

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION
(Operating as Trillium Waldorf School)
Financial Statements
Year Ended June 30, 2022

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

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Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Trillium Educational Initiative Charitable Corporation operating as Trillium Waldorf School

Qualified Opinion

We have audited the financial statements of Trillium Educational Initiative Charitable Corporation, operating as Trillium Waldorf School, (the organization), which comprise the statement of financial position as at June 30, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2022, 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 not-for-profit organizations, the organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2022, current assets and net assets as at June 30, 2022.

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 report. We are independent of the organization in accordance with 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 qualified audit opinion.

Other Matter

The financial statements for the year ended June 30, 2021 are unaudited.

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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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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 these 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 organization'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 organization'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 organization 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.

We 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.

Guelph, Ontario
November 15, 2022



WCO Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

Statement of Financial Position

June 30, 2022

	Current Fund	Capital Campaign Fund	New School Fund	2022	2021
ASSETS					
CURRENT					
Cash	\$ 231,291	\$ 742,862	\$ 909,927	\$ 1,884,080	\$ 291,397
Accounts receivable <i>(Note 3)</i>	75,175	-	-	75,175	152,133
HST receivable	20,135	-	-	20,135	21,163
Inventory	3,860	-	-	3,860	3,860
Prepaid expenses	791	-	-	791	-
	331,252	742,862	909,927	1,984,041	468,553
CAPITAL ASSETS <i>(Note 4)</i>	23,925	-	-	23,925	17,160
INTERFUND LOAN <i>(Note 10)</i>	-	513	932	1,445	26,852
	\$ 355,177	\$ 743,375	\$ 910,859	\$ 2,009,411	\$ 512,565

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

Statement of Financial Position

June 30, 2022

	Current Fund	Capital Campaign Fund	New School Fund	2022	2021
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable	\$ 16,222	\$ -	\$ -	\$ 16,222	\$ 8,219
Interest payable	-	-	8,558	8,558	-
Bonds payable <i>(Note 5)</i>	10,500	-	-	10,500	15,500
Government remittances payable	18,182	-	-	18,182	22,587
Deferred revenue <i>(Note 6)</i>	167,057	-	6,301	173,358	224,591
Deferred contributions <i>(Note 7)</i>	28,668	743,375	-	772,043	72,529
	240,629	743,375	14,859	998,863	343,426
TERM LOAN <i>(Note 9)</i>	40,000	-	-	40,000	40,000
BONDS PAYABLE <i>(Note 5)</i>	-	-	896,000	896,000	-
INTERFUND LOAN <i>(Note 10)</i>	1,445	-	-	1,445	26,852
	282,074	743,375	910,859	1,936,308	410,278
ACCUMULATED SURPLUS	73,103	-	-	73,103	102,287
	\$ 355,177	\$ 743,375	\$ 910,859	\$ 2,009,411	\$ 512,565

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

Statement of Changes in Net Assets

For the Year Ended June 30, 2022

	Current Fund	Capital Campaign Fund	New School Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 102,287	\$ -	\$ -	\$ 102,287	\$ 35,982
Deficiency of revenues over expenses	21,269	-	(50,453)	(29,184)	66,305
Transfers to fund <i>(Note 12)</i>	-	-	50,453	50,453	14,111
Transfers from fund <i>(Note 12)</i>	(50,453)	-	-	(50,453)	(14,111)
NET ASSETS - END OF YEAR	\$ 73,103	\$ -	\$ -	\$ 73,103	\$ 102,287

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

Statement of Operations

For the Year Ended June 30, 2022

	Current Fund	Capital Campaign Fund	New School Fund	2022 Total	2021 Total
REVENUES	\$ 1,393,423	\$ -	\$ 82,109	\$ 1,475,532	\$ 1,105,191
EXPENSES					
Wages and benefits	1,008,473	-	-	1,008,473	829,570
Classroom supplies	112,818	-	-	112,818	55,908
Professional fees	27,946	-	53,980	81,926	109,968
Fundraising	-	-	70,026	70,026	62
Repairs and maintenance	46,372	-	-	46,372	26,850
Rent	45,040	-	-	45,040	43,394
Office	31,961	-	-	31,961	24,308
Property taxes	24,362	-	-	24,362	27,985
Utilities	24,287	-	-	24,287	20,703
Advertising and promotion	19,209	-	-	19,209	10,772
Bad debts	15,941	-	-	15,941	-
Depreciation	13,537	-	-	13,537	15,832
Bank charges and interest	3,079	-	8,556	11,635	2,632
Insurance	10,908	-	-	10,908	9,224
Telephone	8,949	-	-	8,949	6,001
Dues and fees	7,798	-	-	7,798	7,405
	1,400,680	-	132,562	1,533,242	1,190,614
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(7,257)	-	(50,453)	(57,710)	(85,423)
COVID GOVERNMENT ASSISTANCE	28,526	-	-	28,526	151,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 21,269	\$ -	\$ (50,453)	\$ (29,184)	\$ 66,305

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

Statement of Cash Flows

Year Ended June 30, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (29,184)	\$ 66,305
Items not affecting cash:		
Amortization of capital assets	13,537	15,832
Term loan forgiveness	-	(20,000)
	<u>(15,647)</u>	<u>62,137</u>
Changes in non-cash working capital:		
Accounts receivable	76,958	(40,844)
HST receivable	1,028	-
Accounts payable	8,003	5,964
Prepaid expenses	(791)	2,336
Interest payable	8,558	-
Government remittances payable	(4,405)	(11,861)
Deferred revenue	(51,231)	108,029
Deferred contributions	699,513	(56,506)
	<u>737,633</u>	<u>7,118</u>
Cash flow from operating activities	<u>721,986</u>	<u>69,255</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(20,303)	(9,840)
Short-term investments	-	50,596
Cash flow from (used by) investing activities	<u>(20,303)</u>	<u>40,756</u>
FINANCING ACTIVITIES		
Increase in term loan payable	-	20,000
Short term bonds payable	(5,000)	-
Long term bonds payable	896,000	-
Cash flow from financing activities	<u>891,000</u>	<u>20,000</u>
INCREASE IN CASH FLOW	1,592,683	130,011
Cash - beginning of year	<u>291,397</u>	<u>161,386</u>
CASH - END OF YEAR	\$ 1,884,080	\$ 291,397
CASH CONSISTS OF:		
Restricted cash - new school	\$ 909,927	\$ 54,371
Restricted cash - capital campaign	742,862	2,800
Unrestricted cash - current fund	<u>231,291</u>	<u>234,226</u>
	\$ 1,884,080	\$ 291,397

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

Notes to Financial Statements

Year Ended June 30, 2022

1. DESCRIPTION OF BUSINESS

The organization was incorporated without share capital and received its registered charitable status on July 1, 1999. Its primary activity of the organization is providing education in Guelph, Ontario. The organization is exempt from income taxes.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

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

Fund accounting

The Current Fund records the ongoing operations of the Organization.

The Capital Campaign Fund reports the activity related to Trillium Educational Initiative Charitable Corporation's capital fundraising campaign.

The New School Fund reports the activity related to Trillium Educational Initiative Charitable Corporation's externally restricted accounts which are to be used for the purposes of purchasing real estate for the school's future operations.

Revenue recognition

Trillium Educational Initiative Charitable Corporation follows the deferral method of accounting for contributions.

Restricted contributions for purposes other than acquisition of capital assets are deferred and recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for purposes of acquisition of capital assets are initially recorded as deferred contributions in the period in which they are received and are amortized to revenue over the useful life of the related assets.

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.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Cash equivalents

Cash equivalents consist principally of cash in a Canadian bank account.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is depreciated on the same basis as described below. Rental payments under operating leases are expensed as incurred.

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TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

Notes to Financial Statements

Year Ended June 30, 2022

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates: except in the year of acquisition for office and classroom equipment, when one-half of the annual rate is used.

Office equipment	3 years
Leasehold improvements	5 years
Classroom equipment	3 years

Government assistance

Government assistance for acquiring fixed assets is recorded as deferred contributions and is amortized on the same basis and according to the same rates as the related fixed assets. Government assistance for current expenses is recorded as income in the year the expense is incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment when there are indicators of impairment.

The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable and HST receivable. Financial liabilities measured at amortized cost include bonds payable, accounts payable and accrued liabilities and government remittances payable.

The Organization initially and subsequently measures related party transactions that are considered financial instruments at cost. Related party transactions do not have repayment terms and are considered to be in the normal course of operations, therefore cost is the exchange amount of the consideration transferred or received.

For financial instruments subsequently measured at fair value, the Organization recognizes transaction costs directly attributable to their origination, issuance or assumption in net income in the period incurred. When a financial instrument is measured at amortized cost, transaction costs are included in the initial measurement of the instrument.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022 is net of an allowance of impairment in the amount of \$3,499 (2021-\$3,499)

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION*(Operating as Trillium Waldorf School)***Notes to Financial Statements****Year Ended June 30, 2022****4. CAPITAL ASSETS**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Office equipment	\$ 58,948	\$ 48,097	\$ 10,851	\$ 3,581
Leasehold improvements	68,237	67,563	674	1,535
Classroom equipment	106,550	94,149	12,401	12,044
	<u>\$ 233,735</u>	<u>\$ 209,809</u>	<u>\$ 23,926</u>	<u>\$ 17,160</u>

5. BONDS PAYABLE

Bonds payable represent short-term and long-term, unsecured notes received by the Organization. There are no specific terms of repayment on short-term bonds. Long-term bonds are issued with terms of five, six or seven years. Interest on bonds are paid at a rate between 3%-4% per annum.

6. DEFERRED REVENUE

Deferred revenue represents amounts received for the subsequent school year.

7. DEFERRED CONTRIBUTIONS

Deferred contributions as at June 30, 2021 consists of the following:

	2022	2021
Funds received for the Mullock Grant Fund for capital acquisitions:		
Opening balance	\$ 42,210	\$ 56,409
Amount recognized as income	(13,542)	(14,199)
	<u>28,668</u>	<u>42,210</u>
Funds received for the New School Fund, the net amount recognized as revenue:		
Opening balance	28,319	72,627
Contributions received	53,790	37,039
Internal transfer from operations	32,420	14,111
Amount recognized as income	(114,529)	(95,458)
	<u>-</u>	<u>28,319</u>
Funds received for the Capital Campaign net of amounts recognized as income are as follows:		
Opening balance	2,000	-
Contributions received	741,505	2,000
Amount recognized as income	(130)	-
	<u>743,375</u>	<u>2,000</u>
Grand total	<u>\$ 772,043</u>	<u>\$ 72,529</u>

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION*(Operating as Trillium Waldorf School)***Notes to Financial Statements****Year Ended June 30, 2022**

8. TUITION

	<u>2022</u>	<u>2021</u>
Tuition revenue as at June 30, 2022 consists of the following:		
Tuition Revenue	\$ 1,810,993	\$ 1,558,381
Tuition discounts and assistance	<u>(662,566)</u>	<u>(721,061)</u>
	<u>\$ 1,148,427</u>	<u>\$ 837,320</u>

9. TERM LOAN

Term loan as of June 30, 2022 consists of the following:

	<u>2022</u>	<u>2021</u>
Canada Emergency Benefit Account	<u>\$ 40,000</u>	<u>\$ 40,000</u>

The Canada Emergency Benefit Account is a \$60,000 interest-free loan. Repaying the balance of the loan on or before December 31, 2023 will result in a loan forgiveness of the amount repaid to a maximum of \$20,000. If the loan is not repaid in full by December 31, 2023, it will be converted to a 3-year term loan with an interest rate of 5% per annum. The forgivable amount of loan was recorded as COVID government assistance income in the 2021 fiscal year.

10. INTERFUND LOAN

This amount bears no interest and is due on demand.

11. COMMITMENTS

The entity has a lease obligation for premises. This commitment ended with the purchase of the real estate. Minimum monthly rent (exclusive of the requirement to pay taxes, insurance, and maintenance costs) until October 2022 is approximately \$3,600 per month.

12. INTERFUND TRANSFERS

During the year, funds were transferred from the Current Fund to the New School Fund as a contribution from operations to the new school.

13. SUBSEQUENT EVENT

Subsequent to year-end, on October 26, 2022, the organization purchased the land and building from which the school operates. The total cost of the purchase was \$3,970,000 which was funded with short and long term financing, a vendor take back, donations, issuance of bonds and cash.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

TRILLIUM EDUCATIONAL INITIATIVE CHARITABLE CORPORATION

(Operating as Trillium Waldorf School)

Notes to Financial Statements

Year Ended June 30, 2022

15. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of June 30, 2022. It is management's opinion that there has not been a significant change in risk exposures from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization is exposed to credit risk as credit terms are extended to families.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

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. The organization is mainly exposed to interest rate risk.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization does not transact in foreign currency, therefore, is not exposed to currency risk.

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 organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate financial instruments.

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 organization is not exposed to other price risk.
