

**ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
FINANCIAL STATEMENTS
JUNE 30, 2024**

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Elephant Thoughts Educational Outreach:

Qualified opinion

We have audited the financial statements of Elephant Thoughts Educational Outreach ("the Organization"), which comprise the statement of financial position as at June 30, 2024, and the statement of operations and net assets and cash flow statement 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 Elephant Thoughts Educational Outreach as at June 30, 2024 and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from cash donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses for the year and cash flow for the years ended June 30, 2024 and June 30, 2023 and asset and net asset balances as at June 30, 2024 and June 30, 2023. Our opinion for both years was modified accordingly because of the possible effects of this limitation of scope.

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 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 qualified opinion.

Responsibilities of management 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, 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 relating 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.

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.

Baker Tilly SGB LLP

Baker Tilly SGB LLP
Chartered Professional Accountants
Licensed Public Accountants
Collingwood, Ontario
December 12, 2024

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30

	2024	2023
	\$	\$
Assets		
Current		
Accounts receivable (Notes 5, 6 and 12)	1,275,239	359,085
Prepaid expenses	47,299	-
	1,322,538	359,085
Tangible capital assets (Note 2)	4,016,353	5,571,403
Vehicles under capital lease (net of accumulated amortization of \$308,103; 2023 - \$170,584)	323,636	357,805
Intangibles - software (net of accumulated amortization of \$104,541; 2023 - \$98,842)	22,797	28,496
Collections	-	25,200
	5,685,324	6,341,989
Liabilities		
Current		
Bank indebtedness (Note 3)	213,185	230,714
Accounts payable and accruals	435,264	387,340
Government remittances payable	248,710	85,612
Due from related parties (Note 6)	308,000	-
Construction credit facilities (Note 4)	-	922,170
Canada Emergency Business Account loan (Note 14)	-	36,000
Deferred revenue (Note 7)	120,923	84,500
Advance from Blue Mountain Wild School (Note 12)	-	150,000
Current portion of obligations under capital leases (Note 10)	122,172	100,937
Current portion of long-term (Note 9)	98,354	91,377
	1,546,608	2,088,650
Obligations under capital leases (Note 10)	298,955	302,104
Long-term (Note 9)	1,427,290	1,532,712
	1,726,245	1,834,816
	3,272,853	3,923,466
Deferred capital contributions (Note 8)	194,626	279,593
	3,467,479	4,203,059
Net assets		
Unrestricted	2,217,845	2,138,930
	5,685,324	6,341,989

Approved on behalf of the board:

Mike Ready

Director

M. O. ...

Director

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED JUNE 30

	2024 \$	2023 \$
Revenues		
Contributions and other	88,187	124,988
Program fees	3,110,758	2,339,245
Federal grants	1,863,333	2,267,562
Provincial grants	110,000	130,600
Other grants	1,572,700	717,073
Rental	166,291	171,323
	<u>6,911,269</u>	<u>5,750,791</u>
Expenses		
Advertising and promotion	23,113	27,592
Bank charges and operating line of credit interest	28,696	20,420
Educational programs (Note 13)	5,147,861	3,544,182
Insurance	60,700	47,808
Interest (Notes 4, 9 and 10)	114,914	102,572
International	32,837	47,690
Local community programs	72,027	24,422
Office and other	118,480	99,040
Professional fees	51,106	83,934
Repairs and maintenance	192,875	114,457
Telephone and utilities	32,560	29,060
Wages and benefits	681,475	1,103,354
	<u>6,556,644</u>	<u>5,244,531</u>
Excess of revenues over expenses from operations	<u>354,625</u>	<u>506,260</u>
Other income (expenses)		
Amortization of deferred capital contributions (Note 8)	181,067	31,674
Amortization of tangible capital assets and intangibles	(520,034)	(456,651)
Gain (loss) on disposal of tangible capital assets	63,257	(4,016)
	<u>(275,710)</u>	<u>(428,993)</u>
Excess of revenues over expenses for the year	<u>78,915</u>	<u>77,267</u>
Net assets at beginning of year	<u>2,138,930</u>	<u>2,061,663</u>
Net assets at end of year	<u>2,217,845</u>	<u>2,138,930</u>

See accompanying notes to the financial statements

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30

	2024	2023
	\$	\$
Cash flows from (for):		
Operating activities		
Excess of revenues over expenses for the year	78,915	77,267
Items not involving cash		
Amortization of tangible capital assets and intangibles	520,034	456,651
Amortization of deferred capital contributions	(181,067)	(31,674)
(Gain) loss on disposal of tangible capital assets	(63,257)	4,016
	354,625	506,260
Changes in		
Accounts receivable	(916,154)	(129,604)
Prepaid expenses	(47,299)	108,449
Inventories	-	102,719
Accounts payable and accruals	47,924	98,658
Government remittances payable	163,098	60,531
Deferred revenue	36,423	(313,409)
	(361,383)	433,604
Financing activities		
Repayment of Canada Emergency Business Account loan	(36,000)	(4,000)
Deferred capital contributions received	96,100	-
Due from related parties	308,000	-
Repayment of long-term liabilities	(98,445)	(109,292)
Repayment of obligations under capital leases	(96,929)	(85,402)
(Repayment) proceeds from construction credit facilities	(922,170)	76,332
Advance from Blue Mountain Wild School	(150,000)	150,000
	(899,444)	27,638
Investing activities		
Purchase of tangible capital assets	(721,644)	(606,830)
Proceeds on sale of tangible capital assets	2,000,000	-
	1,278,356	(606,830)
Change in cash and cash equivalents	17,529	(145,588)
Cash and cash equivalents at beginning of year	(230,714)	(85,126)
Cash and cash equivalents at end of year	(213,185)	(230,714)
Comprised of:		
Unrestricted	(334,108)	(315,214)
Externally restricted (Note 7)	120,923	84,500
	(213,185)	(230,714)

See accompanying notes to the financial statements

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

Nature of the Organization

Elephant Thoughts Educational Outreach is a registered charity incorporated under the Canada Corporations Act on April 26, 2002. The Organization's mandate is to help promote high standards of education worldwide despite economic or geographic barriers while supporting initiatives which propagate cultural understanding and sharing among school aged children. The Organization is exempt from income taxes pursuant to Section 149(1)(l) of the Income Tax Act.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (referred to as ASNFPO) and are in accordance with Canadian generally accepted accounting principles (GAAP).

The following is a summary of significant accounting policies followed in the preparation of the financial statements:

(a) Revenue recognition

The Organization derives its operating revenue from contributions, program fees, government grants and rentals which are accounted for under the deferral method of accounting.

Unrestricted contributions are recognized as revenue when earned and collection is reasonably assured. Restricted contributions for operating expenditures are deferred and recognized as revenue in the year in which the related expenses are incurred. Contributions relating to depreciable tangible capital assets are deferred and amortized over the useful life of the depreciable tangible capital assets acquired. In-kind contributions are recognized at fair market value.

Program fees include contracted services performed by the Organization and are recognized as revenue when earned and collection is reasonably assured.

Grants are recognized as revenue when receivable and performance of any external restrictions has occurred.

Rentals include contracted services performed by the Organization and are recognized as revenue when earned and collection is reasonably assured

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash held at year end and investments (if any) with maturity dates less than three months from the date of purchase.

(c) Collections

The Organization's collections consisted of fossils and cast replicas. The collections are recorded at cost and are not amortized as they have an unlimited useful life. These assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. During the year, the collections were written off.

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
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1. Summary of significant accounting policies (continued)

(d) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs such as wages directly related to construction, installation costs, legal fees, survey costs, freight charges, transportation, insurance costs, and duties. The cost incurred to enhance the service potential of an item of tangible capital assets (betterment) is also included in the cost of an asset.

Amortization is provided to allocate the cost of assets over their estimated useful lives, beginning with half the amortization amount being taken in the first year of service. Capital work in progress is not amortized until in use. Provision is made for amortization as follows:

Buildings	5%	declining balance
Computers	50%	declining balance
Equipment	20%	declining balance
Signs	20%	declining balance
Trailers	20%	declining balance
Vehicles	30%	declining balance

Tangible capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired.

(e) Intangibles

Intangibles consists of software programs and are stated at cost. Amortization is provided on a declining balance basis of 20%. These assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired.

(f) Vehicles under capital lease

Vehicle leases that effectively transfer all of the risks and rewards of ownership to the Organization as lessee are capitalized at the present value of the minimum lease payments under the lease with a corresponding liability for the related lease obligations. Charges to expenses are made for interest on the lease obligations and amortization (at a rate of 30% declining balance).

(g) Deferred capital contributions

Deferred capital contributions reported on the balance sheet include the estimated fair value of the contributed tangible capital assets at the time they were donated. Deferred capital contributions are amortized on the same basis as the donated asset.

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

1. Summary of significant accounting policies (continued)

(h) Contributed services

The Organization receives volunteer services from many individuals. Since these services are not normally purchased by the Organization and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

(i) Financial instruments

Initial recognition and measurement

A financial asset or a financial liability is recognized when the Organization becomes a party to the contractual provisions of the financial instrument.

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction, are initially measured at their fair value.

Subsequent measurement

Changes in fair value of investments in equity instruments, as quoted in an active market, are recognized in operations in the period incurred. All other financial assets and financial liabilities are measured at amortized cost.

Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired.

(j) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known. Significant estimates include the useful lives of tangible capital assets, vehicles under capital lease, intangible assets and deferred capital contributions. Actual results could differ from those estimates.

(k) Related party transactions

Related party transactions that occur in the normal course of operations are recognized at the exchange amount.

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
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NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

2. Tangible capital assets

Tangible capital assets are comprised of:

	2024	2023
	\$	\$
Cost		
Land	949,041	1,285,752
Buildings	2,652,791	4,208,745
Computers	100,181	84,730
Equipment	1,339,869	1,210,981
Signs	35,605	5,770
Trailers	176,609	53,221
Vehicles	470,193	509,197
	5,724,289	7,358,396
Accumulated amortization		
Buildings	388,566	559,170
Computers	87,473	82,489
Equipment	844,254	745,372
Signs	4,172	577
Trailers	49,373	32,988
Vehicles	334,098	366,397
	1,707,936	1,786,993
	4,016,353	5,571,403

3. Bank indebtedness

The Organization has an operating line of credit available in the amount of \$200,000 with an interest rate of Prime plus 1%. At year end there were drawings of \$213,185 (2023 - \$238,868) against the line of credit. The line of credit is overdrawn at year end by \$13,185 (2023 - \$38,868) due to outstanding cheques.

4. Construction credit facilities

The construction credit facilities payable to PACE Savings and Credit Union Limited (PACE) were paid off during they year when the Kimbercote property was sold. Included in interest expense is \$49,444 (2023 - \$41,076) of interest related to these credit facilities.

5. Accounts receivable

Included in accounts receivable is \$18,000 (2023 - \$30,573) related to government grants that are receivable at year end. Accounts receivable are net of allowance for doubtful accounts of \$NIL (2023 - \$NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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6. Related party transactions

During the year, a director made loans to the Organization to cover short-term cash needs. \$210,000 (2023 - \$NIL) was outstanding on the loan at year end and is included in the due from related parties balance. This loan was repaid subsequent to year end.

During the year, an employee made loans to the Organization to cover short-term cash needs. \$98,000 (2023 - \$NIL) was outstanding on the loan at year end and is included in the due from related parties balance. This loan was repaid subsequent to year end.

At year end, there was an amount receivable from a subcontractor of the Organization. \$51,475 (2023 - \$NIL) was outstanding at year end and is included in the accounts receivable balance. The amount was received subsequent to year end.

All related party transactions are recorded at the exchange amount.

7. Deferred revenue

Deferred revenue consists of the following:

	2024	2023
	\$	\$
Riverstone wedding deposits	1,000	9,500
Blue Door grant	-	75,000
Apitipi Anicinapek Nation grant	9,019	-
TD Friends of the Environment Foundation grant	4,776	-
Generation Chos3n grant	37,502	-
Electricity Human Resources Canada grant	11,000	-
Government of Canada grant	57,626	-
	120,923	84,500

8. Deferred capital contributions

Deferred capital contributions represent contributions restricted by the donors for the purchase of tangible capital assets. The changes in deferred capital contributions for the year are as follows:

	2024	2023
	\$	\$
Balance at beginning of year	279,593	311,267
Capital contributions - Electricity Human Resources Canada	96,100	-
Amortization of deferred capital contributions	(36,973)	(31,674)
Recognition of capital contributions related to Kimbercote property	(144,094)	-
Balance at end of year	194,626	279,593

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

9. Long-term liabilities

Long-term liabilities consists of the following:

	2024	2023
	\$	\$
(a) 3.99% loan payable to Chrysler Capital. Repayable in blended bi-weekly payments of \$374, due October 2029. Secured by a vehicle with a net book value of \$27,697 (2023 - \$39,567).	46,635	53,535
(b) 6.25% loan payable to Kubota Canada. Repayable in blended monthly payments of \$282, due October 2024.	1,592	4,402
(c) 0.00% loan payable to executive director for the purchase of a 2018 Kubota mower. The mower is being repaid in bi-weekly payments of \$43.	232	1,082
(d) Mortgage payable to Ernie Martin at a fixed rate of 2% per annum calculated semi-annually, for a fixed term of 10 years and an amortization period of 25 years. Repayable in monthly blended payments of principal and interest in the amount of \$6,775, due January 2030. Secured by the land and buildings referred to as Riverstone Retreat with a net book value of \$3,178,297 (2023 - \$2,980,387).	1,371,968	1,425,367
(e) 3.99% loan payable to Chrysler Capital. Repayable in blended bi-weekly payments of \$428, due August 2026. Secured by a vehicle with a net book value of \$13,065 (2023 - \$18,664).	19,938	29,505
(f) 6.48% loan payable to Chrysler Capital. Repayable in blended monthly payments of \$379, due January 2026. Secured by vehicle with a net book value of \$6,140 (2023 - \$8,771).	10,859	19,083
(g) 5.90% loan payable to Chrysler Capital. Repayable in blended monthly payments of \$602, due May 2025. Secured by vehicle with a net book value of \$5,291 (2023 - \$7,559).	6,634	8,735
(h) 5.90% loan payable to Chrysler Capital. Repayable in blended monthly payments of \$626, due May 2025. Secured by vehicle with a net book value of \$5,500 (2023 - \$7,857).	5,991	12,778
(i) 7.98% loan payable to Chrysler Capital. Repayable in blended monthly payments of \$502, due October 2029. Secured by vehicle with a net book value of \$32,103 (2023 - \$45,861).	61,795	69,602
	1,525,644	1,624,089
Less: current portion	(98,354)	(91,377)
	1,427,290	1,532,712

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

9. Long-term liabilities (continued)

Included in interest expense is \$40,875 (2023 - \$36,712) of interest related to long-term liabilities. Payment requirements for subsequent years are:

	Principal \$	Interest \$	Total \$
2025	98,354	34,940	133,294
2026	89,106	31,422	120,528
2027	77,312	28,812	106,124
2028	77,604	26,486	104,090
2029	80,025	24,067	104,092
Thereafter	1,103,243	12,966	1,116,209
	1,525,644	158,693	1,684,337

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
NOTES TO THE FINANCIAL STATEMENTS
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10. Obligations under capital leases

Obligations under capital leases consist of the following:

	2024 \$	2023 \$
(a) 0.00% capital lease payable to Kubota Canada LTD. Repayable in monthly principal payments of \$174, due July 2023.	-	177
(b) 0.00% capital lease payable to Kubota Canada LTD. Repayable in monthly principal payments of \$630, due August 2026.	16,384	23,945
(c) 6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$959, due April 2027.	28,601	34,610
(d) 6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$1,116, due June 2026.	23,760	31,343
(e) 6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$1,116, due June 2026.	24,212	32,604
(f) 6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$1,405, due June 2026.	29,094	42,864
(g) 4.53% capital lease payable to Kubota Canada LTD. Repayable in blended monthly payments of \$742, due August 2026.	17,259	26,108
(h) 6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$1,033, due March 2028.	39,462	48,478
(i) 6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$1,194, due March 2028.	39,475	50,534
(j) 6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$1,096, due March 2028.	43,608	57,320
(k) 6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$1,243, due March 2028.	44,256	55,058
(l) 6.49% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$1,070, due June 2030.	62,177	-
(m) 6.49% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of \$909, due June 2030.	52,839	-
	421,127	403,041
Less: current portion	(122,172)	(100,937)
	298,955	302,104

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

10. Obligations under capital leases (continued)

Included in interest expense is \$24,595 (2023 - \$24,784) of interest related to capital leases.

Payment requirements for subsequent years are:

	Principal	Interest	Total
	\$	\$	\$
2025	122,172	27,990	150,162
2026	129,905	20,261	150,166
2027	80,262	11,934	92,196
2028	56,227	6,000	62,227
2029	20,944	2,806	23,750
Thereafter	11,617	1,448	13,065
	421,127	70,439	491,566

11. Financial instruments

The Organization's financial instruments consist of accounts receivable, bank indebtedness, accounts payable, due from related parties, obligations under capital leases and long-term liabilities.

The Organization is not exposed to significant market risk, currency risk nor other price risk. There has been no change in the risk assessment from the prior period.

Financial risks

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognized at the balance sheet date whereby a future change in interest rates will affect future cash flows or the fair value of fixed financial instruments.

At June 30, 2024, the Organization has several vehicle loans and leases with fixed interest rates and an operating line of credit with a floating rate. Management uses a mix of floating and fixed rates in order to mitigate interest rate risk.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Additional cash requirements are met with the use of the available overdraft function of the bank. The available operating line of credit provides flexibility in the short-term to meet operational needs.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to accounts receivable. The Organization has significant concentration of credit risk with one counterparty. The Cree School Board accounts for 40.3% (2023 - 31.3%) of overall revenue. The Organization provides credit to its funders in the normal course of operations and mitigates credit risk by restricting access to programs and/or future programs in cases where accounts receivable remain outstanding.

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AS AT JUNE 30, 2024

12. Advance from Blue Mountain Wild School

On January 16, 2023, the Organization received a \$150,000 advance from Blue Mountain Wild School. The advance bore no interest until June 30, 2023. The advance was applied against the purchase of the land and building at Kimpercote which sold on June 28, 2024 to Blue Mountain Wild School for \$2 million. Included in accounts receivable at year end is \$921,489 related to the sale.

13. Commitment

On January 1, 2024, the Organization entered into a lease agreement for a property in New Brunswick. The lease calls for monthly payments of \$10,200 per month plus HST for the period January 2024 to December 2024.

14. Canada Emergency Business Account

As part of the emergency measures introduced by the federal government the Organization accessed the Canada Emergency Business Account (CEBA) \$60,000 loan. The loan was repaid by January 18, 2024 and the \$20,000 was forgiven. Given that the Organization intended to repay the \$40,000 by the deadline, the \$20,000 forgivable portion was recognized as revenue in fiscal 2022. \$4,000 was repaid during fiscal year 2023 and the remaining \$36,000 was repaid during the current fiscal year.

15. Comparative figures

Certain comparative figures on the statement of operations have been reclassified to conform to the current year's financial statement presentation.