Financial Statements of

THE CALGARY JEWISH ACADEMY

And Independent Auditor's Report thereon

Year ended August 31, 2023

KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB T2P 4B9
Tel 403-691-8000
Fax 403-691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Calgary Jewish Academy

Opinion

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

- the statement of financial position as at August 31, 2023
- 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, 2023, 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.

- 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'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

November 23, 2023

THE CALGARY JEWISH ACADEMY

Statement of Financial Position

August 31, 2023, with comparative figures for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 631,877	$ 462,052
Due from the Friends of The Calgary Jewish Academy Trust	7,598	56,279
Accounts receivable	–	34,703
Prepaid expenses and supplies	46,949	90,458
	686,424	643,492
Cash reserve (note 3)	234,790	225,390
Capital assets (note 6)	1,592,991	1,554,507
Investments (note 5)	2,059,688	1,745,634
	$ 4,573,893	$ 4,169,023
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 103,600	$ 113,512
Government remittances payable	8,816	13,124
Deferred revenue (notes 7 and 11)	662,767	715,353
Current portion of credit facilities (note 4)	54,040	52,471
	829,223	894,460
Unamortized capital contributions (note 8)	488,307	422,880
Credit facilities (note 4)	237,751	292,560
	1,555,281	1,609,900
Net assets:		
Unrestricted	1,677,798	1,200,766
Invested in capital assets	1,104,684	1,131,627
Internally restricted	236,130	226,730
	3,018,612	2,559,123
Commitments (note 9)		
Economic dependence (note 12)		
	$ 4,573,893	$ 4,169,023

See accompanying notes to financial statements.

THE CALGARY JEWISH ACADEMY

Statement of Operations

Year ended August 31, 2023, with comparative figures for 2022

	2023	2022
Revenue:		
Parent contributions	$ 2,770,852	$ 2,760,714
Subsidies	(556,399)	(437,145)
Parent contributions, net	2,214,453	2,323,569
Government grants (note 12)	2,315,309	2,033,494
Calgary United Jewish Appeal allocation	385,488	373,349
Fundraising (note 11)	82,244	87,439
Donations	59,249	80,946
Sundry income	57,912	36,484
Interest	47,071	12,002
Out of School program fees	27,956	20,956
	5,189,682	4,968,239
Expenses:		
Salaries, wages and benefits	3,703,839	3,956,892
Maintenance and security	337,985	261,417
Supplies and books	204,384	166,225
Light, heat, water	107,386	99,360
Professional fees	77,222	57,595
Insurance	65,140	58,524
Student activities	64,716	17,168
Office, postage and stationery	58,391	50,010
Recruitment, advertising	47,759	47,757
Telephone	22,432	22,641
Fundraising	20,048	8,813
Professional development	18,681	21,075
Graduation	12,729	11,456
Goods and services tax	12,583	12,592
Interest and bank charges	11,842	23,685
Licenses and taxes	7,358	1,535
Library	1,619	1,943
Out of School program	653	44
COVID-19	–	88,917
	4,774,767	4,907,649
Excess of revenues over expenses before other items	414,915	60,590
Change in unrealized gain (loss) on investments (note 5)	114,054	(153,400)
Amortization of capital contributions (note 8)	30,766	75,117
Amortization of capital assets	(100,246)	(92,438)
Government assistance relating to COVID-19 (note 13)	–	357,949
Loss on disposal of capital assets	–	(14,005)
Excess of revenues over expenses	$ 459,489	$ 233,813

See accompanying notes to financial statements.

THE CALGARY JEWISH ACADEMY

Statement of Changes in Net Assets

Year ended August 31, 2023, with comparative figures for 2022

2023	Unrestricted fund	Internally restricted fund	Invested in capital assets	Total
Balance, beginning of year	$ 1,200,766	$ 226,730	$ 1,131,627	$ 2,559,123
Excess (deficiency) of revenues over expenses	528,969	–	(69,480)	459,489
Transfer to internally restricted fund	(9,400)	9,400	–	–
Receipt of capital contributions	96,193	–	(96,193)	–
Purchase of capital assets	(138,730)	–	138,730	–
	$ 1,677,798	$ 236,130	$ 1,104,684	$ 3,018,612

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

See accompanying notes to financial statements.

THE CALGARY JEWISH ACADEMY

Statement of Cash Flows

Year ended August 31, 2023, with comparative figures for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expense	$ 459,489	$ 233,813
Items not affecting cash:		
Change in unrealized (gain) loss on investments	(114,054)	153,400
Loss on disposal of capital assets	–	14,005
Amortization of capital assets	100,246	92,438
Amortization of capital contributions (note 8)	(30,766)	(75,117)
	414,915	418,539
Change in non-cash working capital:		
Accounts receivable	34,703	(34,703)
Government remittance payable	(4,308)	22,969
Prepaid expenses and supplies	43,509	(26,547)
Accounts payable and accrued liabilities	(9,912)	49,204
Deferred revenue	(52,586)	25,781
	426,321	455,243
Investing:		
Increase in cash reserve	(9,400)	(9,700)
Redemption of investments	–	16,176
Proceeds on disposal of capital assets	–	34,513
Purchase of capital assets	(138,730)	(180,175)
Purchase of investments	(200,000)	(498,639)
Receipt of capital contributions (note 8)	96,193	57,132
	(251,937)	(580,683)
Financing:		
Decrease in due from The Friends of The Calgary Jewish Academy Trust	48,681	26,623
Repayments on credit facilities	(53,240)	(147,101)
	(4,559)	(120,478)
Increase (decrease) in cash	169,825	(245,928)
Cash, beginning of year	462,052	707,980
Cash, end of year	$ 631,877	$ 462,052

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 Canadian 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 annual 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. When a capital asset no longer contributes to the Academy's ability to provide services, its carrying amount is written down to its fair value.

(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.

3. Cash reserve:

The cash reserve of $234,790 (2022 – $225,390) 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 (2022 – 2.95%), repayable in monthly blended interest and principal payments of $5,162 (2022 – $5,162). The balance outstanding on this facility at August 31, 2023 was $291,791 (2022 – $345,031) 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 (2022 – 0.5%). The balance outstanding on this facility at August 31, 2023 was $nil (2022 – $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, 2023, $17,137 is outstanding and included in accounts payable and accrued liabilities (2022 – $32,969).

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, 2023.

4. Credit facilities (continued):

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

2024	$ 54,040
2025	55,656
2026	182,095
	$ 291,791

5. Investments:

Investments are stated at fair market value and include:

	2023	2022
Term deposits	$ 200,000	$ –
Cash and short-term equivalents	37,129	35,618
Bonds and debentures	869,361	764,186
Marketable equity securities	953,198	945,831
	$ 2,059,688	$ 1,745,634

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 term deposit has an interest rate of 5.6% per annum., maturing on September 2024. The cost base of the Academy's total investments as at August 31, 2023 was $1,942,330 (2022 – $1,742,330).

6. Capital assets:

2023		Cost	Accumulated amortization	Net book value
Land	$	276,490	$ –	$ 276,490
Building and building improvements		2,582,943	1,506,400	1,076,543
Furniture and equipment		1,073,379	1,023,917	49,462
Site improvements		356,965	176,569	180,396
Artwork		10,100	–	10,100
	$	4,299,877	$ 2,706,886	$ 1,592,991

2022		Cost	Accumulated amortization	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

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:

	2023	2022
Prepaid tuition	$ 483,645	$ 481,855
Miscellaneous funds	164,091	211,808
Israel trip fundraising	15,031	21,690
	$ 622,767	$ 715,353

8. Unamortized capital contributions:

	2022	2021
Balance, beginning of year	$ 422,880	$ 440,865
Contributions received	96,193	57,132
Amortization to revenue	(30,766)	(75,117)
Balance, end of year	$ 488,307	$ 422,880

9. Commitments:

The Academy has leased office equipment and is required to make 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 2022.

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, 2023, 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 (2022 – $nil) 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 $44,995 (2022 – $33,034) and casino events that earned $nil (2022 – $12,559) of which $7,598 (2022 – $nil) 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, 2023, the Academy received funding of $1,944,498 (2022 – $1,944,499) 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, 2023, the Academy recognized Canada Emergency Wage Subsidy ("CEWS") in the amount of $nil (2022 – $282,949). 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 includes Alberta Government funding related to employees for health and critical worker benefits of $nil (2022 – $75,000).