

HECK FILICE & COMPANY

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Trinity Christian School 9988

We have audited the accompanying financial statements of Trinity Christian School 9988, which comprise the statement of financial position as at August 31, 2011, and the statements of revenues and expenses, cash flows, changes in net assets and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the association derives revenue from donations and certain fundraising activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to school generated funds, excess of revenues over expenses, assets, liabilities and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fund raising activities referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Trinity Christian School 9988 as at August 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta

December 19, 2011

Heck Filice & Company

Chartered Accountants

TRINITY CHRISTIAN SCHOOL 9988

Notes to Financial Statements

Year Ended August 31, 2011

1. Authority and Purpose

The Private School Authority delivers education programs under the authority of the *School Act*, Chapter S-3, Revised Statutes of Alberta 2000, Current as of November 26, 2009.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Cash

Cash consists of funds on deposit with the association's financial institution.

Capital management

Trinity Christian School Association considers its capital to be the balance maintained in its unrestricted net assets. The primary objective of Trinity Christian School Association is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. During the year, capital is invested under the direction of the Board of Directors of Trinity Christian School Association with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. Trinity Christian School Association is not subject to any externally imposed requirements of its capital

Capital assets

Capital assets are recorded at cost, and are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	straight-line method
Equipment	20%	straight-line method

Only capital assets with costs in excess of \$5,000 are capitalized. Any capital allocations received for asset additions are amortized into revenue over the same period as the amortization expense.

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TRINITY CHRISTIAN SCHOOL 9988

Notes to Financial Statements

Year Ended August 31, 2011

2. Summary of Significant Accounting Policies *(continued)*

Revenue recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Unrestricted contributions are recognized as revenue when received or receivable.

Donations and fund raisers are recognized as revenue when received or receivable. Contributions in kind are recorded at fair market value when reasonably determinable.

Interest income related to funds held on deposit is recognized in the period to which it relates.

Unrestricted net assets

Trinity Christian School Association considers its capital to be the balance maintained in its unrestricted net assets. The primary objective of Trinity Christian School Association is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. During the year, capital is invested under the direction of the Board of Directors of Trinity Christian School Association with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. Trinity Christian School Association is not subject to any externally imposed requirements of its capital.

Vacation Pay

Vacation pay is accrued in the period in which the employee earns the benefit.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 include providing for amortization of capital assets. Actual results could differ from these estimates.

Financial instruments

The school authorities financial instruments consist of cash, accounts receivable and accounts payable. It is management's opinion that the school authority is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

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TRINITY CHRISTIAN SCHOOL 9988

Notes to Financial Statements

Year Ended August 31, 2011

2. Summary of Significant Accounting Policies *(continued)*

School generated funds

These are funds in which come under the control and responsibility of the school principal and are for school activities. These funds are usually collected and retained at the school for expenditures paid at the school level.

Contributed services

Volunteers contribute a considerable number of hours per year to various schools, which are within the school board to ensure that certain programs are delivered, such as the raising of school generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

Income taxes

The association is a non-profit organization and is exempt from payment of income taxes under Section 149 of the Income Tax Act.

3. Capital Assets

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Land	\$ 40,000	\$ -	\$ 40,000	\$ 40,000
Buildings	896	358	538	573
Equipment	5,000	3,500	1,500	2,500
	<u>\$ 45,896</u>	<u>\$ 3,858</u>	<u>\$ 42,038</u>	<u>\$ 43,073</u>

4. Economic Dependence On Related Third Party

The Trinity Christian School Authority's primary source of income is from the Alberta Government. The Authority's ability to continue viable operations is dependent on this funding.

5. Budget Amounts

The budget was prepared by the school authority and approved by the Board of Directors. It is presented for information purposes only and has not been audited.

6. Lease Commitments

The association has a one year lease for premises and offsite premises. The premises and offsite premises lease expires August 31, 2012. The leases contain renewal options and provide for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at August 31, 2011, are \$95,400.

TRINITY CHRISTIAN SCHOOL 9988

Notes to Financial Statements

Year Ended August 31, 2011

7. Comparative Figures

Certain comparative figures presented in these financial statements have been reclassified to conform to the current year's presentation.
