Financial Statements of

CALGARY FRENCH & INTERNATIONAL SCHOOL SOCIETY

And Independent Auditor's Report thereon

Year ended August 31, 2024

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 Governors of Calgary French & International School Society

Opinion

We have audited the accompanying financial statements of Calgary French & International School Society, (the Entity), which comprise:

- the statement of financial position as at August 31, 2024
- the statement of revenue and expenses 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, 2024, 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the 2023-24 Annual Education Results Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in 2023-24 Annual Education Results Report document as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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 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 20, 2024

CALGARY FRENCH & INTERNATIONAL SCHOOL SOCIETY

Statement of Financial Position

August 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 9,061,077	$ 6,847,374
Accounts receivable (note 3)	51,386	166,901
Prepaid expenses	334,940	282,055
	9,447,403	7,296,330
Capital assets (note 4)	18,048,241	18,667,768
Interest rate swap contract (note 7)	336,399	838,622
	$27,832,043	$ 26,802,720
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 236,208	$ 113,224
Deferred revenue	4,999,442	3,998,958
Deferred contributions (note 5)	262,094	180,766
Current portion of bank loan (note 7)	632,442	610,355
Building fund loans (note 8)	1,876,085	1,764,085
	8,006,271	6,667,388
Long-term portion of bank loan (note 7)	9,145,403	9,733,695
Deferred capital contributions (note 6)	140,738	152,891
	17,292,412	16,553,974
Net assets:		
Invested in capital assets	6,589,972	7,245,364
Internally restricted reserves (note 9)	3,600,000	2,600,000
Unrestricted net assets	349,659	403,382
	10,539,631	10,248,746
	$27,832,043	$ 26,802,720

See accompanying notes to financial statements.

Approved by the Board

Governor

Governor

CALGARY FRENCH & INTERNATIONAL SCHOOL SOCIETY

Statement of Revenue and Expenses

For the year ended August 31, 2024, with comparative information for 2023

	2024	2023
Revenues:		
Tuition fees	$ 12,153,723	$ 11,472,314
Government funding	4,191,605	4,135,759
Registration and other fees	755,445	500,484
Interest income	481,384	302,309
Extended programming	357,671	285,994
Food services	301,742	333,144
Busing	177,554	194,221
Facilities rental	176,147	177,349
Fundraising	38,309	30,977
Amortization of deferred capital contributions (note 6)	32,626	37,072
Uniform	9,000	8,110
	18,675,206	17,477,733
Expenses:		
Salaries and employee benefits	13,180,299	11,914,647
Facility costs	1,032,166	977,640
Teaching supplies, fieldtrips and development	659,229	536,267
Office and administration	496,177	454,031
Interest on bank loan	404,075	366,729
Sundry	353,313	111,692
Busing	300,713	246,087
Computer supplies and services	174,366	157,506
Food services	152,572	550,531
Advertising and promotion	136,791	94,247
Bursaries	134,371	105,240
Health and safety	20,066	24,781
Amortization of capital assets	837,960	888,178
	17,882,098	16,427,576
Excess of revenues over expenses before change in unrealized gain (loss) on interest rate swap	793,108	1,050,157
Change in unrealized gain (loss) on interest rate swap	(502,223)	233,036
Excess of revenue over expenses	$ 290,885	$ 1,283,193

See accompanying notes to financial statements.

CALGARY FRENCH & INTERNATIONAL SCHOOL SOCIETY

Statement of Changes in Net Assets

For the year ended August 31, 2024, with comparative information for 2023

	Internally restricted reserves (note 9)	Unrestricted	Invested in capital assets	2024	2023
Balance, beginning of year	$ 2,600,000	$ 403,382	$ 7,245,364	$ 10,248,746	$ 8,965,553
Excess (deficiency) of revenue over expenses	–	1,598,442	(1,307,557)	290,885	1,283,193
Investment in capital assets	–	(652,165)	652,165	–	–
Internally restricted transfer	1,000,000	(1,000,000)	–	–	–
Balance, end of year	$ 3,600,000	$ 349,659	$ 6,589,972	$ 10,539,631	$ 10,248,746

See accompanying notes to financial statements.

CALGARY FRENCH & INTERNATIONAL SCHOOL SOCIETY

Statement of Cash Flows

For the year ended August 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 290,885	$ 1,283,193
Add items not affecting cash:		
Amortization of capital assets	837,960	888,178
Amortization of deferred capital contributions	(32,626)	(37,072)
Change in unrealized gain on interest rate swap contract	502,223	(233,036)
	1,598,442	1,901,263
Change in accounts receivable	115,515	(18,622)
Change in prepaid expenses	(52,885)	(5,637)
Change in accounts payable and accrued liabilities	122,984	(150,409)
Change in deferred revenue	1,000,484	458,032
Change in deferred contributions	81,328	28,975
	2,865,868	2,213,602
Investing:		
Purchase of capital assets	(218,433)	(357,536)
Financing:		
Repayment of bank loan	(566,205)	(603,551)
Proceeds from building fund loans	256,000	216,000
Repayment of building fund loans	(144,000)	(300,000)
Change in capital contributions	20,473	35,909
	(433,732)	(651,642)
Increase in cash and cash equivalents	2,213,703	1,204,424
Cash and cash equivalents, beginning of year	6,847,374	5,642,950
Cash and cash equivalents, end of year	$ 9,061,077	$ 6,847,374

See accompanying notes to financial statements.

1. Nature of operations:

The Calgary French & International School Society (the "School") owns and operates a private school with a library offering full French Immersion and English instruction to children from pre-school age through Grade 12.

The School was incorporated under the Societies Act of the Province of Alberta on September 10, 1985, as a successor society to the Calgary French School, which was incorporated on September 25, 1969.

The School has been registered as a charity under the Canadian Income Tax Act, and therefore is exempt from tax.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the Chartered Professional Accountants ("CPA") Handbook.

(a) Revenue recognition:

The School follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and recognized as revenue as the related capital asset is amortized. 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.

Tuition, government funding, and extended programming fees are recorded as revenue in the academic year for which they apply, when collection is reasonably assured and the amount to be recorded is determinable. Fees received in the current year that relate to instruction or programming that will be provided in future years is recorded as deferred revenue.

Revenue earned from uniform sales, facilities rental, fundraising, busing and food services are recognized when goods are provided or services rendered is determinable and when collection is reasonably assured.

Interest income is recognized when earned.

2. Significant accounting policies (continued):

(b) Contributed materials and services:

Contributed materials and services are recorded when the fair market value is reasonably determinable and when they would normally be purchased and paid for by the School.

Volunteers contribute their services to assist the School in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash and money market funds that are highly liquid, readily convertible to cash and subject to insignificant risks.

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization of capital assets is provided for at the following annual rates over their estimated useful lives:

Asset	Method	Rate
Building	straight line	40 years
Land improvements	straight line	20 years
Musical instruments	declining balance	20%
Computer equipment	straight line	4 years
Furniture, fixtures, and equipment	declining balance	20%

Estimated useful lives of capital assets are reviewed annually and adjusted if appropriate. Any changes are accounted for prospectively. 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 impairment exists and is calculated as the excess of the carrying value of the asset over its fair value. Expansion construction in progress assets are not amortized until they are available for use.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The School has not elected to carry any such financial instruments at fair value, except for the interest rate swap contract.

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets measured at amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the School determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized by selling the financial asset or the amount the School expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Use of estimates:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management estimates include estimated useful lives of capital assets, and accrued liabilities. Actual results could differ from those estimates.

(g) Related parties:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

3. Accounts receivable:

	2024	2023
Accounts receivable	$ 79,082	$ 188,275
GST receivable	24,804	31,126
Less allowance for impairment	(52,500)	(52,500)
	$ 51,386	$ 166,901

4. Capital assets:

	Cost	Accumulated amortization	2024	2023
Land	$ 5,300,417	$ –	$ 5,300,417	$ 5,300,417
Building	18,652,545	9,425,541	9,227,004	9,692,308
Land improvements	3,290,200	586,291	2,703,909	2,864,351
Musical instruments	30,860	18,734	12,126	15,158
Computer equipment	1,679,847	1,408,209	271,638	280,865
Furniture, fixture and equipment	2,723,119	2,213,365	509,754	514,669
Expansion construction in progress	23,393	–	23,393	–
	$ 31,700,381	$ 13,652,140	$ 18,048,241	$ 18,667,768

5. Deferred contributions:

Deferred contributions of $262,094 (2023 – $180,766) represent contributions received from external parties restricted for future use for various initiatives including innovative educational tools, library resources, or advancement activities.

6. Deferred capital contributions:

Deferred capital contributions relate to externally restricted contributions designated for the purchase of capital assets.

	2024	2023
Balance, beginning of year	$ 152,891	$ 154,054
Change in capital contributions	20,473	35,909
Amounts amortized to revenue	(32,626)	(37,072)
Balance, end of year	$ 140,738	$ 152,891

7. Bank loan facilities:

(a) Bank loan:

Prior to May 31, 2024, the bank loan consisted of a bankers' acceptance. On May 31, 2024, this loan was converted into a term Canadian Overnight Repo Rate Average ("CORRA loan"), that is secured by a first mortgage on land, buildings and land improvements and with a carrying value of $17,231,330 (2023 – $17,857,076) and a general security agreement. The total amount of the facility is $11,450,000 (2023 – $11,450,000) of which $9,777,845 (2023 – $10,344,050) is drawn as of August 31, 2024.

The term CORRA loan is issued under a non-revolving term facility which is renewed on a monthly basis at stated CORRA rates from time-to-time. As at August 31, 2023, the effective annual interest rate was 4.54% (2023 – 5.38%). The non-revolving term facility is reduced by approximately $53,000 (2023 – $50,000) per month until the scheduled renewal of the facility in February 2027.

Principal payments required on all long-term debt for the next five years and thereafter are due as follows, assuming renewal under similar terms:

2025	$ 632,442
2026	655,328
2027	679,042
2028	703,614
2029	729,076
Thereafter	6,378,343
	$ 9,777,845

7. Bank loan facilities (continued):

(b) Line of credit:

The School has an available revolving demand credit facility to a maximum of $750,000, bearing interest at the bank's prime rate plus 0.25% per annum. At August 31, 2024, the facility had an outstanding balance of $nil (2023 – $nil). The facility is secured by a general security agreement provided by the School.

(c) Interest rate swap contract:

The Society has entered into an interest rate swap with a Canadian chartered bank (the "Counterparty"). Under the terms of the interest rate swap agreement, the Society has agreed to pay the Counterparty any difference between the monthly Canadian Dollar Offered Rate ("CDOR") on the monthly national amounts agreed, should the CDOR rate be less than the agreed upon fixed rate of 2.56% per annum. Similarly, the Counterparty has agreed to pay the Society the difference between the CDOR rate and the fixed rate, should the CDOR rate be more than the fixed rate.

Effective May 31, 2024 the interest rate swap converted to a facility with a reference to the CORRA from the CDOR Rate. The all-in rate of 3.56% remained unchanged, however the individual components changed with a credit spread adjustment from 1.0% to 1.295% and a change to the base swap rate from 2.56% to 2.265%. The contract is scheduled to terminate in February 2032. Additionally, both the Society and the Counterparty have the option to exit the facility early in February 2027.

The School measures the interest rate swap contract at fair value, which is determined by reference to quoted market prices of similar instruments as determined by the Counterparty. At August 31, 2024, the fair value of the interest rate swap is an asset of $336,399 (2023 – asset of $838,622).

(d) Corporate credit card facility:

The School has an available corporate credit card facility with its bank of up to $100,000. At August 31, 2024, the balance outstanding was $16,730 (2023 – $22,038), which was included in accounts payable and accrued liabilities.

(e) Covenant compliance:

Under the terms of its lending agreements, the School is required to maintain compliance with certain financial and non-financial covenants. At August 31, 2024, the School was compliant with these requirements.

8. Building fund loans:

The building fund loans of $1,876,085 (2023 – $1,764,085) consist of deposits of $4,000 per family for families registering their children in the School. These funds are non-interest bearing and are refundable following the graduation or withdrawal from the School of the family's last enrolled child. The loans are secured by a second mortgage registered on the land and buildings.

9. Internally restricted reserves:

As at August 31, 2024, the Board of Governors had internally restricted $2,600,000 (2023 – $1,600,000) for the purpose of an operational reserve and $1,000,000 (2023 – $1,000,000) for the purpose of funding future capital expenditures.

10. Fundraising expenses:

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

	2024	2023
Total direct expenses incurred for the purposes of soliciting contributions	$ 203	$ 2,078
Amounts paid as remuneration to employees whose principle duties involve fundraising	$ 189,878	$ 184,879

11. Financial instruments:

Unless otherwise noted, it is management's opinion that the School is not exposed to significant credit, price, liquidity or currency risk arising from its financial instruments. There has been no significant change in the level of assessed risk from the prior year.

(a) Interest rate risk:

The School is exposed to interest rate risk on the CORRA term loan that is issued under a non-revolving reducing term facility which is renewed on a monthly basis. The School has mitigated its risk by entering an interest rate swap agreement (note 7(c)).

(b) Credit risk:

The School is not exposed to significant credit risk because its receivables are due from counterparties where collection is reasonably assured, and cash and cash equivalents are deposited with chartered Canadian financial institutions.

11. Financial instruments (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the School will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The School manages its liquidity risk by monitoring its operating requirements. The School prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

12. Comparative figures:

Certain comparative information has been reclassified to conform with the current year's presentation. These reclassifications did not impact the School's excess of revenue over expenses or nor net assets.

13. Related party transactions:

During the year, the School engaged DLA Piper LLP for services at fair market value of $25,049 (2023 – $5,410), for assistance and review of program, workshop and conference agreements/contracts as well as the School's Administrative procedures. DLA Piper is a limited liability partnership that has a partner who is a member of the Board of Directors of the Calgary French and International School.

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