



## **A HEART FOR CHILDREN FOUNDATION**

**Attn: Candyce Ibbott-Nye**

**August 31, 2024**

December 23, 2024

**PERSONAL AND CONFIDENTIAL**

A Heart For Children Foundation Ltd.  
1364 Lackner Blvd  
PO Box 4108  
Carstairs AB T0M 0N0

Attention: Ms. Candyce Ibbott-Nye, Director

Dear Candyce:

**ENCLOSURES**

We are enclosing:

**Financial statements**

- One copy of your audited financial statements of A Heart For Children Foundation Ltd. for the year ended August 31, 2024.

**Invoice enclosed**

- Our invoice, which we trust you will find in order.

**Year-end checklist letter**

- One copy of your year-end checklist letter for the next fiscal year.

**Year end adjusting entries enclosed**

- Our year-end journal entries and other relevant working papers are being provided to assist you in updating your accounting system. If you find after inputting our year-end entries that your general ledger does not agree to our closing balances, please contact our office so we may help you rectify the problem.

**Independence letter**

- One copy of the independence letter. We are required to disclose any relationships between the Company and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence. We are not aware of any relationships between ourselves and the Company.

**Management letter**

- One copy of the management letter.

**Summary of misstatements**

- One copy of your summary of misstatements. Retain one copy of this form for your records, and return the signed original to us.

## **OTHER MATTERS**

### **CLOSING COMMENTS**

We have relied on you to provide us with the necessary information in a form sufficiently complete to enable us to prepare the financial statements.

We thank you for the opportunity to be of service to you and trust everything is in order. If you have any questions or concerns, please contact us by email at [irfanali@rmillp.com](mailto:irfanali@rmillp.com) or call (403) 457-4232.

Yours truly,

A handwritten signature in black ink, appearing to be 'Irfanali Moledina', written in a cursive style.

Irfanali Moledina CPA, CA, CPA (IL, USA)

RMI LLP

Chartered Professional Accountants

Encl.

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# A HEART FOR CHILDREN FOUNDATION LTD.

1364 Lackner Blvd  
PO Box 4108  
Carstairs, AB  
T0M 0N0

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December 20, 2024

## PERSONAL AND CONFIDENTIAL

RMI LLP  
#203 2916 19th ST NE  
Calgary Alberta T2E 6Y9

Dear Madams:

This representation letter is provided in connection with your audit of the financial statements of A Heart For Children Foundation Ltd. (the "Foundation") for the year ended August 31, 2024 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

### Financial Statements

We have fulfilled our responsibilities as set out in the terms of the audit engagement dated October 6, 2024 for:

- a. Preparing and fairly presenting the financial statements in accordance with ASNPO;  
We acknowledge that the financial statements of the Foundation as at and for the year ended August 31, 2024 are the first set of financial statements prepared using ASNPO. Comparative figures as at and for the year ended August 31, 2023, and the opening statement of financial position as at September 1, 2022 are presented but are unaudited. The Foundation had no exemptions or exceptions identified as a result of the transition to ASNPO as of September 1, 2022.
- b. Providing you with:
  - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
    - A. Accounting records, supporting data and other relevant documentation,
    - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
    - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
  - ii. Additional information that you have requested from us for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d. Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

(continued)

**In relation to our first-time adoption of ASNPO, we have:**

- a. Reviewed the requirements of the ASNPO and identified all the material differences that impact our entity (adjustments and disclosures) between the pre-changeover accounting standards and the ASNPO; and
- b. Appropriately calculated and accounted for each of the transition adjustments required and provided you with supporting documentation;
- c. Elected to use the following transition exemptions [list exemptions]; and
- d. Restated the opening balance sheet at September 1, 2022 and the comparative financial statements for the period ending August 31, 2023 in accordance with ASNPO, including the transition disclosures.

**Fraud and Non Compliance**

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity financial statements involving:
  - i. Management;
  - ii. Employees who have significant roles in internal control; or
  - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e. The results of our risk assessments regarding possible fraud or error in the financial statements.

**Related Parties**

We have disclosed to you the identity of all of the Foundation's related-party relationships and transactions of which we are aware. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of ASNPO.

**Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with ASNPO. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the methods, significant assumptions and the data used by us in making accounting estimates and related financial statement disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with ASNPO.

**Subsequent Events**

All events subsequent to the date of the financial statements and for which ASNPO requires adjustment or disclosure have been adjusted or disclosed.

**Commitments and Contingencies**

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

**Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

*(continued)*

**Misstatements**

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, including the reasons why they were not corrected, is attached to this letter.

**Accounting policies**

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous period.

**Contractual compliance**

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the financial statements.

Acknowledged and agreed on behalf of A Heart For Children Foundation Ltd. by:

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Ms. Candyce Ibbott-Nye, Director

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Ms. Demi Broderick, Director

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December 20, 2024

Date signed

December 20, 2024

**PERSONAL AND CONFIDENTIAL**

A Heart For Children Foundation Ltd.  
1364 Lackner Blvd  
PO Box 4108  
Carstairs, AB T0M 0N0

Attention: Mr. Andrew Heaton, Board Chair and Director, Ms. Candyce Ibbott-Nye, Director and Ms. Demi Broderick, Director

Dear Andrew, Candyce and Demi:

We have been engaged to audit the financial statements of A Heart For Children Foundation Ltd. for the year ending August 31, 2024.

The purpose of this letter is to communicate with you regarding all relationships between A Heart For Children Foundation Ltd. and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence.

The following comments have been prepared to facilitate our discussion with you regarding independence matters.

We are aware of the following relationships between the Foundation and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence.

The following relationships represent matters that have occurred from August 31, 2023 to December 20, 2024.

During this period, RMI LLP provided a secondee to the Foundation for a period of two weeks under a separate engagement letter. The secondee reported directly to management of the Foundation ("Management"), who was responsible for providing appropriate instruction and day-to-day supervision and guidance. It was agreed that the secondee would not hold a management position and would not be required to make any management decisions. The secondee worked under Management supervision and all work was subject to Management's review and approval.

The following safeguards have been applied to either eliminate the threats that have been identified or reduce them to an acceptable level.

In addition to the above, the secondee's work was not subject to any review or quality control by RMI LLP, the secondee was not a member of the audit engagement team and the secondee did not have access to the client files (physical or on the Firm's network). Appropriate safeguards were put in place by the Firm.

The total fees charged during the period covered by the financial statements for audit and non-audit services provided by the Firm and network firms to the entity and components controlled by the entity were as follows:

Audit:	<u>\$ 25,000</u>
Management advisory:	<u>\$</u>
Taxation:	<u>\$</u>
Bookkeeping:	<u>\$ 2,500</u>

This letter is intended solely for the use of the audit committee, the board of directors, management, and others within the Foundation and should not be used for any other purpose.

Should you wish to discuss this matter with us further, please contact us at your earliest convenience.

Yours truly,

*RMI LLP*

RMI LLP

Chartered Professional Accountants



**A HEART FOR CHILDREN FOUNDATION LTD.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2024**

**A HEART FOR CHILDREN FOUNDATION LTD.**  
**INDEX TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of A Heart For Children Foundation Ltd.

### *Opinion*

We have audited the financial statements of A Heart For Children Foundation Ltd. (the "Foundation"), which comprise the statement of financial position as at August 31, 2024, and the statements of operations, changes in net assets (deficiency) 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 the Foundation as at August 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for 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 Foundation in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Comparative information*

The financial statements of the Foundation for the year ended August 31, 2023 and the statement of financial position as at September 1, 2022 are unaudited.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

(continues)

*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 Foundation'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 Foundation'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 Foundation 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.

**A HEART FOR CHILDREN FOUNDATION LTD.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT AUGUST 31, 2024**

	<i>August 31 2024</i>	<i>August 31 2023 (Unaudited)</i>	<i>September 1 2022 (Unaudited)</i>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 60,299	\$ 9,294	\$ -
Due from directors (Note 5)	20,000	-	-
	<b>80,299</b>	9,294	-
<b>TANGIBLE CAPITAL ASSETS (Note 6)</b>	<b>3,877</b>	-	-
	<b>\$ 84,176</b>	\$ 9,294	\$ -
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities (Note 7)	\$ 98,778	\$ -	\$ -
Wages payable	20,029	-	-
Due to directors (Note 5)	-	10,000	-
	<b>118,807</b>	10,000	-
<b>NET ASSETS (DEFICIENCY)</b>			
Unrestricted general fund	(38,508)	(706)	-
Restricted tangible capital assets	3,877	-	-
	<b>(34,631)</b>	(706)	-
	<b>\$ 84,176</b>	\$ 9,294	\$ -

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**A HEART FOR CHILDREN FOUNDATION LTD.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	2024	2023 (Unaudited)
<b>REVENUES</b>		
ECS Program Unit Funding grant (Note 4)	\$ 336,035	\$ -
ECS Base Instruction grant (Note 4)	126,596	-
ECS System Administration grant (Note 4)	28,984	-
ECS Operations and Maintenance grant (Note 4)	23,172	-
ECS Classroom Complexity grant (Note 4)	21,268	-
Donations (Note 8)	10,340	1,697
Registration fees	3,075	-
ECS Mild/Moderate Disabilities/Delays, Gifted and Talented grant (Note 4)	2,735	-
	<u>552,205</u>	<u>1,697</u>
<b>EXPENSES</b>		
Salaries and wages (Note 8)	359,425	-
Professional fees (Note 8)	125,466	2,275
Rental (Note 8)	39,125	-
School material	23,758	-
Utilities (Note 8)	11,191	-
Supplies (Note 8)	10,556	-
Sub-contracts	9,099	-
Insurance	2,146	-
Office	1,940	-
Advertising and promotion	1,565	-
Training	1,139	-
Travel	500	-
Business taxes, licenses and memberships	365	-
Meals and entertainment	133	-
Interest and bank charges	47	130
	<u>586,455</u>	<u>2,405</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>(34,250)</b>	<b>(708)</b>
<b>OTHER INCOME</b>		
Interest income	325	2
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (33,925)</b>	<b>\$ (706)</b>

**A HEART FOR CHILDREN FOUNDATION LTD.**  
**STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	Unrestricted General Fund	Restricted Tangible capital assets	<b>2024</b>	2023 (Unaudited)
<b>NET ASSETS (DEFICIENCY) -</b>				
<b>BEGINNING OF YEAR</b>	\$ (706)	\$ -	\$ (706)	\$ -
Excess (deficiency) of revenues over expenses	(33,925)	-	<b>(33,925)</b>	(706)
Purchase of tangible capital assets	(3,877)	3,877	-	-
<b>NET ASSETS (DEFICIENCY) - END OF     YEAR</b>	<b>\$ (38,508)</b>	<b>\$ 3,877</b>	<b>\$ (34,631)</b>	<b>\$ (706)</b>

**A HEART FOR CHILDREN FOUNDATION LTD.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	2024	2023 <i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (33,925)	\$ (706)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	98,778	-
Wages payable	20,029	-
	<u>118,807</u>	<u>-</u>
Cash flow from (used by) operating activities	<u>84,882</u>	<u>(706)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(3,877)</u>	<u>-</u>
<b>FINANCING ACTIVITY</b>		
Advances (to) from directors	<u>(30,000)</u>	10,000
<b>INCREASE IN CASH FLOW</b>	<b>51,005</b>	9,294
<b>CASH - BEGINNING OF YEAR</b>	<u>9,294</u>	<u>-</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 60,299</b></u>	<u><b>\$ 9,294</b></u>



**A HEART FOR CHILDREN FOUNDATION LTD.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2024**

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**1. PURPOSE OF THE FOUNDATION**

A Heart For Children Foundation Ltd. (the "Foundation") is a not-for-profit organization incorporated in Alberta on May 22, 2016. The Foundation commenced operations on September 1, 2023. As a registered charity the Foundation is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Foundation operates to provide Early Childhood Services ("ECS") for children with disabilities. The Private ECS Operator delivers education programs under the authority of the *Education Act*, Chapter E-0.3 Statutes of Alberta, 2012.

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**2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

These financial statements are the first financial statements for which the Foundation has applied Canadian accounting standards for not-for-profit organizations ("ASNPO"). First-time adoption of this basis of accounting had no impact on the statement of financial position as at the date of transition, September 1, 2022, or on operations or cash flows for the year ended August 31, 2023.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

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

Some users may require further information as these statements have not been prepared for general purposes.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Furniture and fixtures	5 years straight-line method
------------------------	------------------------------

The Foundation regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long lived assets

The Foundation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Net assets

- a) Net assets invested in tangible capital assets represents the organization's net investment in tangible capital assets which is comprised of the unamortized amount of tangible capital assets purchased with restricted funds.
- b) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

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**A HEART FOR CHILDREN FOUNDATION LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2024**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Revenue recognition

A Heart For Children Foundation Ltd. follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Upfront non-refundable fees are deferred and recognized over the life of the arrangement when the fees relate to arrangements that the customer would not have entered into independent of the seller's performance of other elements included in the arrangement. Non-refundable fees paid in respect of securing future products or services are recognized when the performance criteria of the underlying product or service has been fulfilled.

ECS revenue and government grants are recorded when there is a reasonable assurance that the Foundation had complied with and will continue to comply with, all the necessary conditions to obtain the various ECS revenues and government grants.

Fund accounting

A Heart For Children Foundation Ltd. follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Tangible Capital Asset Fund reports the assets, liabilities, revenues and expenses related to A Heart For Children Foundation Ltd.'s tangible capital assets.

Financial instruments

*Initial measurement*

The Foundation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Foundation in the transaction.

*Subsequent measurement*

The Foundation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash.

*(continues)*

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**A HEART FOR CHILDREN FOUNDATION LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2024**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Impairment*

For financial assets measured at cost or amortized cost, the Foundation determines whether there are indications of possible impairment. When there are, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Foundation's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment;
- the estimated useful lives of assets;
- the recoverability of tangible assets;

Changes in accounting policies

Effective September 1, 2023, the Foundation made a choice between accounting for expenditures in a cloud computing arrangement using the simplification approach to expense or capitalize expenditures that are specific to implementation activities, in accordance with ACCOUNTING GUIDELINE AcG-20, Customer's Accounting for Cloud Computing Arrangements. The Foundation has opted to early adopt the simplification approach to expense costs associated with any future implementation activities.

Amendments to Section 3400, Revenue, require an enterprise to disclose the nature and amount of upfront non-refundable fees or payments that are recognized in revenue upon entering into the arrangement. This disclosure requirement is effective for fiscal years beginning on or after January 1, 2025 with early application permitted. The Foundation is reviewing these amendments and will apply them effective September 1, 2025.

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**4. ECS REVENUE**

During the year ended August 31, 2024, the Foundation received \$608,655 of funding from Alberta Education, of which \$69,865 is repayable to Alberta Education as at August 31, 2024 due to an overpayment of ECS funds (Note 7).

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**A HEART FOR CHILDREN FOUNDATION LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2024**

**5. DUE TO / FROM DIRECTORS**

	<b>2024</b>	<b>2023</b>
Amounts due from directors		
Candyce Ibbott-Nye	\$ 10,000	\$ -
Demi Broderick	10,000	-
	<u>\$ 20,000</u>	<u>\$ -</u>

The amounts due from directors are unsecured, non-interest bearing, and have no set repayment terms. Subsequent to year end, \$10,000 was repaid in full from Candyce Ibbott-Nye.

	<b>2024</b>	<b>2023</b>
Amounts due to director		
Demi Broderick	\$ -	\$ 10,000

The amounts due to directors are unsecured, non-interest bearing, and have no set repayment terms. At year end, the amount was repaid in full.

**6. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2024 Net book value</b>	<b>2023 Net book value</b>
Furniture and fixtures	\$ 3,877	\$ -	\$ 3,877	\$ -

Upon adoption of accounting standards for private enterprises, the fair value of land and building was adopted as the deemed cost of these assets. Accordingly, related amortization expense has been restated where applicable. Further details of this restatement are provided in Note 2.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2024</b>	<b>2023</b>
Accounts payable	\$ 69,865	\$ -
Accrued liabilities	27,625	-
Credit card payable	1,288	-
	<u>\$ 98,778</u>	<u>\$ -</u>

The accounts payable balance relates to amounts due to Alberta Education. Subsequent to year end, \$20,373 of this amount has been withheld by Alberta Education, leaving \$49,492 as payable.

**A HEART FOR CHILDREN FOUNDATION LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2024**

**8. RELATED PARTY TRANSACTIONS**

During the year, transactions with companies related to the Foundation by virtue of common management and Directors or companies controlled by an immediate family member of a director were as follows:

	2024	2023
Candye Ibbott-Nye (Co-Executive Director and Board Director)		
Payment of salaries and wages	\$ 127,397	\$ -
Payment of professional fees	1,500	-
Receipt of donation to the Foundation	(5,000)	-
 Demi Broderick (Co-Executive Director and Board Director)		
Payment of salaries and wages	\$ 126,780	\$ -
Receipt of donation to the Foundation	(5,000)	-
 Creating Futures Daycare (Company owned by one of the Board Directors)		
Payment of rent (Note 8)	\$ 39,125	\$ -
Payment of utilities	11,191	-
Purchase of supplies	2,100	-
Purchase of tangible capital assets	1,600	-

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. These transactions are in the normal course of operations and represents amounts that are equivalent to what would be paid to unrelated third parties serving in a similar capacity.

**9. LEASE COMMITMENTS**

Premise lease

The Foundation has a long term lease with 2267724 Alberta Ltd. operating as Creating Futures Daycare, an entity owned by one of the Board Directors. The lease contains renewal options and provides for payment of operation costs including property taxes and repair and maintenance costs. Future minimum lease payments as at year end are as follows:

2025	\$ 57,753
2026	61,935
	<u>\$ 119,688</u>

**A HEART FOR CHILDREN FOUNDATION LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2024**

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**10. FINANCIAL INSTRUMENTS**

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of August 31, 2024.

**Credit risk**

The Foundation is not exposed to credit risk as it does not have any accounts receivable. All deposits are held at a Canadian financial institution that has Canada Deposit Insurance Corporation coverage.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from the Alberta government and other related sources, and accounts payable.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its credit facilities.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant other price risks arising from these financial instruments.

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**11. ECONOMIC DEPENDENCE**

The Foundation is largely reliant on the Alberta Education grant funding and receives 99% of its revenue from this one source. Should Alberta Education substantially change its dealings with the Foundation, management is of the opinion that continued viable operations would be doubtful.

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# A Heart For Children Foundation Ltd.

Year End: August 31, 2024

## Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Rep 08/23	Amount Chg	%Chg
1000 BV Credit Union Acc. 9335	59,754.98	0.00	0.00	59,754.98	9,293.94	50,461.04	543
1050 Shareholder Loan Bank or Cash	544.07	0.00	0.00	544.07	0.00	544.07	0
<b>A Cash</b>	<b>60,299.05</b>	<b>0.00</b>	<b>0.00</b>	<b>60,299.05</b>	<b>9,293.94</b>	<b>51,005.11</b>	<b>549</b>
1400 Prepaid Expenses	11,500.00	(11,500.00)	0.00	0.00	0.00	0.00	0
<b>L Prepaid expenses &amp; other current assets</b>	<b>11,500.00</b>	<b>(11,500.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
1500 Furniture and Fixture	2,277.19	1,600.00	0.00	3,877.19	0.00	3,877.19	0
<b>U Capital assets</b>	<b>2,277.19</b>	<b>1,600.00</b>	<b>0.00</b>	<b>3,877.19</b>	<b>0.00</b>	<b>3,877.19</b>	<b>0</b>
2000 Accounts Payable CDN4020	0.00	(69,864.56)	0.00	(69,864.56)	0.00	(69,864.56)	0
2010 Accrued Liabilities	(2,625.00)	(25,000.00)	0.00	(27,625.00)	0.00	(27,625.00)	0
2100 Capital One Mastercard	(1,288.46)	0.00	0.00	(1,288.46)	0.00	(1,288.46)	0
<b>BB Accounts payable &amp; acc. liab.</b>	<b>(3,913.46)</b>	<b>(94,864.56)</b>	<b>0.00</b>	<b>(98,778.02)</b>	<b>0.00</b>	<b>(98,778.02)</b>	<b>0</b>
2300 Payroll Liabilities	59,143.27	(59,143.27)	0.00	0.00	0.00	0.00	0
<b>BB. 1 Employee Deductions Payable</b>	<b>59,143.27</b>	<b>(59,143.27)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
2305 Wages Payable	0.00	(20,029.19)	0.00	(20,029.19)	0.00	(20,029.19)	0
<b>BB. 2 Wages Payable</b>	<b>0.00</b>	<b>(20,029.19)</b>	<b>0.00</b>	<b>(20,029.19)</b>	<b>0.00</b>	<b>(20,029.19)</b>	<b>0</b>
2511 Due to Shareholder (Candyce Ibbott-Nye)	2,354.76	7,645.24	0.00	10,000.00	0.00	10,000.00	0
2512 Due to Shareholder (Demi Broderick)	851.34	9,148.66	0.00	10,000.00	(10,000.00)	20,000.00	(200)
<b>DD Due from (to) Directors</b>	<b>3,206.10</b>	<b>16,793.90</b>	<b>0.00</b>	<b>20,000.00</b>	<b>(10,000.00)</b>	<b>30,000.00</b>	<b>(300)</b>
2254 Due to Creating Futures	3,700.67	(3,700.67)	0.00	0.00	0.00	0.00	0
<b>EE Related Party Transactions</b>	<b>3,700.67</b>	<b>(3,700.67)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
3200 Net Assets	144.79	561.27	0.00	706.06	0.00	706.06	0
<b>TT. 2 Beginning retained earnings</b>	<b>144.79</b>	<b>561.27</b>	<b>0.00</b>	<b>706.06</b>	<b>0.00</b>	<b>706.06</b>	<b>0</b>
4001 Student Registration Fee	(3,075.00)	0.00	0.00	(3,075.00)	0.00	(3,075.00)	0
4020 Donation Income	1,201.75	(11,541.60)	0.00	(10,339.85)	(1,696.60)	(8,643.25)	509
4501 Amts rec'd from Provincial Gov't:ECS Children	(126,596.34)	0.00	0.00	(126,596.34)	0.00	(126,596.34)	0
4502 Amts rec'd from Provincial Gov't:Operations ar	(23,172.24)	0.00	0.00	(23,172.24)	0.00	(23,172.24)	0
4503 Amts rec'd from Provincial Gov't:Classroom Cc	(12,754.00)	0.00	(8,513.50)	(21,267.50)	0.00	(21,267.50)	0
4504 Amts rec'd from Provincial Gov't:ECS Program	(417,148.94)	69,864.56	11,248.94	(336,035.44)	0.00	(336,035.44)	0
4506 Amts rec'd from Provincial Gov't:System Admir	(28,983.58)	0.00	0.00	(28,983.58)	0.00	(28,983.58)	0
4507 Amts rec'd from Provincial Gov't:ECS M/M & G	0.00	0.00	(2,735.44)	(2,735.44)	0.00	(2,735.44)	0
<b>20 Sales or gross income</b>	<b>(610,528.35)</b>	<b>58,322.96</b>	<b>0.00</b>	<b>(552,205.39)</b>	<b>(1,696.60)</b>	<b>(550,508.79)</b>	<b>2448</b>
5010 School Material	1,666.83	0.00	0.00	1,666.83	0.00	1,666.83	0
6000 Advertising and Promotion	1,565.35	0.00	0.00	1,565.35	0.00	1,565.35	0
6040 Bank Charges	(59.55)	105.33	0.00	45.78	129.33	(83.55)	(65)
6045 Payworks - Service Fee	911.22	29.19	0.00	940.41	0.00	940.41	0
6050 Fraud Expense	500.00	0.00	(500.00)	0.00	0.00	0.00	0
6055 Business Licenses and Permits	365.40	0.00	0.00	365.40	0.00	365.40	0
6300 Insurance Expense	1,054.25	0.00	0.00	1,054.25	0.00	1,054.25	0
6315 Insurance Expense: WCB	1,091.26	0.00	0.00	1,091.26	0.00	1,091.26	0
6400 Meals and Entertainment	133.10	0.00	0.00	133.10	0.00	133.10	0
6450 Professional Fees	99,591.00	25,875.00	0.00	125,466.00	2,275.00	123,191.00	5415
6500 Office Supplies	599.78	0.00	0.00	599.78	0.00	599.78	0
6600 Salaries and Wages	288,216.10	79,143.27	(7,934.00)	359,425.37	0.00	359,425.37	0
6615 Subcontractor	1,165.00	0.00	7,934.00	9,099.00	0.00	9,099.00	0
6750 Rent Expense	39,124.80	0.00	0.00	39,124.80	0.00	39,124.80	0

Prepared by	Detail review	Supervisory	Partner
CP 11/28/2024	TC 12/2/2024		AN 12/20/2024

12/23/2024

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A Heart For Children Foundation Ltd.  
Year End: August 31, 2024  
Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Rep 08/23	Amount Chg	%Chg
6780 Supplies	10,556.40	0.00	0.00	10,556.40	0.00	10,556.40	0
6782 Supplies:Classroom Supplies	15,284.08	6,806.77	0.00	22,090.85	0.00	22,090.85	0
6850 Travel Expense	0.00	0.00	500.00	500.00	0.00	500.00	0
6860 Utilities	11,191.44	0.00	0.00	11,191.44	0.00	11,191.44	0
6905 Training Expenses	1,139.14	0.00	0.00	1,139.14	0.00	1,139.14	0
6906 Photography Services	400.00	0.00	0.00	400.00	0.00	400.00	0
40 Operating expenses	474,495.60	111,959.56	0.00	586,455.16	2,404.33	584,050.83	4292
4040 Interest Income - Bank	(324.86)	0.00	0.00	(324.86)	(1.67)	(323.19)	353
70 Other income or expense	(324.86)	0.00	0.00	(324.86)	(1.67)	(323.19)	353
	0.00	0.00	0.00	0.00	0.00	0.00	0
Net Income (Loss)	136,357.61			(33,924.91)	(706.06)	(33,218.85)	4705

Prepared by	Detail review	Supervisory	Partner
CP 11/28/2024	TC 12/2/2024		AN 12/20/2024



A Heart For Children Foundation Ltd.

Year End: August 31, 2024

Adjusting Journal Entries

Date: 9/1/2023 To 8/31/2024

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	8/31/2024	Net Assets	3200	TT	561.27			
1	8/31/2024	Donation Income	4020	TT		240.00		
1	8/31/2024	Donation Income	4020	TT		120.00		
1	8/31/2024	Donation Income	4020	TT		500.00		
1	8/31/2024	Donation Income	4020	TT		600.00		
1	8/31/2024	Donation Income	4020	TT		33.60		
1	8/31/2024	Donation Income	4020	TT		24.00		
1	8/31/2024	Donation Income	4020	TT		24.00		
1	8/31/2024	Bank Charges	6040	TT	105.33			
1	8/31/2024	Professional Fees	6450	TT	875.00			
To reconcile opening retained earnings.								
2	8/31/2024	Furniture and Fixture	1500	U	1,600.00			
2	8/31/2024	Due to Creating Futures	2254	U		3,700.67		
2	8/31/2024	Supplies:Classroom Supplies	6782	U	2,100.67			
To adjust for classroom furniture and supplies purchase.								
3	8/31/2024	Accrued Liabilities	2010	BB		25,000.00		
3	8/31/2024	Professional Fees	6450	BB	25,000.00			
To record audit fee accrual.								
4	8/31/2024	Payroll Liabilities	2300	BB. 3		59,143.27		
4	8/31/2024	Salaries and Wages	6600	BB. 3	59,143.27			
To adjust payroll liabilities to actual.								
5	8/31/2024	Wages Payable	2305	BB. 5		20,029.19		
5	8/31/2024	Payworks - Service Fee	6045	BB. 5	29.19			
5	8/31/2024	Salaries and Wages	6600	BB. 5	20,000.00			
To record wages payable.								
6	8/31/2024	Prepaid Expenses	1400	PBC		1,500.00		
6	8/31/2024	Due to Shareholder (Candyce Ibbott-Nye)	2511	PBC		2,354.76		
6	8/31/2024	Due to Shareholder (Demi Broderick)	2512	PBC		851.34		
6	8/31/2024	Supplies:Classroom Supplies	6782	PBC	3,206.10			
6	8/31/2024	Supplies:Classroom Supplies	6782	PBC	1,500.00			
To adjust for expenses paid by Candyce & Demi as per client.								
7	8/31/2024	Due to Shareholder (Candyce Ibbott-Nye)	2511	PBC	5,000.00			
7	8/31/2024	Due to Shareholder (Demi Broderick)	2512	PBC	5,000.00			
7	8/31/2024	Donation Income	4020	PBC		10,000.00		
To record donations made in 2023 as per client.								
8	8/31/2024	Prepaid Expenses	1400	GL		10,000.00		
8	8/31/2024	Due to Shareholder (Candyce Ibbott-Nye)	2511	GL	5,000.00			
8	8/31/2024	Due to Shareholder (Demi Broderick)	2512	GL	5,000.00			
To adjust prepaids.								
9	8/31/2024	Accounts Payable CDN4020	2000	20. 1		69,864.56		
9	8/31/2024	Amts rec'd from Provincial Gov't:ECS Program U 4504		20. 1	69,864.56			
To adjust for ECS grant income the Foundation is not entitled to.								

Prepared by	Detail review	Supervisory	Partner
CP 11/28/2024	TC 12/2/2024		AN 12/20/2024

A Heart For Children Foundation Ltd.

Year End: August 31, 2024

Adjusting Journal Entries

Date: 9/1/2023 To 8/31/2024

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
					203,985.39	203,985.39		
Net Income (Loss)			(33,924.91 )					

Prepared by	Detail review	Supervisory	Partner
CP 11/28/2024	TC 12/2/2024		AN 12/20/2024

Prepared by	Detail review	Supervisory	Partner
CP 12/05/24	TC 12/18/24		AN 12/20/24

**Objective:** To document misstatements identified during the audit and to evaluate:

- The effect of identified misstatements (including those in qualitative financial statement disclosures) on the audit.
- The effect of uncorrected misstatements, if any, on the financial statements.

(Refer to Vol. 1, Ch. 37, *Completing the File*, Vol. 2, Ch. 18, *Step 8 – Perform Planned Procedures*, Vol. 2, Ch. 19, *Step 9 – Evaluate Evidence Obtained*, Vol. 2, Ch. 21, *Step 10 – Communicate the Results*, and Vol. 2, Ch. 22, *Step 11 – Complete the File*, for further guidance.)

PSC = Procedure successfully completed.

TCWG = Those charged with governance.

Performance materiality: \$12,300 Trivial misstatements under \$900 need not be recorded below.

Description	Circumstances of occurrence	Amount of over (under) misstatement in the financial statements before making any adjustment for the effect of income taxes					Financial statement disclosures	Corrected? Yes/No
		W/P ref.	Assets	Liabilities	Pre-tax income	Equity		
To adjust RMI fees paid July 10, 2024	Overreport liabilities		-	2,625	2,625	(2,625)		No
To accrue for wages payable			-	(9,672)	(9,672)	9,672		No
<b>Total of identified misstatements during the audit</b>			-	(7,047)	(7,047)	7,047		
Misstatements corrected by management			-	-	-	-		
<b>Total uncorrected misstatements</b>			-	(7,047)	(7,047)	7,047		
Effect of uncorrected misstatements on income taxes					-	-		
Effect of uncorrected misstatements from prior periods					-	-		
Uncorrected misstatements to be carried forward					(7,047)	7,047		

Prepared by	Detail review	Supervisory	Partner
CP 12/05/24	TC 12/18/24		AN 12/20/24

EVALUATION OF MISSTATEMENTS	PSC? Y/N	PSC? Initials	W/P ref.	Responses and any difficulties encountered
1. Revise the overall/performance materiality for any new information obtained that would have caused a different amount to have been initially determined, and then describe the new information. Consider changes in financial statement users, operations and financial results.				Preliminary (Form 420): Overall materiality: <u>\$18,000</u> Performance materiality: <u>\$13,500</u> <b>Final:</b> Overall materiality: <u>\$16,500</u> Performance materiality: <u>\$12,300</u>
2. Describe additional work required:				For the list of corrected misstatements please refer to #1-9 WP 5A
a. As a result of a change in overall/performance materiality.	Y	CP	40. 1	Due to revenue amount have decreasing due to funding adjustment, the materiality decreased slightly which resulted in 3 additional samples for expense testing, and 1 additional sample for unrecorded liabilities testing.
b. Where the aggregate of accumulated misstatements approaches or exceeds performance materiality.	NA	CP		Below performance materiality
c. Where the nature of the misstatements and the circumstances of their occurrence indicate that other misstatements may exist.	NA	CP		No issues identified
d. To determine whether misstatements remain in a class of transactions, account balance or disclosure where management was requested by the auditor to examine and then correct the detected misstatements. This situation could result from management's unwillingness to accept an auditor's projection of misstatements in an audit sample.	NA	CP		No issues identified
3. Identify and discuss with management:				
a. Any patterns in the misstatements that might indicate possible management bias (such as estimates) or possible fraud.	Y	CP		No issues identified
b. The effect of identified misstatements (including misclassifications) on:				
i. Compliance with regulatory requirements, debt or other contractual covenants (such as expenses funded by a government program), or	Y	CP		No issues identified

Prepared by	Detail review	Supervisory	Partner
CP 12/05/24	TC 12/18/24		AN 12/20/24

EVALUATION OF MISSTATEMENTS	PSC? Y/N	PSC? Initials	W/P ref.	Responses and any difficulties encountered
ii. Individual line items or sub totals (such as turning a loss into a profit).	Y	CP		No issues identified
4. Ask management to correct all identified misstatements. Document and assess management's reasoning of why any misstatements have not been corrected.	Y	CP		Aggregate of accumulated misstatements do not exceed performance materiality, thus no further work required.
a. Communicate with TCWG any uncorrected misstatements by management (including the effect of uncorrected misstatements related to prior periods) and the effect that they, individually or in aggregate, may have on the audit opinion.	NA	CP		
b. Request of TCWG to correct the misstatements and document and assess the reasoning of why any misstatements have not been corrected.	NA	CP		

**Conclusion** *(If misstatements are material, explain why and describe the impact on the auditor's opinion.)*

In my opinion, the identified and uncorrected misstatements (if any) are not material, either individually or in aggregate, to the financial statements.

Signature: \_\_\_\_\_

Date: December 20, 2024

**Describe the basis for the conclusion reached** *(such as all misstatements identified have been corrected)*

December 20, 2024  
**PERSONAL AND CONFIDENTIAL**

A Heart For Children Foundation Ltd.  
1364 Lackner Blvd  
PO Box 4108  
Carstairs, AB T0M 0N0

Attention: Mr. Andrew Heaton, Board Chair and Director, Ms. Candyce Ibbott-Nye, Director and Ms. Demi Broderick, Director

Dear Candyce, Demi and Andrew:

This letter has been prepared to assist you with your review of the audited financial statements of A Heart For Children Foundation Ltd. (the "Foundation") as at and for the year ended August 31, 2024. We look forward to meeting with you and discussing the matters outlined below.

**Audit Status**

We have completed the audit of the financial statements, with the exception of the following items:

- a. Receipt of a signed representation letter by management;
- b. Obtaining evidence of the Board's approval of the financial statements;

Once these items have been completed, we will date and sign our auditor's report.

**Significant Risks**

The following is a list of the significant risks that we identified during the engagement as well as our audit responses:

#	Description of each significant risk	Audit response
1	Management override of controls	<p>All transactions are posted through the bank. There are minimal additional journal entries posted to fix accruals and ensure transactions are recorded in the appropriate period.</p> <p>Audit engagement team obtained a listing of journal entries posted and reviewed a selection of them to ensure that they were validated in accordance with the Foundation's financial reporting process.</p>

Initials \_\_\_\_\_

**Significant Risks (continued)**

2	Overstatement of revenue due to revenue reported containing transactions that have not been earned, or fictitious transactions due to children that did not exist or were included into the submission list to Alberta Education however they were not qualified for the specific funding coding.	<p>Audit engagement team performed the following substantive testing over funding:</p> <p>Inspect child documents submitted to the Alberta Education system at the registration stage (registration forms, identification documents, attendance reports);</p> <p>Inspect assessment reports for the selected children and perform reconciliation to PASI PUF Codes of Alberta Education;</p> <p>Recalculate each of the funding categories and trace the amounts received to the actual funding amounts paid out by Alberta Education.</p>
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**Significant Matters Arising*****Changes to Audit Plan***

There were no changes to the audit plan as previously discussed with you.

***Other matters***

We identified the following significant matters:

- a. Our materiality for the audit was set at 3% of total revenue which was \$16,500.

**Significant Difficulties Encountered**

There were no significant difficulties encountered during our audit.

**Comments on Accounting Practices*****Accounting Policies***

The significant accounting policies used by the entity are outlined in Note 3 to the financial statements.

- a. There were no significant changes in accounting policies other than the following ...

These financial statements are the first financial statements for which the Foundation has applied Canadian accounting standards for not-for-profit organizations (ASNPO). First-time adoption of this basis of accounting had no impact on the statement of financial position as at the date of transition, September 1, 2022, or on the statement of financial position and the statement of operations or cash flows as at and for the year ended August 31, 2023.

- b. We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- c. We did not identify any significant accounting policies in controversial or emerging areas.

***Significant Accounting Estimates***

The following significant estimates/judgments are contained in the financial statements:

- a. Amortization of tangible capital assets;
- b. The estimated useful lives of assets;
- c. The recoverability of tangible assets;

Based on audit work performed, we are satisfied with the estimates made by management.

Initials \_\_\_\_\_

## Comments on Accounting Practices (continued)

### Significant Financial Statement Disclosures

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

### Uncorrected Misstatements

We accumulated uncorrected misstatements that we identified during our audit and communicated them to management. We then requested that management correct these misstatements. All uncorrected misstatements for the current period have been corrected with the exception of the following:

#	Nature of uncorrected misstatement	Effect on the financial statements	Management's reason for not correcting
1	To accrue for wages payable.	Increases both Salaries and Wages Expense and Wages Payable by \$9,671.	Not considered material to the financial statements taken as a whole.

Uncorrected misstatements from prior year financial statements are outlined below:

#	Nature of uncorrected misstatement	Effect on the financial statements	Management's reason for not correcting
1	To adjust RMI fees paid July 10, 2024.	Decreases both Accrued Liabilities and Professional Fees Expense by \$2,625.	Not considered material to the financial statements taken as a whole.

We would like to discuss these uncorrected misstatements and the implications of not correcting them in relation to both the current and future financial statements. Our request is for all the uncorrected misstatements to be corrected.

### Significant Deficiencies in Internal Control

A deficiency in internal control exists when a risk is not treated by a control or when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies, apart from those outlined below:

Initials \_\_\_\_\_



**Significant Deficiencies in Internal Control** *(continued)*

#	Nature of significant deficiency	Implication for the financial statements	Recommendation
1	When inspecting the documents submitted by the Foundation to Alberta Education for funding, we noted that some attendance records and assessment reports of children were incomplete. As a result, there were classification and completeness errors identified with respect to children who were reported to Alberta Education under the incorrect coding category.	The Alberta Education funding amounts recorded as revenue in the financial statements of the Foundation could be inaccurate. Revenue recorded incorrectly could negatively impact future cashflow and operational activity of the Foundation and impact compliance with Alberta Education funding requirements in the future.	Implement formal, documented procedures to ensure that all attendance records and assessment reports for all children are complete. This will allow the Foundation to prevent any funding coding errors in the future and ensure completeness of revenue. Also, the Foundation should record and document the specific attendance on September 30 each year as that is the information used for funding from Alberta Education.

Initials \_\_\_\_\_

**Written Representations**

In a separate communication, as attached, we have requested a number of written representations from management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

**Other Audit Matters of Governance Interest**

We did not identify any other matters to bring to your attention at this time.

We would like to thank management and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of A Heart For Children Foundation Ltd. to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Encl.

December 23, 2024

**PERSONAL AND CONFIDENTIAL**

A Heart For Children Foundation Ltd.  
1364 Lackner Blvd  
PO Box 4108  
Carstairs AB T0M 0N0

Attention: Ms. Candyce Ibbott-Nye, Director, Ms. Demi Broderick, Director and Mr. Andrew Heaton, Director

Dear Candyce, Demi and Andrew:

We are writing this letter in connection with our audit of the financial statements for the year ending August 31, 2024.

Our purpose in writing is to ensure effective two-way communication between us in our role as auditors and yourselves with the role of overseeing the financial reporting process. In this letter we will:

- a. Address our responsibilities as independent auditors and provide information about the planned scope and timing of our audit.
- b. Request a response to some audit questions and any additional information you may have that could be relevant to our audit.

**Auditor Responsibilities**

The respective responsibilities of ourselves and of management in relation to the audit of financial statements are set out in the engagement letter that was signed by management on December 3, 2024. This engagement letter is attached as an appendix to this letter.

**Planned Scope and Timing of Our Audit**

Our objective as auditors is to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

In developing our audit plan, we worked with management to understand the nature of A Heart For Children Foundation Ltd. and to identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error. Our audit plan has been designed to focus on the identified areas of risk.

**Materiality**

For the current year, we have determined an overall materiality amount of \$16,500. We have also considered misstatements that could be material in qualitative financial statement disclosures. Materiality will be used to:

- a. Plan and perform the audit; and,
- b. Evaluate the effects of identified and uncorrected misstatements on the audit procedures performed as well as on the financial statements.

The materiality amount will be reassessed prior to the end of the engagement to ensure it remains appropriate.

**Significant Changes During Period**

The significant changes that we addressed in planning the audit for the current year are set out below:

- a. Foundation operations and personnel;
- b. Accounting and control systems;

**Significant Changes During Period** *(continued)*

- c. Accounting and auditing standards; and
- d. Other.

**Internal Control**

To help identify and assess the risks of material misstatement in the financial statements, we obtain an understanding of internal control relevant to the audit. This understanding is used in the design of appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control. Should we identify any significant deficiencies in the internal control and accounting systems, we will communicate them to you in our audit findings letter.

**Significant Risks**

In planning our audit, we identify significant financial reporting risks that, by their nature, require special audit consideration. The significant risks we have identified and our proposed audit response is outlined below:

Description of each significant risk	Proposed Audit Response
Revenue recognition, occurrence and accuracy	Revenue reconciliation procedures  Substantive testing of revenues
Management override of controls	Our approach to auditing this significant risk is to assess the appropriateness of general journal entries and other adjustments on the test basis, review accountant estimates for biases and evaluate the business rationale for transactions outside the normal course of business.

If there are specific areas that warrant our particular attention during the audit or where you would like us to undertake some additional procedures, please let us know.

**Uncorrected Misstatements**

Where we identify uncorrected misstatements during our audit, we will communicate them to management and request that they be corrected. If not corrected by management, we will then request that you correct them. If not corrected by you, we will also communicate the effect that they may have individually, or in aggregate, on our audit opinion.

**Timing**

The proposed timing of our audit (as discussed with management) is as follows:

Action	Planned Date
Planning meeting with <i>[directors-audit committee]</i>	October 28, 2024
Start of audit field work	October 28, 2024
End of audit field work	November 29, 2024
Present audit findings letter to <i>[directors-audit committee]</i>	December 2, 2024
Approval of financial statements by the Board of Directors	December 2, 2024
Provide the audit opinion on financial statements	December 2, 2024

## Engagement Team

Our engagement team for this audit will consist of the following personnel:

Name	Role	Contact Details
Aaron Noga	Partner, CPA, CA	aaronjnoga@gmail.com 403 991 7401
Tanya Cherkasskaya	Manager, CPA	tanya@rmillp.ca 403 970 5030
Carissa Plumridge	Senior Accountant, CPA	carissa@rmillp.ca 587 391 7124

## Audit Findings

At the conclusion of our audit, we will prepare an audit findings letter to assist you with your review of the financial statements. This letter will include our views and comments on matters such as:

- a. Significant matters, if any, arising from the audit that were discussed with management;
- b. Significant difficulties, if any, encountered during the audit;
- c. Qualitative aspects of the Foundation's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- d. Uncorrected misstatements; and
- e. Any other audit matters of governance interest.

## Audit Questions and Requests

### ***Fraud***

To help us in identifying and responding to the risks of fraud within the Foundation, we would appreciate your responses to the following questions:

1. What oversight, if any, do you provide over management's processes for identifying and responding to fraud risks? Management's processes could include policies, procedures, programs or controls that serve to prevent, detect and deter fraud.
2. Do you have any knowledge of any actual, suspected or alleged fraud, including misappropriation of assets or manipulation of the financial statements, affecting the Foundation? If so, please provide details and how the fraud or allegations of fraud were addressed.

### ***Other Matters***

Would you please bring to our attention any significant matters or financial reporting risks, of which you are aware, that may not have been specifically addressed in our proposed audit plan. This could include such matters as future plans, contingencies, events, decisions, non-compliance with laws and regulations, potential litigation, specific transactions (such as with related parties or outside of the normal course of business) and any additional sources of audit evidence that might be available.

**Fees**

Our proposed audit fee of \$25,000, for the year ending August 31, 2024, is based on the nature, extent and timing of our planned audit procedures as described above.

We recognize your significant role in the oversight of the audit and would welcome any observations on our audit plan.

This letter was prepared for the sole use of those charged with governance of A Heart For Children Foundation Ltd. to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Encl.

December 23, 2024

**PERSONAL AND CONFIDENTIAL**

A Heart For Children Foundation Ltd.  
1364 Lackner Blvd  
PO Box 4108  
Carstairs AB T0M 0N0

Attention: Ms. Candyce Ibbott-Nye, Director

Dear Candyce:

Re: August 31, 2025 year end

Once again it is time to prepare your financial statements and not-for-profit information return for your fiscal year end.

**Not-for-profit information return deadlines**

There important filing deadlines to remember. The not-for-profit information return is due no later than six months after the year end, and penalties are incurred on returns which are not filed within six months. As we require a minimum of four weeks to prepare year ends, please keep this in mind as the above date approaches.

**Invoice due at time of pickup**

Your invoice for services provided will be due at time of pickup. If you need to make alternative arrangements for payment, please speak to us about it before we begin work on your year end.

**Engagement letter**

Two copies of the Engagement Letter are enclosed. Please review and sign both, keep one copy for your records and return the other copy to us at your earliest convenience.

**Independence letter**

We are enclosing a draft copy of the confirmation of the independence of our firm, with respect to the operations of your Foundation. If you have any questions in regards to this matter, please contact us as soon as possible to discuss them. Assuming there is no threat to our independence that arises that would prevent us from completing the services required under this engagement, we will be issuing a final signed version of this letter at the conclusion of our work, which will be included with the final financial statements and not-for-profit information return and related documents when you receive them.

**Bank confirmation**

A bank confirmation has also been enclosed as required for the financial institution that you had deposits and/or debts with at the previous year end. Please sign where indicated and deliver to the institution for completion and returning directly to the address at the bottom of the confirmation.

If you have added or changed any deposit or debt accounts during the year, please advise us as soon as possible of the appropriate details, and we will forward to you these additional bank confirmations for your signature and for delivery so they can be completed and returned by the bank in a timely manner without holding up the completion of your year end work.

**And finally...**

Attached are sheets which will help you assemble the information we will require to prepare your year end. Once you have assembled all the materials requested, please drop them off at our offices at your convenience.

Yours truly,

*RMI LLP*

RMI LLP

Chartered Professional Accountants



# A HEART FOR CHILDREN FOUNDATION LTD.

Year ended August 31, 2025

## Requested Items

BRING ONLY THE ITEMS INDICATED

For the current year and up to the day you come in:

Documentation required	Y/N	Comments
<b>Corporate records</b>		
<input type="checkbox"/> 1 Details of any change in share ownership		
<input type="checkbox"/> 2 Company minute book		
<input type="checkbox"/> 3 List of Board members, management staff, and their positions		
<b>Accounting records</b>		
<input type="checkbox"/> 1 Electronic copy of bookkeeping data, program name and version number, password where appropriate, and what backup software (and its version number) has been used		
<input type="checkbox"/> 2 Trial balance		
<input type="checkbox"/> 3 Balance sheet at year end		
<input type="checkbox"/> 4 Income statement for the year		
<input type="checkbox"/> 5 General ledger		
<input type="checkbox"/> 6 New policies		
<b>Cash and equivalents</b>		
<input type="checkbox"/> 1 Bank statements from September 1, 2024 - October 31, 2025 (once ready)		Already received September 1, 2024 - October 31, 2024.
<b>Property, plant and equipment</b>		
<input type="checkbox"/> 1 Detail of property, plant and equipment bought, sold or traded, and any related loans		
<b>Shareholders and related parties</b>		
<input type="checkbox"/> 1 Details of any shareholder transactions / drawings		
<b>Accounts payable</b>		
<input type="checkbox"/> 1 Accounts payable aged listing that balances to the General Ledger		
<input type="checkbox"/> 2 Capital One Mastercard statements from September 1, 2024 - September 30, 2025.		
<b>Sales / income</b>		

...continues

# A HEART FOR CHILDREN FOUNDATION LTD.

Year ended August 31, 2025

## Requested Items

(Continued)

Documentation required			Y/N	Comments
<input type="checkbox"/>	1	ECS Funding Invoices for each month from September 2024 to June 2025 (Base Instruction, Operations & Maintenance, Program Unit Funding, Classroom Complexity, System Admin, etc.)		
<b>Operating expenses</b>				
<input type="checkbox"/>	1	Details of wage expense (management / regular, include copy of Annual EHT and WCB return, as well as T4 summary)		
<input type="checkbox"/>	2	Payworks funds summary reports and payroll registers for August & September 2025.		
<input type="checkbox"/>	3	Timesheets for all hourly employees (September 2024 to August 2025)		
<input type="checkbox"/>	4	Records of all expense invoices (organized by month according to invoice dates).		
<input type="checkbox"/>	5	Copies of all insurance policies or endorsements		
<input type="checkbox"/>	6	Approved budgets		
<b>Student Information</b>				
<input type="checkbox"/>	1	PASI Enrolment Counts (Funded Count values) as at October 2024 & June 2025		
<input type="checkbox"/>	2	PASI Enrolment listings (detailed list showing students included in Base Funding Total count, and another list showing students included in Other Funding Total count)		
<input type="checkbox"/>	3	Registration / intake forms for all "funded" students		
<input type="checkbox"/>	4	Provide a copy of 1 of the following: a birth certificate, Alberta health card, or passport, for all "funded" students		
<input type="checkbox"/>	5	Attendance reports for all "funded" students		
<b>Knowledge of Entity Information</b>				
<input type="checkbox"/>	1	School calendar 2024-2025		Already received
<input type="checkbox"/>	2	Annual Operating Plan		
<input type="checkbox"/>	3	Copies of all health, safety, fire, and building inspections		
<input type="checkbox"/>	4	Alberta Teaching Certificates for all certified teachers for the 2024-2025 school year		

...continues

**A HEART FOR CHILDREN FOUNDATION LTD.****Year ended August 31, 2025****Requested Items***(Continued)*

Documentation required			Y/N	Comments
<input type="checkbox"/>	5	Policies with respect to safety for field trips, a health protocol, evaluation of children and teacher growth, supervision and evaluation.		
<input type="checkbox"/>	6	All policies and programs of the company		
<input type="checkbox"/>	7	Insurance statement showing blanket fidelity bond of \$50k, and general liability policy not less than \$2M for each occurrence of loss or damage resulting from bodily injury to or death of one or more persons, and for loss or damage to property, regardless of the number of claims arising from any one occurrence.		
<input type="checkbox"/>	8	City of Airdrie operational business licence 2024-2025		
<input type="checkbox"/>	9	Provide documentation of ALL correspondence with Alberta Education. And results of all monitoring and enrolment verification procedures.		
<input type="checkbox"/>	10	Private ECS 2026 Budget Report (excel)		
<input type="checkbox"/>	11	Private ECS 2025-2026 ADO Elimination Plan (excel)		

**A HEART FOR CHILDREN FOUNDATION LTD.**

**Year ended August 31, 2025**

**Points for Discussion**

When do you want the work to be completed? \_\_\_\_\_

Any major changes in the business during the year?

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Any significant events after the year end (lawsuit, change in business etc.)?

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Any problems or peculiarities in bookkeeping?

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Special attention needed for anything?

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**A HEART FOR CHILDREN FOUNDATION LTD.**

**Year ended August 31, 2025**

**Other Information**

*CONTACT INFORMATION (confirm information is current)*

Contact	<u>Candyce Ibbott-Nye</u>		
Contact Phone #	<u></u>		
Contact Email	<u>candyce@heartforchildrenfoundation.com</u>		
Operating Name	<u>A Heart For Children Foundation Ltd.</u>		
Address	<u>1364 Lackner Blvd</u>		
	<u>PO Box 4108</u>		
City	<u>Carstairs</u>	Prov/State	<u>AB</u>
Postal/Zip Code	<u>T0M 0N0</u>		
Phone #	<u>(587) 892-2432</u>	Fax #	<u></u>
Home Page	<u>www.heartforchildrenfoundation.com</u>		

December 20, 2024

A Heart for Children Foundation  
1364 Lackner Blvd, PO Box 4108  
Carstairs, AB T0M 0N0

Attention: Candyce Ibbott-Nye

**DOCUMENTATION RETURNED RECEIPT**

By signing below, I hereby acknowledge that I have received all my original documentation previously submitted to RMI Professional Corporation for the completion of my income tax return(s) for the year(s) required to be filed.

Per: \_\_\_\_\_

Date: \_\_\_\_\_