159	29,637
Accounts payable and accrued liabilities <i>(Note 5)</i>	18,397	7,218
	109,190	60,961
TOTAL LIABILITIES	109,190	60,961
NET ASSETS	200,933	199,432
TOTAL LIABILITIES AND NET ASSETS	310,123	260,393

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

FREEDOM INTERNATIONAL SCHOOL INC.
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025

	2025	2024
	\$	<i>Restated</i> \$
REVENUES		
Federal and provincial grants	307,160	351,775
Grants - non government	216,343	167,459
Donations	174,804	140,340
Student fees	38,325	30,235
Special events and fundraising	6,952	5,215
Donated products revenue <i>(Note 6)</i>	16,148	1,209
	<u>759,732</u>	<u>696,233</u>
EXPENSES		
Salaries and wages	510,265	511,192
Management salaries	93,728	93,898
Rental	36,275	38,300
Supplies	30,449	27,056
Amortization	26,513	24,739
Donated goods <i>(Note 6)</i>	16,148	1,209
Professional fees	13,666	23,646
Bursaries and scholarships	11,343	3,550
Repairs and maintenance	6,455	4,028
Student transportation	4,980	8,673
Fundraising	2,998	3,964
Insurance	3,201	3,151
Meetings and conventions	2,235	1,326
Memberships	1,915	1,193
Advertising and promotion	1,103	640
Bad debts	844	88
Interest and bank charges	385	443
Utilities	168	195
	<u>762,671</u>	<u>747,291</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(2,939)</u>	<u>(51,058)</u>
OTHER INCOME		
Interest income	3,565	4,103
Gain on disposal of assets	875	2,500
	<u>4,440</u>	<u>6,603</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>1,501</u>	<u>(44,455)</u>

See notes to financial statements

FREEDOM INTERNATIONAL SCHOOL INC.

Statement of Changes in Net Assets

For the Year Ended June 30, 2025

	General Fund \$	2025 \$	2024 \$
NET ASSETS - BEGINNING OF YEAR	199,432	199,432	243,887
EXCESS OF REVENUES OVER EXPENSES	1,501	1,501	(44,455)
NET ASSETS - END OF YEAR	200,933	200,933	199,432

FREEDOM INTERNATIONAL SCHOOL INC.**Statement of Cash Flows****For the Year Ended June 30, 2025**

	2025	2024
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	1,501	(44,455)
Item not affecting cash:		
Amortization of property, plant and equipment	26,513	24,739
	<u>28,014</u>	<u>(19,716)</u>
Changes in non-cash working capital:		
Accounts receivable	(13,207)	(15,845)
Prepaid expenses	(472)	1,129
Accounts payable and accrued liabilities	11,178	(223)
Payroll liabilities	(2,478)	1,585
CEBA loan	-	(30,000)
	<u>(4,979)</u>	<u>(43,354)</u>
Cash flow from (used by) operating activities	<u>23,035</u>	<u>(63,070)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,944)	-
Investments in GIC	(20,000)	(45,000)
Cash flow used by investing activities	<u>(34,944)</u>	<u>(45,000)</u>
FINANCING ACTIVITY		
Deferred contribution	39,528	(162,107)
INCREASE (DECREASE) IN CASH FLOW	27,619	(270,177)
Cash - beginning of year	<u>33,576</u>	<u>303,753</u>
CASH - END OF YEAR	<u>61,195</u>	<u>33,576</u>
CASH CONSISTS OF:		
Cash	<u>61,195</u>	<u>33,576</u>

See notes to financial statements

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Year Ended June 30, 2025

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. Management has determined that they are exempt from 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 School is 771 Sargent Avenue, Winnipeg, MB R3E 0B5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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.

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	25% straight-line method
Leasehold improvements	10% straight-line method

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.

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.

Donated food is recognized at fair value.

(continues)

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Year Ended June 30, 2025

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

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 and accounts 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.

Expenses

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

Contributed services

The operations of the School 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.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the School's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment;
- the allowance for doubtful accounts;

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, 2025

3. PROPERTY, PLANT AND EQUIPMENT

	Cost \$	Accumulated amortization \$	2025 Net book value \$	2024 Net book value \$
Furniture and equipment	33,046	21,406	11,640	8,409
Leasehold improvements	188,322	75,435	112,887	127,686
	221,368	96,841	124,527	136,095

4. DEFERRED CONTRIBUTIONS

	2025 \$	2024 \$
New Life Minister 2025	40,102	-
Green Team 2025	17,105	-
LFIF Grant unamortized	3,770	7,540
Jumpstart 2025 Summer	1,400	-
Student fee	800	600
Jumpstart 2024 Fall	457	-
Green Team 2024	-	14,670
Jumpstart 2024 Summer	-	1,294
	63,634	24,104

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities amounted to \$18,396 (2024:\$7,218) as at date of the statement of financial position.

6. IN-KIND REVENUE

Second Harvest food donations were not used by the School and these were all passed on to Encountering Hope Ministries (EHM) to be distributed to the newcomer families. These donated goods valuing \$189,618 (2024; \$166,778) passed on to EHM are reflected on net basis in the statements of operations, after deducting donated goods expenses of \$189,618 (2024; \$166,778). Comparative amounts related to donated goods were reclassified to confirm to the current year's presentation.

FREEDOM INTERNATIONAL SCHOOL INC.

Notes to Financial Statements

Year Ended June 30, 2025

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, 2025.

(a) Credit risk

Credit risk arises from the potential that a counterparty will fail to fulfill its financial obligations. The School is exposed to credit risk primarily through its accounts receivable. An allowance for doubtful accounts is established based on management's assessment of specific accounts, historical trends, and other information. The School has a significant number of donors and funding sources, which helps to minimize the concentration of credit risk. The School is not significantly exposed to credit risk related to GICs as these are issued by major Canadian financial institutions.

(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 deferred contribution, payroll liabilities, accounts payable and accrued liabilities.

(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 it has no financial assets or financial liabilities in foreign 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. The School is exposed to interest rate risk fluctuation on GICs.

(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.
