

AIRDRIE CHRISTIAN ACADEMY

FINANCIAL STATEMENTS

AUGUST 31, 2024



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Airdrie Christian Academy,

Opinion

We have audited the financial statements of Airdrie Christian Academy (the "Academy"), which comprise of the statement of financial position as at August 31, 2024, 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, 2024 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.

Material Uncertainty Related to Going Concern

The Academy's ability to continue as a going concern is dependent upon its ability to realizing assets and discharging liabilities. The Academy has significant working capital shortfall as at August 31, 2024. 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. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Academy's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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 25, 2024



CHARTERED PROFESSIONAL ACCOUNTANTS

**AIRDRIE CHRISTIAN ACADEMY
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2024**

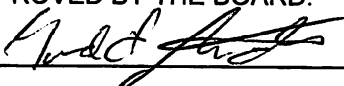
	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 329,623	\$ 483,442
Accounts receivables	40,012	80,268
Goods and services tax	17,853	126,723
Prepaid expenses	<u>93,795</u>	<u>78,368</u>
	481,283	768,801
Restricted cash (Note 4)	71,080	67,314
Capital assets (Note 5)	<u>14,202,160</u>	<u>14,433,218</u>
	<u>\$ 14,754,523</u>	<u>\$ 15,269,333</u>

<u>LIABILITIES</u>		
CURRENT		
Line of credit (Note 6)	\$ -	\$ 1,858,065
Accounts payables and accrued liabilities	43,782	182,982
Other payables	3,356	3,690
Payroll remittances payable	78,074	56,789
Deferred revenue	1,188,029	1,014,728
Deferred provincial grants	7,515	18,395
Undisbursed designated contributions (Note 7)	43,517	39,751
Capital lease obligation due within one year (Note 8)	22,074	19,853
Long term debt payable due within one year (Note 9)	129,083	7,000,000
Notes payable due on demand (Note 10)	<u>919,465</u>	<u>1,093,604</u>
	2,434,895	11,287,857
Capital lease obligation (Note 8)	77,039	2,358
Deferred contributions related to capital assets (Note 11)	1,713,273	1,777,138
Long term debt (Note 9)	<u>8,665,837</u>	<u>-</u>
	<u>12,891,044</u>	<u>13,067,353</u>

Economic dependence (Note 12)
Going concern (Note 13)
Related party transactions (Note 14)

<u>NET ASSETS</u>		
Internally restricted (Note 15)	2,563	2,563
Investment in capital assets	2,675,389	2,682,200
Endowment	25,000	25,000
Unrestricted	<u>(839,473)</u>	<u>(507,783)</u>
	<u>1,863,479</u>	<u>2,201,980</u>
	<u>\$ 14,754,523</u>	<u>\$ 15,269,333</u>

APPROVED BY THE BOARD:



Chairperson



Treasurer

**AIRDRIE CHRISTIAN ACADEMY
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2024**

	<u>2024</u>	<u>2023</u>
REVENUE		
Administrative and sundry	\$ 97,175	\$ 49,214
Amortization of deferred contributions	64,885	65,354
Designated donations (Note 7)	88,775	78,714
Designated donations for debt reduction (Note 7)	11,500	17,550
Donations	334,070	440,015
Federal and other grants	28,884	44,841
Fundraising (Note 16)	17,578	24,389
Provincial grants	2,166,445	1,876,631
Provincial grants -Home Ed	931,571	395,950
Rent	206,712	150,731
School generated funds	121,882	186,764
Tuition and registration fees	<u>2,624,775</u>	<u>1,871,436</u>
	<u>6,694,252</u>	<u>5,201,589</u>
 EXPENSES		
Academic and programs	229,137	157,804
Administrative	69,562	85,390
Advertising	163,683	122,192
Amortization	424,900	421,825
Designated funds disbursed (Note 7)	88,775	78,714
Parent resource payments	150,975	136,108
Facility cost	454,539	322,646
Fundraising (Note 16)	15,161	10,712
Grants forwarded	124,923	14,000
Insurance	59,791	43,706
Interest on long term debt	766,229	731,647
International student program	40,235	57,313
Membership and dues	194	198
Office	21,963	17,436
Options and activities	169,282	166,808
Professional development	41,954	37,330
Scholarship	2,000	1,175
School generated funds	27,852	19,024
Wages, benefits, and subcontracts	<u>3,985,349</u>	<u>2,862,204</u>
	<u>6,836,504</u>	<u>5,286,232</u>
(Deficiency) of operating revenue over expenses	(142,252)	(84,643)
Capital assets not capitalized	<u>(196,249)</u>	<u>(71,421)</u>
(Deficiency) of revenue over expenses	<u>\$(338,501)</u>	<u>\$(156,064)</u>

**AIRDRIE CHRISTIAN ACADEMY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2024**

	Invested in capital assets	Endowments	Internally Restricted	Unrestricted	2024	Net Assets 2023
Net assets, beginning of year	\$ 2,682,200	\$ 25,000	\$ 2,563	\$(507,783)	\$ 2,201,980	\$ 2,358,044
(Deficiency) excess of revenue over expenses	(361,035) ¹	-	-	22,534	(338,501)	(156,064)
Interfund transfers	<u>354,224</u> ²	<u>-</u>	<u>-</u>	<u>(354,224)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 2,675,389</u>	<u>\$ 25,000</u>	<u>\$ 2,563</u>	<u>\$(839,473)</u>	<u>\$ 1,863,479</u>	<u>\$ 2,201,980</u>

¹Consists of:

Amortization	\$ 424,900
Amortization of deferred contributions	(64,885)
Deferred contributions related to capital assets received	<u>1,020</u>
	<u>\$ 361,035</u>

²Consists of:

Capital lease obligation proceed	\$(110,344)
Principal repayment of capital lease obligation	33,442
Repayment of LOC with unrestricted funds	1,858,065
Repayment of mortgage with unrestricted funds	7,097,218
Additional mortgage	(8,892,138)
Repayment of notes payable with unrestricted funds	174,140
Purchase of capital assets with unrestricted funds	<u>193,841</u>
	<u>\$ 354,224</u>

**AIRDRIE CHRISTIAN ACADEMY
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2024**

	<u>2024</u>	<u>2023</u>
CASH FLOWS PROVIDED FROM (USED IN):		
OPERATING ACTIVITIES		
(Deficiency) of revenue over expenses	\$(338,501)	\$(156,064)
Items not affecting cash		
Amortization	424,900	421,825
Amortization of deferred contributions	(64,885)	(65,354)
Change in non-cash working capital accounts		
Accounts receivables	40,257	4,321
Goods and services tax	108,870	(28,077)
Prepaid expenses	(15,427)	(43,780)
Accounts payables and accrued liabilities	(139,200)	(10,314)
Other payables	(334)	(33,536)
Payroll remittances	21,285	4,797
Deferred revenue	<u>162,421</u>	<u>352,565</u>
	<u>199,386</u>	<u>446,383</u>
FINANCING ACTIVITIES		
Notes payable repayment	(174,140)	(396,085)
Long term debt proceeds	8,892,138	-
Long term debt repayment	(7,097,218)	-
Proceeds of capital lease obligation	110,344	-
Repayments of capital lease obligation	<u>(33,442)</u>	<u>(22,473)</u>
	<u>1,697,682</u>	<u>(418,558)</u>
INVESTING ACTIVITIES .		
Purchase of capital assets with unrestricted funds	(193,842)	(26,057)
Deferred contributions related to capital assets	<u>1,020</u>	<u>5,735</u>
	<u>(192,822)</u>	<u>(20,322)</u>
Change in cash	1,704,246	7,503
(Bank indebtedness), beginning of year	<u>(1,374,623)</u>	<u>(1,382,126)</u>
Cash (bank indebtedness), end of year	<u>\$ 329,623</u>	<u>\$(1,374,623)</u>
Cash consists of:		
Cash	\$ 329,623	\$ 483,442
Indebtedness	<u>-</u>	<u>(1,858,065)</u>
	<u>\$ 329,623</u>	<u>\$(1,374,623)</u>

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024**

1. PURPOSE OF THE ORGANIZATION

Airdrie Christian Academy (the "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, 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, 2024**

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, rental income, school generated funds, and 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 government grants, 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.

General donations are recorded as revenue when such donations are received.

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

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.

3. CASH AND CASH EQUIVALENTS

The Academy has GICs with a commercial bank that have interest rates of 5.15% and maturity date of May 24, 2025.

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024**

4. RESTRICTED CASH

Cash of \$71,080 (2023 - \$67,314) have been set aside to meet certain externally restricted obligations.

	<u>2024</u>	<u>2023</u>
Endowments	\$ 25,000	\$ 25,000
Internally restricted funds (Note 15)	2,563	2,563
Undisbursed designated contributions (Note 7)	<u>43,517</u>	<u>39,751</u>
	<u>\$ 71,080</u>	<u>\$ 67,314</u>

5. CAPITAL ASSETS

	<u>2024 Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>
Land	\$ 2,021,756	\$ -	\$ 2,021,756
Automobile	68,500	59,550	8,950
Building	15,665,467	3,640,630	12,024,837
Equipment and furniture	<u>275,023</u>	<u>253,154</u>	<u>21,869</u>
	18,030,746	3,953,334	14,077,412
Equipment under capital lease	<u>209,971</u>	<u>85,223</u>	<u>124,748</u>
	<u>\$18,240,717</u>	<u>\$ 4,038,557</u>	<u>\$14,202,160</u>

	<u>2023 Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>
Land	\$ 2,021,756	\$ -	\$ 2,021,756
Automobile	68,500	58,200	10,300
Building	15,582,804	3,251,060	12,331,744
Equipment and furniture	<u>275,023</u>	<u>238,932</u>	<u>36,091</u>
	17,948,083	3,548,192	14,399,891
Equipment under capital lease	<u>98,791</u>	<u>65,464</u>	<u>33,327</u>
	<u>\$18,046,874</u>	<u>\$ 3,613,656</u>	<u>\$14,433,218</u>

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024**

6. LINE OF CREDIT

The Bow Valley Credit Union issued a \$90,000 letter of credit to the City of Airdrie on behalf of the Academy. 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.

7. UNDISBURSED DESIGNATED CONTRIBUTIONS

	<u>2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>2024</u>
Debt reduction	\$ -	\$ 11,500	\$ 11,500	\$ -
Missions	15,238	66,185	67,073	14,350
Other	24,513	25,855	21,201	29,167
Scholarship funds	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
	<u>\$ 39,751</u>	<u>\$ 104,040</u>	<u>\$ 100,274</u>	<u>\$ 43,517</u>

8. CAPITAL LEASE OBLIGATIONS

	<u>2024</u>	<u>2023</u>
Photocopier lease with Meridian OneCap requires annual installments of \$742 including interest at 18.00%, lease matured in March 2024.	\$ -	\$ 4,896
Equipment lease with CWB Leasing requires monthly installments of \$818 including interest at 12.50%, lease matured in April 2024.	-	7,090
Equipment lease with CWB Leasing requires monthly installments of \$272 including interest at 5.00%, lease matured in August 2024.	-	3,207
Equipment lease with Meridian OneCap requires monthly installments of \$473 including interest at 20.50%, lease expires in December 2024.	2,358	7,018
Equipment lease with RGO Leasing requires monthly installments of \$972 including interest at 0.00%, lease expires in March 2029.	53,482	-
Equipment lease with John Deere Financial requires monthly installments of \$733 including interest of 1.90%, lease expires in October 2029.	<u>43,273</u>	<u>-</u>
Amount payable within one year	<u>99,113</u> <u>22,074</u>	<u>22,211</u> <u>19,853</u>
	<u>\$ 77,039</u>	<u>\$ 2,358</u>

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024**

8. CAPITAL LEASE OBLIGATIONS (continued)

Principal repayments due in the next 5 years are estimated to be as follows:

2025	\$	22,074
2026		19,870
2027		20,028
2028		20,188
2029 and thereafter		16,953

9. LONG TERM DEBT

	2024	2023
Bow Valley Credit Union mortgage requires monthly blended payments of \$65,366 including interest at 7.50% per annum maturing April 1, 2027. 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.	\$ 8,794,920	\$ -
Bow Valley Credit Union mortgage with interest only payments at prime plus 1% per annum. 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. Mortgage had matured during the year.	<u>-</u>	<u>7,000,000</u>
	8,794,920	7,000,000
Amount payable within one year	<u>129,083</u>	<u>7,000,000</u>
	<u>\$ 8,665,837</u>	<u>\$ -</u>

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

2025	\$	129,083
2026		139,104
2027		8,526,733

**AIRDRIE CHRISTIAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024**

10. NOTES PAYABLE DUE ON DEMAND

The Academy has received \$919,465 loans (2023 - \$1,093,604) 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.

12. ECONOMIC DEPENDENCE

During the year, the Academy received \$3,098,016 (2023 - \$2,272,581) Alberta Government grants, representing 46% (2023 - 44%) of the Academy's total revenue. As such, the Academy's future economic viability is dependent on its continuance to receive such funding.

13. 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, 2024. 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.

14. RELATED PARTY TRANSACTIONS

The Academy collected \$143,715 in tuition fees from students 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.

15. INTERNALLY RESTRICTED

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

	<u>2024</u>	<u>2023</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, 2024**

16. FUNDRAISING

In order to raise the \$17,578 (2023 - \$24,389) in community support, the Academy spent \$15,161 (2023 - \$10,712) on expenses incurred for the purposes of soliciting contributions.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

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 mortgage 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.