Financial Statements of

THE CALGARY JEWISH ACADEMY

And Independent Auditors' Report thereon

Year ended August 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Calgary Jewish Academy

Opinion

We have audited the accompanying financial statements of Calgary Jewish Academy, (the “Entity”) which comprise:

- the statement of financial position as at August 31, 2022
- the statement of operations for the year then ended
- the statement of 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 August 31, 2022, 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' 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 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 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.

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 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.

- 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 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 the Entity's 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

December 6, 2022

THE CALGARY JEWISH ACADEMY

Statement of Financial Position

August 31, 2022, with comparative figures for 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 462,052	$ 707,980
Due from the Friends of The Calgary Jewish Academy Trust	56,279	82,902
Accounts receivable	34,703	–
Government remittances recoverable	–	9,845
Prepaid expenses and supplies	90,458	63,911
	643,492	864,638
Cash reserve (note 3)	225,390	215,690
Capital assets (note 6)	1,554,507	1,515,288
Investments (note 5)	1,745,634	1,416,571
	$ 4,169,023	$ 4,012,187
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 113,512	$ 64,308
Government remittances payable	13,124	–
Deferred revenue (notes 7 and 11)	715,353	689,572
Current portion of credit facilities (note 4)	52,471	48,073
	894,460	801,953
Unamortized capital contributions (note 8)	422,880	440,865
Credit facilities (note 4)	292,560	444,059
	1,609,900	1,686,877
Net assets:		
Unrestricted	1,200,766	1,033,857
Invested in capital assets	1,131,627	1,074,423
Internally restricted	226,730	217,030
	2,559,123	2,325,310
Commitments (note 9)		
Economic dependence (note 12)		
	$ 4,169,023	$ 4,012,187

See accompanying notes to financial statements.

THE CALGARY JEWISH ACADEMY

Statement of Operations

Year ended August 31, 2022, with comparative figures for 2021

	2022	2021
Revenue:		
Parent contributions	$ 2,760,714	$ 2,843,628
Subsidies	(437,145)	(597,617)
Parent contributions, net	2,323,569	2,246,011
Government grants (note 12)	2,033,494	2,044,667
Calgary United Jewish Appeal allocation	373,349	389,208
Fundraising (note 11)	87,439	180,636
Donations	80,946	149,762
Sundry income (note 11)	36,484	24,617
Out of School program fees (note 12)	20,956	16,200
Interest	12,002	12,228
The Friends of The Calgary Jewish Academy Trust (note 11)	–	67,000
Other revenue	–	5,781
	4,968,239	5,162,555
Expenses:		
Salaries, wages and benefits	3,956,892	4,250,095
Maintenance and security	261,417	172,326
Supplies and books	166,225	177,938
Light, heat, water	99,360	69,976
COVID-19	88,917	55,242
Insurance	58,524	45,743
Professional fees	57,595	80,780
Office, postage and stationery	50,010	54,572
Recruitment, advertising	47,757	18,566
Interest and bank charges	23,685	44,066
Telephone	22,641	23,393
Professional development	21,075	6,727
Student activities	17,168	16,591
Goods and services tax	12,592	9,753
Graduation	11,456	8,093
Fundraising	8,813	11,806
Library	1,943	632
Licenses and taxes	1,535	1,532
Out of School program	44	270
	4,907,649	5,048,101
Excess of revenues over expenses before other items	60,590	114,454
Government assistance relating to COVID-19 (note 13)	357,949	1,138,701
Amortization of capital contributions (note 8)	75,117	26,445
Change in unrealized (loss) gain on investments (note 5)	(153,400)	156,704
Amortization of capital assets	(92,438)	(147,238)
Loss on disposal of capital assets	(14,005)	–
Excess of revenues over expenses	$ 233,813	$ 1,262,621

See accompanying notes to financial statements.

THE CALGARY JEWISH ACADEMY

Statement of Changes in Net Assets

Year ended August 31, 2022, with comparative figures for 2021

2022	Unrestricted fund	Internally restricted fund	Invested in capital assets	Total
Balance, beginning of year	$ 1,033,857	$ 217,030	$ 1,074,423	$ 2,325,310
Excess (deficiency) of revenues over expenses	251,134	–	(17,321)	233,813
Transfer to internally restricted fund	(9,700)	9,700	–	–
Receipt of capital contributions	57,132	–	(57,132)	–
Purchase of capital assets	(180,175)	–	180,175	–
Disposal of capital assets	48,518	–	(48,518)	–
	$ 1,200,766	$ 226,730	$ 1,131,627	$ 2,559,123

2021	Unrestricted fund	Internally restricted fund	Invested in capital assets	Total
Balance, beginning of year	$ (345,146)	$ 207,030	$ 1,200,805	$ 1,062,689
Excess (deficiency) of revenues over expenses	1,383,414	–	(120,793)	1,262,621
Transfer to internally restricted fund	(10,000)	10,000	–	–
Receipt of capital contributions	29,399	–	(29,399)	–
Purchase of capital assets	(23,810)	–	23,810	–
	$ 1,033,857	$ 217,030	$ 1,074,423	$ 2,325,310

See accompanying notes to financial statements.

THE CALGARY JEWISH ACADEMY

Statement of Cash Flows

Year ended August 31, 2022, with comparative figures for 2021

		2022		2021
Cash provided by (used in):				
Operations:				
Excess of revenues over expense	$	233,813	$	1,262,621
Items not affecting cash:				
Change in unrealized loss (gain) on investments		153,400		(156,704)
Loss on disposal of capital assets		14,005		–
Amortization of capital assets		92,438		147,238
Amortization of capital contributions (note 8)		(75,117)		(26,445)
		418,539		1,226,710
Change in non-cash working capital:				
Accounts receivable		(34,703)		13,872
Government remittance payable (recoverable)		22,969		(2,179)
Prepaid expenses and supplies		(26,547)		(32,166)
Accounts payable and accrued liabilities		49,204		(67,263)
Deferred revenue		25,781		57,091
		455,243		1,196,065
Investing:				
Increase in cash reserve		(9,700)		(10,000)
Redemption of investments		16,176		577,676
Proceeds on disposal of capital assets		34,513		–
Purchase of capital assets		(180,175)		(23,810)
Purchase of investments		(498,639)		(1,244,038)
Receipt of capital contributions (note 8)		57,132		29,399
		(580,683)		(670,773)
Financing:				
Decrease (increase) in due from The Friends of The CJA Trust		26,623		(70,439)
Repayments on credit facilities		(147,101)		(280,225)
		(120,478)		(350,664)
(Decrease) increase in cash		(245,928)		174,628
Cash, beginning of year		707,980		533,352
Cash, end of year	$	462,052	$	707,980

See accompanying notes to financial statements.

1. Purpose:

The Calgary Jewish Academy (the "Academy") is an accredited private school that offers programs from Nursery to Grade 9. The Academy is incorporated by a Special Act of the Legislature of Alberta and is also a registered charity under the Income Tax Act. Accordingly, the Academy is exempt from income taxes (provided certain requirements of the Income Tax Act are met) and is able to issue donation receipts for income taxes purposes.

The Friends of The Calgary Jewish Academy Trust (the "Trust"), with the assistance of volunteers and employees of the Academy, earns income through various fundraising activities including casinos, bingos and raffle ticket sales (Note 11). Income earned by the Trust is distributed to the Academy and is included in fundraising revenue.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFPO"). The significant accounting policies of the Academy are as follows:

(a) Basis of presentation:

(i) Invested in capital asset fund:

The purpose of capital asset fund is to record capital assets and the net investment of the Academy in such assets.

(ii) Unrestricted fund:

The purpose of the unrestricted fund is to record the revenue and expenses of the Academy, with no internal or external restrictions.

(iii) Internally restricted fund:

The purpose of internally restricted fund is to record funds set aside through internal restrictions for future operations or capital acquisitions.

(b) Cash:

Cash is cash on hand, held at reputable financial institutions. The Academy does not hold any cash equivalents.

2. Significant accounting policies (continued):

(c) Revenue recognition:

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

Grant, donation and fundraising revenue is recorded as revenue when received unless it is restricted for a specified purpose. Grant, donation and fundraising revenue restricted for a specified purpose is recorded as deferred revenue until it can be matched to the related expenses.

Restricted capital contributions related to capital assets are deferred and amortized on a straight-line basis over the estimated useful life of the corresponding asset.

Parent contributions net of subsidies, which are discounts issued to parent contribution, are recorded as revenue in the year to which they apply.

Government grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Interest income is recorded using the accrual method and is therefore recognized when earned.

All other revenue is recognized as revenue in the year to which it applies.

(d) Donated materials:

Donated materials are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when the Academy would otherwise have purchased these items.

(e) Capital assets:

Capital assets are recorded at cost and amortized on a straight-line basis at the following rates over their estimated useful lives:

Land	Unamortized
Buildings and building improvements	2.5%
Furniture and equipment	20%
Site improvements	5%

2. Significant accounting policies (continued):

(e) Capital assets (continued):

The Academy recognizes collections of artwork in the statement of financial position at cost, which is deemed to be fair value at the date of contribution plus all costs directly attributable to acquisition of the collection items. If cost cannot be reasonably determined for contributed items or collections, the items are recorded at nominal value. As it is the nature of these items to be preserved in perpetuity, the Academy does not amortize its collections.

Capital assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. An impairment loss is recognized in the period it is determined and calculated as the excess of the carrying value of the asset over its fair value. Management has not made such an election.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments and bonds that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the excess of revenue over expenses as dividends and other distributions.

With respect to financial assets measured at cost or amortized cost, the Academy recognizes in the statement of operations 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 is reversed in the statement of revenue and expenses in the period in which the reversal occurs.

The Academy does not enter into any derivative financial instrument arrangements.

2. Significant accounting policies (continued):

(g) 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 revenue and expenses during the reporting period. The most significant of these estimates are related to the allowance for doubtful accounts, the amortization period for and potential impairment of capital assets and the accrual of liabilities. Actual results could differ significantly from the estimates.

(h) Measurement uncertainty:

In January 2020, the World Health Organization declared the Novel Coronavirus ("COVID-19") outbreak a global health emergency and on March 11, 2020, it was declared a global pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measure to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of nonessential businesses, and physical distancing, have caused material disruption to businesses worldwide, resulting in an economic slowdown.

As at the reporting date, the Academy assessed the financial impacts of the COVID-19 pandemic and did not identify any significant impacts to its financial statements as at August 31, 2022 other than supplemental funding received (note 13). The Academy will continue to monitor this as part of its risk assessment process.

3. Cash reserve:

The cash reserve of $225,390 (2021 – $215,690) includes cash held to be used at the discretion of the Board of Directors for the non-current purposes of the Academy.

4. Credit facilities:

The Academy has available a $750,000 non-revolving term loan, bearing interest at 2.95% per annum (2021 – 2.95%), repayable in monthly blended interest and principal payments of $5,162 (2021 – $5,162). The balance outstanding on this facility at August 31, 2022 was $345,031 (2021 – $492,132) and is scheduled to mature on May 25, 2026.

The Academy has available an overdraft facility with a limit of $600,000, bearing interest at the bank's prime rate plus 0.5% per annum (2021 – 0.5%). The balance outstanding on this facility at August 31, 2022 was $nil (2021 – $nil). The facility is payable on demand, but until demanded, interest is payable monthly in arrears.

The Academy has available credit cards with a borrowing limit of $40,000. As at August 31, 2022, $32,969 is outstanding and included in accounts payable and accrued liabilities (2021 – $9,503).

4. Credit facilities (continued):

The facilities noted above are secured by a general security agreement and a first charge collateral mortgage in the amount of $1,450,000 over the Academy's building, and an assignment of rents and insurance policies.

The financial covenants applicable under the credit agreement consist of a debt service coverage ratio and a total liabilities to tangible net worth ratio. The Academy is in compliance with both covenants as at August 31, 2022.

Principal payments required on the non-revolving term loan for the next five years are due as follows:

2023	$ 52,471
2024	54,040
2025	55,656
2026	182,864
2027	–
	$ 345,031

5. Investments:

Investments are stated at fair market value and include:

	2022	2021
First Calgary Financial common shares	$ –	$ 16,176
Cash and short-term equivalents	35,618	112,894
Bonds and debentures	764,186	446,654
Marketable equity securities	945,831	840,847
	$ 1,745,634	$ 1,416,571

On October 28, 2020, the Academy invested in a fund that is managed by a third-party investment manager, with terms of an initial period of two years and thereafter renewable annually unless terminated. The invested capital of the fund is held with a separate custodian that is a Canadian financial institution. The cost base of the Academy's investment in the fund as at August 31, 2022 was $1,742,330 (2021 – $1,243,691).

6. Capital assets:

2022		Cost		Accumulated depreciation		Net book value
Land	$	276,490	$	–	$	276,490
Building and building improvements		2,460,417		1,451,846		1,008,571
Furniture and equipment		1,057,175		996,072		61,103
Site improvements		356,965		158,722		198,243
Artwork		10,100		–		10,100
	$	4,161,147	$	2,606,640	$	1,554,507

2021		Cost		Accumulated depreciation		Net book value
Land	$	276,490	$	–	$	276,490
Building and building improvements		2,377,261		1,405,899		971,362
Furniture and equipment		1,015,603		974,359		41,244
Site improvements		356,965		140,873		216,092
Artwork		10,100		–		10,100
	$	4,036,419	$	2,521,131	$	1,515,288

7. Deferred revenue:

Deferred revenue consists of contributions that the Academy has received but not yet utilized for the purpose provided. It consists of the following:

		2022		2021
Prepaid tuition	$	481,855	$	402,350
Miscellaneous funds		211,808		190,532
Israel trip fundraising		21,690		21,690
Alberta Government funding		–		75,000
	$	715,353	$	689,572

8. Unamortized capital contributions:

	2022	2021
Balance, beginning of year	$ 440,865	$ 437,911
Contributions received	57,132	29,399
Amortization to revenue	(75,117)	(26,445)
Balance, end of year	$ 422,880	$ 440,865

9. Commitments:

The Academy has leased office equipment and is required to make quarterly payments of $960 until May 2027 and quarterly payments of $960 until September 2027.

10. Financial instruments:

(a) Credit risk:

The Academy is exposed to credit risk relating to its receivables to the extent that its counterparties may experience financial difficulty and would be unable to meet their obligations. However, the Academy has a large number of diverse counterparties, which minimizes the concentration of credit risk. The Academy assesses, on a continuous basis, its receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts. Cash and investments are deposited with Canadian financial institutions.

(b) Liquidity risk:

Liquidity risk is the risk that the Academy encounters difficulty in meeting its obligations associated with its financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities as well as amounts owing under credit facilities. The Academy maintains sufficient cash, investments, and sources of liquidity to discharge and manage its financial liabilities.

(c) Interest rate risk:

The Academy's interest rate risk is appropriately mitigated as a result of the outstanding credit facilities bearing a fixed interest rate (note 4).

These risks remain unchanged from 2021.

11. Related party transactions:

The Academy uses the gambling license of the Trust in order to run events such as casinos, bingo, and raffles. The Trust provides annual donations in order to support the operations of the Academy. The Board of Directors of the Academy typically shares at least one Board member with that of the Trust, but does not control the Trust or vice versa.

The amounts due from the Trust are unsecured, non-interest bearing and have no fixed terms of repayment. The Academy has an economic interest in the Trust as the Trust holds resources for the benefit of the Academy. At August 31, 2022, the amounts due from The Friends of The Calgary Jewish Academy Trust consisted of revenues from casino and bingo events. These amounts do not bear interest.

During the year, $nil (2021 – $67,000) was recognized as revenue donated to the Academy from the Trust to support operations. During the year, the Trust held the gambling license for bingo events that earned $33,034 (2021 – $ 50,814) and casino events that earned $12,559 (2021 – $66,000) of which $nil (2021 – $66,000) is included in Due from the Friends of the Calgary Jewish Academy Trust.

These transactions are in the normal course of operations and have been recorded at the exchange amount, which is the amount of consideration agreed to and established by the related parties.

12. Economic dependence:

The Academy's primary source of grant revenue is from Alberta Education. During the year ended August 31, 2022, the Academy received funding of $1,944,499 (2021 – $1,943,920) from Alberta Education. The Academy's ability to continue viable operations is dependent on this funding.

13. Government assistance:

During the year ended August 31, 2022, the Academy recognized Canada Emergency Wage Subsidy ("CEWS") in the amount of $282,949 (2021 – $958,706). Such subsidy amounts have been presented as part of government assistance revenue on the statement of operations. While qualifications and subsidy amounts may be subject to audit by the CRA, the Academy is confident with respects to its entitlement to the subsidies received. The remaining COVID-19 government relief that the Academy recognized during the year ended August 31, 2022 includes the Safe Return to Class Funding of $nil (2021 – $88,200) and Alberta Government funding related to employees for health and critical worker benefits of $75,000 (2021 – $91,795).

14. Comparative information:

Certain comparative information has been reclassified to conform with the current year's presentation. These reclassifications did not impact the Academy's excess of revenues over expenses or net assets.