

Aperture
CHARTERED PROFESSIONAL ACCOUNTANTS

#101, 5621 – 11 Street NE
Calgary, Alberta T2E 6Z7
Canada

Bus: 403-250-7996
Fax: 403-250-7290
Email: reception@aperturecpa.com

AIRDRIE CHRISTIAN ACADEMY

FINANCIAL STATEMENTS

AUGUST 31, 2022

#101, 5621 - 11 Street NE
Calgary, Alberta T2E 6Z7
Canada

Bus: 403-250-7996
Fax: 403-250-7290
Email: reception@aperturecpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Airdrie Christian Academy,

Opinion

We have audited the financial statements of Airdrie Christian Academy, which comprise of the statement of financial position as at August 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Airdrie Christian Academy as at August 31, 2022 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 report. We are independent of the Academy 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's 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 (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 these financial statements, management is responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Academy or to cease operations, or has no realistic alternative to do so.

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

Auditor's Responsibility 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 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 Academy'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 Academy'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 Academy 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.

CALGARY, ALBERTA
November 22, 2022

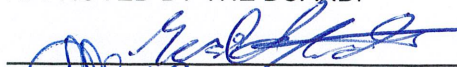
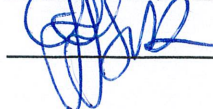
The logo for Aperture Chartered Professional Accountants, featuring the word "Aperture" in a stylized, cursive script font.

CHARTERED PROFESSIONAL ACCOUNTANTS

**AIRDRIE CHRISTIAN ACADEMY
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022**

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 500,280	\$ 164,754
Accounts receivables	84,590	48,414
Other receivables	-	179,927
Goods and services tax	98,646	7,771
Prepaid expenses	<u>34,588</u>	<u>17,003</u>
	718,104	417,869
Restricted cash (Note 4)	100,097	61,617
Capital assets (Note 5)	<u>14,828,985</u>	<u>15,258,129</u>
	<u>\$ 15,647,186</u>	<u>\$ 15,737,615</u>
<u>LIABILITIES</u>		
CURRENT		
Line of credit (Note 6)	\$ 1,882,406	\$ 1,916,041
Accounts payables and accrued liabilities	229,999	68,473
Payroll remittances payable	52,516	95,420
Deferred revenue	680,558	395,430
Undisbursed designated contributions (Note 7)	72,534	34,054
Bow Valley Credit Union mortgage (Note 8)	7,000,000	7,000,000
Capital lease obligation due within one year (Note 9)	22,474	19,458
Notes payable due on demand (Note 10)	<u>1,489,689</u>	<u>1,546,987</u>
	11,430,176	11,075,863
Capital lease obligation (Note 9)	22,210	44,684
Deferred contributions related to capital assets (Note 11)	<u>1,836,756</u>	<u>1,862,941</u>
	<u>13,289,142</u>	<u>12,983,488</u>
COVID-19 (Note 12)		
Economic dependence (Note 13)		
Going concern (Note 14)		
Related party transactions (Note 15)		
<u>NET ASSETS</u>		
Internally restricted (Note 16)	2,563	2,563
Investment in capital assets	2,575,450	2,868,018
Endowment	25,000	25,000
Unrestricted	<u>(244,969)</u>	<u>(141,454)</u>
	<u>2,358,044</u>	<u>2,754,127</u>
	<u>\$ 15,647,186</u>	<u>\$ 15,737,615</u>

APPROVED BY THE BOARD:


 _____ Chairperson

 _____ Treasurer

**AIRDRIE CHRISTIAN ACADEMY
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2022**

	<u>2022</u>	<u>2021</u>
REVENUE		
Administrative and sundry	\$ 13,468	\$ 46,380
Amortization of deferred contributions	60,065	73,860
Designated donations (Note 7)	500	8,115
Designated donations for debt reduction (Note 7)	10,975	42,675
Donations	201,635	573,086
Federal and other grants	95,968	443,083
Fundraising (Note 17)	22,745	43,896
Provincial grants	4,968,480	1,980,639
Rent	150,006	118,908
School generated funds	131,455	9,533
Tuition and registration fees	<u>1,318,940</u>	<u>1,144,450</u>
	<u>6,974,237</u>	<u>4,484,625</u>
EXPENSES		
Academic and programs	100,666	60,375
Administrative	77,635	76,929
Advertising	90,490	75,124
Amortization	429,144	439,896
Designated funds disbursed (Note 7)	500	8,115
Home education and parent council	2,859,824	-
Facility cost	319,968	316,592
Fundraising (Note 17)	8,064	15,161
Grants forwarded	8,125	9,882
Insurance	37,151	32,115
Interest on long term debt	439,212	413,844
Membership and dues	11,322	11,251
Office	17,512	15,839
Options and activities	110,302	25,027
Professional development	20,041	14,519
Scholarship	1,600	1,200
School generated funds	16,698	7,268
Wages, benefits, and subcontracts	<u>2,767,579</u>	<u>2,519,406</u>
	<u>7,315,833</u>	<u>4,042,543</u>
(Deficiency) excess of operating revenue over expenses	(341,596)	442,082
Capital assets not capitalized	<u>(54,487)</u>	<u>(63,332)</u>
(Deficiency) excess of revenue over expenses	<u>\$(396,083)</u>	<u>\$ 378,750</u>

**AIRDRIE CHRISTIAN ACADEMY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2022**

	Invested in capital assets	Endowments	(Note 17) Internally Restricted	Unrestricted	Net Assets 2022	Net Assets 2021
Net assets, beginning of year	\$ 2,868,018	\$ 25,000	\$ 2,563	\$(141,454)	\$ 2,754,127	\$ 2,375,377
(Deficiency) excess of revenue over expenses	(402,959) ¹	-	-	(6,876)	(396,083)	378,750
Interfund transfers	<u>110,391</u> ²	<u> </u>	<u> </u>	<u>110,391</u>	<u> </u>	<u> </u>
Net assets, end of year	<u>\$ 2,575,450</u>	<u>\$ 25,000</u>	<u>\$ 2,563</u>	<u>\$(244,969)</u>	<u>\$ 2,358,044</u>	<u>\$ 2,754,127</u>

¹Consists of:

Amortization	\$ 429,144
Amortization of deferred contributions	(60,065)
Deferred contributions related to capital assets received	<u>33,880</u>
	<u>\$ 402,959</u>

²Consists of:

Principal repayment of capital lease obligation	\$ 19,458
Repayment of LOC with unrestricted funds	33,635
Repayment of notes payable with unrestricted funds	<u>57,298</u>
	<u>\$ 110,391</u>

**AIRDRIE CHRISTIAN ACADEMY
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2022**

	<u>2022</u>	<u>2021</u>
CASH FLOWS PROVIDED FROM (USED IN):		
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$(396,083)	\$ 378,750
Items not affecting cash		
Amortization	429,144	439,896
Amortization of deferred contributions	(60,065)	(73,860)
Change in non-cash working capital accounts		
Accounts receivables	(36,177)	6,078
Other receivables	179,927	(181,720)
Goods and services tax	(90,875)	(30,629)
Prepaid expenses	(17,585)	22,718
Accounts payables and accrued liabilities	161,526	(20,759)
Payroll remittances	(42,904)	47,529
Deferred revenue	<u>285,129</u>	<u>(21,634)</u>
	<u>412,037</u>	<u>566,369</u>
FINANCING ACTIVITIES		
Notes payable repayment	(57,298)	(510,901)
Repayments of capital lease obligation	<u>(19,458)</u>	<u>(16,886)</u>
	<u>(76,756)</u>	<u>(527,787)</u>
INVESTING ACTIVITIES		
Purchase of capital assets with unrestricted funds	-	(7,559)
Deferred contributions related to capital assets	<u>33,880</u>	<u>-</u>
	<u>33,880</u>	<u>(7,559)</u>
Change in cash	369,161	31,023
(Bank indebtedness), beginning of year	<u>(1,751,287)</u>	<u>(1,782,310)</u>
(Bank indebtedness), end of year	<u>\$(1,382,126)</u>	<u>\$(1,751,287)</u>
Cash consists of:		
Cash	\$ 500,280	\$ 164,754
Indebtedness	<u>(1,882,406)</u>	<u>(1,916,041)</u>
	<u>\$(1,382,126)</u>	<u>\$(1,751,287)</u>

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

1. PURPOSE OF THE ORGANIZATION

Airdrie Christian Academy is a Christian day school committed to a Biblical standard of spiritual and academic excellence. The Academy provides children with an education which enable them to grow spiritually, academically, socially and physically so that they are equipped for service to God. The Academy is a not-for-profit organization and is registered as a charitable organization under the Income Tax Act. As a result, it is exempted from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied on a going concern basis.

Use of Estimates

The preparation of financial statements in accordance 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, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

Significant estimates in these financial statements include amortization of capital assets, amortization of contributions related to capital assets, the ability to collect on accounts receivable, accrued payables, and principal balance of capital lease obligations.

Financial instruments

Financial instruments are recorded at exchange value when acquired or issued. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Academy's financial instruments consist of cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, line of credit, Bow Valley Credit Union mortgage, and notes payable due on demand. Unless otherwise indicated, it is management's opinion that the Academy is not exposed to significant interest or credit risks arising from these financial instruments. The exchange values of these financial instruments approximate their carrying value, unless otherwise noted.

Cash and cash equivalents

Cash and cash equivalents consist primarily of bank accounts and deposits with an original maturity date of purchase less than a year. Because of the short term maturity of these investments, their carrying amount approximates exchange value.

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost. Capital assets with a cost less than \$5,000 are expensed in the year of acquisition. Amortization on capital assets is recorded on the following basis the year after acquisition:

Automobile	10 years straight line
Building	40 years straight line
Equipment and furniture	5 years straight line
Equipment under capital lease	5 years straight line

The Academy regularly reviews its capital assets to eliminate obsolete items and determine any impairment. Government grants are treated as a reduction of capital assets cost.

Revenue recognition

The Academy follows the deferral method of accounting for contributions. Revenue and expenses are recorded on the accrual basis.

Externally 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.

Administrative and sundry, fundraising, rent, school generated funds, tuition and registration fees are recognized as revenue as related services are provided and the amount to be received can be reasonably estimated and collection is reasonably assured.

Federal and provincial, and other grants are recognized in the year to which they relate and the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred contributions related to capital assets are recorded as deferred contribution liabilities and recognized into income on the same basis as amortization related to capital assets recognized.

Designated donations are recorded as deferred contributions until spent. Once spent, they are recorded to revenue on the same basis as the expenses incurred by the donations.

Contributed services

As with most charitable organizations, significant donations of time and services are received during each year. Due to the difficulties in establishing dollar values for these services, no attempt has been made to include a value for the services in the records of the Academy.

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

3. CASH AND CASH EQUIVALENTS

The Academy has GICs with a commercial bank that have interest rates of 2.50% and maturity date of November 9, 2023.

4. RESTRICTED CASH

Cash of \$100,097 (2021 - \$61,617) have been set aside to meet certain externally restricted obligations.

	<u>2022</u>	<u>2021</u>
Endowments	\$ 25,000	\$ 25,000
Internally restricted funds (Note 16)	2,563	2,563
Undisbursed designated contributions (Note 7)	<u>72,534</u>	<u>34,054</u>
	<u>\$ 100,097</u>	<u>\$ 61,617</u>

5. CAPITAL ASSETS

	<u>2022 Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>
Land	\$ 2,021,756	\$ -	\$ 2,021,756
Automobile	63,000	57,400	5,600
Building	15,582,804	2,861,489	12,721,315
Equipment and furniture	<u>254,465</u>	<u>227,236</u>	<u>27,229</u>
	17,922,025	3,146,125	14,775,900
Equipment under capital lease	<u>98,791</u>	<u>45,706</u>	<u>53,085</u>
	<u>\$18,020,816</u>	<u>\$ 3,191,831</u>	<u>\$14,828,985</u>
	<u>2021 Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>
Land	\$ 2,021,756	\$ -	\$ 2,021,756
Automobile	63,000	56,600	6,400
Building	15,582,804	2,471,919	13,110,885
Equipment and furniture	<u>254,465</u>	<u>208,220</u>	<u>46,245</u>
	17,922,025	2,736,739	15,185,286
Equipment under capital lease	<u>98,791</u>	<u>25,948</u>	<u>72,843</u>
	<u>\$18,020,816</u>	<u>\$ 2,762,687</u>	<u>\$15,258,129</u>

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

6. LINE OF CREDIT

The Academy has obtained a \$1,882,406 line of credit from Bow Valley Credit Union with interest at prime plus 1% per annum. The Credit Union also issued a \$90,000 letter of credit to the City of Airdrie on behalf of the Academy. The loan and the letter of credit are secured by \$930,000 collateral mortgage on certain land, assignment of rents registered by way of caveat over the property, and a general security agreement covering all Academy assets. As at August 31, 2022, the outstanding balance of the line of credits are \$1,882,406.

7. UNDISBURSED DESIGNATED CONTRIBUTIONS

	<u>2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>2022</u>
Missions	\$ 26,344	\$ -	\$ -	\$ 26,344
Other	6,885	38,480	-	45,365
Scholarship funds	<u>825</u>	<u>500</u>	<u>500</u>	<u>825</u>
	34,054	38,980	500	72,534
Debt reduction	<u>-</u>	<u>10,975</u>	<u>10,975</u>	<u>-</u>
	<u>\$ 34,054</u>	<u>\$ 49,955</u>	<u>\$ 11,475</u>	<u>\$ 72,534</u>

8. BOW VALLEY CREDIT UNION MORTGAGE

The Academy has obtained a \$7,000,000 mortgage from Bow Valley Credit Union with interest only payments at prime plus 1% per annum. Upon the next annual account review on January 1, 2023, the Credit Union will offer a repayment schedule comprised of terms ranging from one to five year and an amortization not to exceed twenty-five years. The mortgage is secured by a collateral mortgage on the building, assignment of rents registered at land titles, a general security agreement covering all Academy assets and assignment of builders all risk insurance with first loss payable to Bow Valley Credit Union.

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

9. CAPITAL LEASE OBLIGATIONS

	<u>2022</u>	<u>2021</u>
Photocopier lease with Meridian OneCap requires annual installments of \$742 including interest at 18.00%, lease expires in March 2024.	\$ 12,188	\$ 18,287
Equipment lease with CWB Leasing requires monthly installments of \$818 including interest at 12.50%, lease expires in April 2024.	15,446	22,826
Equipment lease with CWB Leasing requires monthly installments of \$272 including interest at 5.00%, lease expires in August 2024.	6,229	9,105
Equipment lease with Meridian OneCap requires monthly installments of \$473 including interest at 20.50%, lease expires in December 2024.	<u>10,821</u>	<u>13,924</u>
	44,684	64,142
Amount payable within one year	<u>22,474</u>	<u>19,458</u>
	<u>\$ 22,210</u>	<u>\$ 44,684</u>

Principal repayments due in the next 3 years are estimated to be as follows:

2023	\$ 22,474
2024	19,853
2025	2,357

10. NOTES PAYABLE DUE ON DEMAND

The Academy has received \$1,489,689 loans (2021 - \$1,546,987) from third parties of the Academy. The loans carries interest at 0% to 4% per annum. There is no fixed terms for repayment on the loan principal. However, either party can terminate the contract with a 21 calendar days notice to the other party, during which time the full loan principal shall be due for repayment.

11. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the funds contributed to the Academy by funders for building a new school. These deferred contributions are recognized as revenue on the same basis as the amortization expense related to the new school building.

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

12. COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at August 31, 2022, the Academy had made changes in its operation in response to the COVID-19 crisis.

The Academy also received \$76,752 of wage subsidies from the Government of Canada and \$9,031 of rent subsidies from the Government of Canada.

Management believes that some aspects of the disruption to operations may be temporary; however, there is uncertainty about the length and potential long term impact of the disruption.

13. ECONOMIC DEPENDENCE

During the year, the Academy received \$4,968,480 (2021 - \$1,980,639) Alberta Government grants, representing 71% (2021 - 44%) of the Academy's total revenue. As such, the Academy's future economic viability is dependent on its continuance to receive such funding.

14. GOING CONCERN

The accompanying financial statements have been prepared on the going concern assumption that the Academy will be able to realize its assets and discharge its liabilities in the normal course of business. The Academy has significant working capital shortfall as at August 31, 2022. It may encounter cash flow problem if they are not able to raise additional funds from operations and generate positive cash flows to cover working capital deficiency and future debt repayment obligations.

15. RELATED PARTY TRANSACTIONS

The Academy paid \$19,886 to various staff members and collected \$62,622 in tuition fees from students who are related to members on the Board of Directors. The Academy has outstanding loans of \$5,000 from individual who are related to members on the Board of Directors. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. INTERNALLY RESTRICTED

The Board of Directors has internally restricted funds for the following purposes:

	<u>2022</u>	<u>2021</u>
Drama fund	\$ 550	\$ 550
Missions fund	2,000	2,000
Professional development fund	<u>13</u>	<u>13</u>
	<u>\$ 2,563</u>	<u>\$ 2,563</u>

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

17. FUNDRAISING

In order to raise the \$22,745 (2021 - \$43,896) in community support, the Academy spent \$8,064 (2021 - \$15,161) on expenses incurred for the purposes of soliciting contributions.

	<u>2022</u>	<u>2021</u>
REVENUE		
Others	\$ <u>22,745</u>	\$ <u>43,896</u>
EXPENSES		
Banquet	\$ -	\$ 196
Others	<u>8,064</u>	<u>14,965</u>
	<u>\$ 8,064</u>	<u>\$ 15,161</u>

18. FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss. The Academy is exposed to credit risk on its accounts receivable and cash. Management assesses its accounts receivable on a continuous basis and makes a provision for any amounts that are not collectible through an allowance for doubtful accounts. There has been no change to credit risk exposure during the year. Cash is deposited at major commercial banks.

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. Fluctuation in market rates of interest on Bow Valley Credit Union construction loan and line of credit will have a significant impact on the Academy's cash flows and results of operations. The Academy manages its liquidity risk by monitoring interest rates and reducing loan balances. There has been no change to interest risk exposure during the year.

Liquidity risk

Liquidity risk is the risk that the Academy will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Academy manages its liquidity risk by monitoring its operating cash flow requirements, and by preparing budgets and cash flow forecasts to ensure it has sufficient funds to meet its obligations. There has been no change to liquidity risk exposure during the year.