

Rockway Mennonite Collegiate Inc.
Financial Statements
For the year ended July 31, 2023

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Financial Statements
For the year ended July 31, 2023

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Independent Auditor's Report

To the Members of Rockway Mennonite Collegiate Inc.

Opinion

We have audited the financial statements of Rockway Mennonite Collegiate Inc. ("The Collegiate") that comprise the statement of financial position as at July 31, 2023, and the statements of operations, changes in fund balances 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 Collegiate as at July 31, 2023, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

Responsibilities of Management 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 Collegiate'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 Collegiate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Collegiate'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 Collegiate's internal control.
- Evaluate the appropriateness of accounting policies used and the 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 Collegiate'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 Collegiate 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
October 25, 2023

Rockway Mennonite Collegiate Inc.
Statement of Financial Position

July 31						2023	2022
	Operating Fund	Facilities Fund	Sustainability Fund	Scholarship Fund	Property Fund	Total	Total
Current							
Cash (Note 2)	\$ 456,334	\$ 98,976	\$ -	\$ 74	\$ -	\$ 555,384	\$ 352,346
Investments (Note 3)	924,873	402,705	1,444,209	717,593	-	3,489,380	3,464,918
Accounts receivable (Note 4)	98,514	974	1,281	2,596	-	103,365	109,293
Inventory of books	9,498	-	-	-	-	9,498	13,140
Prepaid expenses	41,294	-	-	-	-	41,294	27,986
Interfund balances (Note 5)	13,901	-	-	(13,901)	-	-	-
	<u>1,544,414</u>	<u>502,655</u>	<u>1,445,490</u>	<u>706,362</u>	<u>-</u>	<u>4,198,921</u>	<u>3,967,683</u>
Tangible capital assets (Note 6)	1,052,450	-	-	-	1	1,052,451	1,181,898
	<u>\$ 2,596,864</u>	<u>\$ 502,655</u>	<u>\$ 1,445,490</u>	<u>\$ 706,362</u>	<u>\$ 1</u>	<u>\$ 5,251,372</u>	<u>\$ 5,149,581</u>
Liabilities and Fund Balances							
Current							
Accounts payable and accrued liabilities	\$ 314,525	\$ 160	\$ -	\$ 5	\$ -	\$ 314,690	\$ 326,564
Deferred revenue	1,447,337	-	-	-	-	1,447,337	1,220,270
Loan payable (Note 7)	20,000	-	-	-	-	20,000	20,000
Funds committed for specific purpose (Note 8)	87,441	-	-	-	-	87,441	98,459
	<u>1,869,303</u>	<u>160</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1,869,468</u>	<u>1,665,293</u>
Accrued sick day gratuity (Note 9)	423,250	-	-	-	-	423,250	448,784
	<u>2,292,553</u>	<u>160</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>2,292,718</u>	<u>2,114,077</u>
Fund balances							
Unrestricted	304,311	502,495	-	152,254	1	959,061	1,130,614
Externally restricted (Note 10)	-	-	-	554,103	-	554,103	591,737
Internally restricted	-	-	1,445,490	-	-	1,445,490	1,313,153
	<u>304,311</u>	<u>502,495</u>	<u>1,445,490</u>	<u>706,357</u>	<u>1</u>	<u>2,958,654</u>	<u>3,035,504</u>
	<u>\$ 2,596,864</u>	<u>\$ 502,655</u>	<u>\$ 1,445,490</u>	<u>\$ 706,362</u>	<u>\$ 1</u>	<u>\$ 5,251,372</u>	<u>\$ 5,149,581</u>

On behalf of the Board: _____

Rockway Mennonite Collegiate Inc. Statement of Changes in Fund Balances

For the year ended July 31

2023

2022

	Operating Fund		Facilities Fund	Sustainability Fund	Scholarship Fund	Property Fund	Total	Total
	Budget (Note 16)	Actual						
Fund balances, beginning of year	\$ 267,498	\$ 249,478	\$ 565,505	\$ 1,313,153	\$ 907,367	\$ 1	\$ 3,035,504	\$ 3,502,365
Excess (deficiency) of revenue over expenses for the year	(319,829)	(11,917)	3,740	132,337	(201,010)	-	(76,850)	(466,861)
Transfer to Operating Fund from Facilities Fund (Note 12)	82,801	66,750	(66,750)	-	-	-	-	-
	(237,028)	54,833	(63,010)	132,337	(201,010)	-	(76,850)	(466,861)
Fund balances, end of year	\$ 30,470	\$ 304,311	\$ 502,495	\$ 1,445,490	\$ 706,357	\$ 1	\$ 2,958,654	\$ 3,035,504

The accompanying notes are an integral part of these financial statements.

Rockway Mennonite Collegiate Inc.
Statement of Operations

For the year ended July 31

2023

2022

	Operating Fund		Facilities Fund	Sustainability Fund	Scholarship Fund	Property Fund	Total	Total
	Budget (Note 16)	Actual						
Revenue								
Tuition and student fees	\$ 5,000,840	\$ 5,079,995	\$ -	\$ -	\$ -	\$ -	\$ 5,079,995	\$ 4,507,679
Annual fund	300,000	303,662	-	-	-	-	303,662	199,799
International student fees	316,500	311,865	-	-	-	-	311,865	482,200
Donations	-	-	920	-	108,835	-	109,755	183,647
Miscellaneous income	65,500	69,133	-	-	-	-	69,133	57,787
Funds from MCEC	70,215	70,215	-	-	-	-	70,215	70,215
Rental income	50,000	71,381	-	-	-	-	71,381	10,495
Estate gifts	-	-	-	82,920	-	-	82,920	167,016
Investment income (losses) (Note 3)	30,000	84,321	12,164	49,672	14,367	-	160,524	(49,166)
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	3,000
	<u>5,833,055</u>	<u>5,990,572</u>	<u>13,084</u>	<u>132,592</u>	<u>123,202</u>	<u>-</u>	<u>6,259,450</u>	<u>5,632,672</u>
Expenses								
Salaries and benefits (Note 9)	4,458,412	4,424,496	-	-	-	-	4,424,496	4,271,749
Amortization - Operating	181,225	140,620	-	-	-	-	140,620	147,772
Program	291,255	199,252	-	-	-	-	199,252	163,403
Administrative	420,350	387,143	194	255	21,390	-	408,982	383,079
Facilities	419,100	456,039	-	-	-	-	456,039	390,640
International student expenses	382,542	394,939	-	-	-	-	394,939	449,835
Tuition assistance (Note 13)	-	-	-	-	302,822	-	302,822	269,033
Revitalization projects	-	-	9,150	-	-	-	9,150	42,709
	<u>6,152,884</u>	<u>6,002,489</u>	<u>9,344</u>	<u>255</u>	<u>324,212</u>	<u>-</u>	<u>6,336,300</u>	<u>6,118,220</u>
Excess (deficiency) of revenue over expenses for the year before other item	(319,829)	(11,917)	3,740	132,337	(201,010)	-	(76,850)	(485,548)
Other item								
Canada Emergency Wage Subsidy	-	-	-	-	-	-	-	18,687
Excess (deficiency) of revenue over expenses for the year	\$ (319,829)	\$ (11,917)	\$ 3,740	\$ 132,337	\$ (201,010)	\$ -	\$ (76,850)	\$ (466,861)

The accompanying notes are an integral part of these financial statements.

Rockway Mennonite Collegiate Inc.
Statement of Cash Flows

For the year ended July 31	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ (76,850)	\$ (466,861)
Items not involving cash		
Amortization - operating	140,620	147,772
Amortization - student council	-	239
Gain on disposal of tangible capital assets	-	(3,000)
Change in accrued sick day gratuity	37,606	57,822
Unrealized losses (gains) on investments	(4,446)	101,624
	<u>96,930</u>	<u>(162,404)</u>
Changes in non-cash working capital balances		
Accounts receivable	5,928	241,959
Inventory of books	3,642	(2,387)
Prepaid expenses	(13,308)	(2,124)
Accounts payable and accrued liabilities	(11,874)	33,059
Deferred revenue	227,067	(364,344)
Accrued sick day gratuity	(63,140)	-
Funds committed for a specific purpose	(11,018)	51,019
	<u>234,227</u>	<u>(205,222)</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(11,174)	(97,881)
Proceeds on disposal of tangible capital assets	-	3,000
Purchase of investments	(752,683)	(1,896,887)
Disposal of investments	732,668	1,693,497
	<u>(31,189)</u>	<u>(298,271)</u>
Increase (decrease) in cash during the year	203,038	(503,493)
Cash, beginning of year	<u>352,346</u>	<u>855,839</u>
Cash, end of year	<u>\$ 555,384</u>	<u>\$ 352,346</u>

The accompanying notes are an integral part of these financial statements.

Rockway Mennonite Collegiate Inc.

Notes to the Financial Statements

July 31, 2023

1. Summary of Significant Accounting Policies

Nature of Business Rockway Mennonite Collegiate Inc. ("the Collegiate"), is a Christian educational community within the Anabaptist/Mennonite faith linked to the congregations of Mennonite Church Eastern Canada ("MCEC"). The Collegiate is incorporated under the Ontario Corporations Act as a not-for-profit organization, is a registered charity under the Income Tax Act and therefore is not subject to income taxes.

The Collegiate is located in Kitchener, Ontario.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund Accounting The accounts of the Collegiate are maintained in accordance with the principles of fund accounting whereby resources are classified for accounting and reporting purposes into funds associated with specified activities or objectives.

The financial statements of the Collegiate include the following funds:

a) The Operating Fund accounts for the costs of academic, administrative and other operating expenditures of the Collegiate funded by fees, donations and other general income.

b) The Facilities Fund accounts for monies received and expended for the specific purpose of exploration and development of facility expansion and improvement. These gifts may be restricted (designated for a specific project) or unrestricted (to be used at the discretion of the Collegiate).

c) The Sustainability Fund accounts for monies received and expended to ensure the viability and sustainability of the mission of the Collegiate. These gifts may be restricted (designated for a specific purpose), unrestricted (to be used at the discretion of the Collegiate) or internally restricted (to be used at the discretion of the Collegiate for specific purposes). The Sustainability fund policies set by the board target a minimum balance equal to three months of average recurring operating costs.

d) The Scholarship Fund accounts for monies received for scholarships and tuition assistance. These gifts may be restricted (designated for a specific purpose) or unrestricted (to be used at the discretion of the Collegiate). The unrestricted funds are occasionally internally restricted by the board for specific purposes.

Rockway Mennonite Collegiate Inc.
Notes to the Financial Statements

July 31, 2023

1. Summary of Significant Accounting Policies (continued)

Fund Accounting (continued) e) The Property Fund accounts for the property located at 110 Doon Road, Kitchener, Ontario transferred from MCEC on December 22, 2005.

Inventory of Books Inventory is stated at the lower of cost and net realizable value. Cost is determined on an average cost basis.

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate	Rate
Furnishings and equipment	Straight-line		3 - 10 years
Buildings	Straight-line		5 - 30 years
Computer equipment	Straight-line		3 - 5 years
Musical instruments	Straight-line		5 - 8 years

The assets contributed by student council are amortized on the same basis as those purchased by the Collegiate.

When a tangible capital asset no longer has any long-term service potential to the Collegiate, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Revenue Recognition The Collegiate follows the restricted fund method of accounting for contributions.

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

Tuition and student revenues are recorded in the accounts in the period when education services are performed. Any tuition paid in advance of the next fiscal year is shown as deferred revenue.

Unrestricted investment income is recognized as revenue of the Operating Fund. Restricted investment income is recognized as revenue of the appropriate restricted fund.

Rockway Mennonite Collegiate Inc.
Notes to the Financial Statements

July 31, 2023

1. Summary of Significant Accounting Policies (continued)

Employee Future Benefits	The Collegiate provides certain non-pension retirement benefits. The cost of providing the benefits is recognized in the statement of operations in the year incurred, based upon management's best assumptions. The accumulated cost of providing the benefit is presented as a liability on the statement of financial position.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in sale or circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.
Contributed Goods and Services	Volunteers contribute many hours per year to assist the Collegiate in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed volunteer services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the Collegiate and their fair market value can be ascertained.
Use of Estimates	The preparation of financial statements in accordance with ASNPO 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 reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates are required in calculating the useful lives of property, plant and equipment and the accrued sick day gratuity.

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

2. Cash

The Collegiate's bank accounts are held at one credit union. The bank accounts earn nominal interest.

3. Investments

	<u>2023</u>	<u>2022</u>
Term deposits	\$ 1,081,990	\$ 1,263,317
Pooled funds	662,897	606,099
Balanced funds	<u>1,744,493</u>	<u>1,595,502</u>
	<u>\$ 3,489,380</u>	<u>\$ 3,464,918</u>

The term deposit interest rates vary between 1.90% - 4.65% on these investments. The term deposits mature between August 2023 and November 2025.

The pooled funds have an average rate of return for the year of 3.11% and the balanced funds have an average rate of return for the year of 3.74%.

Included in investment income are unrealized gains (losses) on investments of \$4,446 (2022 - \$(101,624)) which are realized when the investments mature or the investments are sold.

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

4. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Operating Fund		
Tuition	\$ 9,432	\$ 7,464
Commitments	6,001	4,610
HST	91,949	88,506
Allowance for Doubtful Accounts	<u>(8,868)</u>	<u>-</u>
	98,514	100,580
Facilities Fund		
HST	974	6,412
Sustainability Fund		
HST	1,281	957
Scholarship Fund		
HST	<u>2,596</u>	<u>1,344</u>
	<u>\$ 103,365</u>	<u>\$ 109,293</u>

5. Interfund Balances

The interfund balances are non-interest bearing with no specific terms of repayment.

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

6. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furnishings and equipment	\$ 342,617	\$ 304,866	\$ 37,751	\$ 53,201
Buildings	1,945,025	948,404	996,621	1,090,837
Computer equipment	176,979	158,900	18,079	37,600
Musical instruments	110,191	110,191	-	260
Student council	142,847	142,847	-	-
	\$ 2,717,659	\$ 1,665,208	\$ 1,052,451	\$ 1,181,898

On December 22, 2005, MCEC conveyed the property title for the land and building located at 110 Doon Road in Kitchener, Ontario, to the Collegiate. The agreement stipulated the land and building would be conveyed for the sum of \$1. The agreement contained a restrictive covenant that in the event that:

- (i) the Collegiate should cease to exist; or
- (ii) in the reasonable opinion of MCEC, the Collegiate's use of the Lands is not consistent with the undertaking set out in the agreement; or
- (iii) the Collegiate's activities are no longer in fellowship and doctrinal unity with MCEC,

then the land and building, including all improvements and fixtures, shall be reconveyed to MCEC for the sum of \$1. Due to nature of the property, a fair value was not practicable to determine at the date of the transfer and therefore the property was transferred at a nominal amount.

7. Loan Payable - Operating Fund

This non-interest bearing, unsecured loan payable has been advanced to the Collegiate with the intention that the interest earned on the invested funds will be used in the operations of the School. This loan is initially for a term of one year, and then is repayable six months after demand. The fair market value of the loan is not determinable.

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

8. Funds Committed for Specific Purposes

	2023	2022
Other	\$ 87,441	\$ 98,459
Student Council		
Balance, beginning of year	\$ -	\$ 239
Transfer to Operating Fund	-	(239)
Balance, end of year	\$ -	\$ -
Other		
Balance, beginning of year	\$ 98,459	\$ 47,201
Receipts, during the year	122,106	248,259
Disbursements, during the year	(133,124)	(197,001)
Balance, end of year	\$ 87,441	\$ 98,459

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

9. Accrued Sick Day Gratuity

The Collegiate provides unused sick day gratuity to teachers, which entitles a teacher to receive a payment equal to 1/2 of his or her annual salary in the two semesters preceding retirement, upon meeting certain criteria. The liability is calculated on an individual teacher basis, using the current salary at the time of the accrual, and is expensed over a 10-year period starting from the first eligible year. The change in accrued sick day gratuity is included in salaries and benefits expense on the statement of operations. The total accrued sick day gratuity liability is \$423,250 (2022 - \$448,784) and the related expense is \$37,606 (2022 - \$57,822).

The following significant assumptions were used in determining the amount of accrued gratuity:

- A period of 10 years is required to accumulate the number of unused sick days that entitles a teacher to receive the gratuity payment upon retirement.
- All teachers who remain with the Collegiate past 10 years will stay until retirement.
- All teachers who remain with the Collegiate past 10 years will have sufficient number of unused sick days accumulated to receive the gratuity payment upon retirement.

The sick leave retirement gratuity applies only to teachers hired prior to December 31, 2017.

10. Scholarship Fund

Included in the externally restricted funds of the Scholarship Fund is \$518,153 (2022 - \$474,574) that have been designated by the donors to be held in investments. Under various restriction policies, a limited amount of funds are available for scholarship purposes on an annual basis. All income earned from these investments is re-invested to be used for future scholarships.

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

11. Endowment Funds

Under the terms of two separate agreements, all donations relating to the General Endowment (1976) and the A.J. Shantz Memorial Fund Endowment (1989) belong to Abundance Canada. The balance on deposit in the fund at July 31, 2023 was \$842,146 (2022 - \$842,146) and grant income received from these funds during the year amounted to \$60,715 (2022 - \$Nil). This balance consists of two separate endowments, the General Endowment \$689,079 and the A. J. Shantz Memorial Fund Endowment \$153,067.

Under the terms of an agreement dated September 30, 2008, all donations to the Rella Woolner Music Award Endowment belong to Abundance Canada. The balance on deposit in the Rella Woolner Music Award Endowment at July 31, 2023 was \$100,179 (2022 - \$100,179) and grant income received during the year amounted to \$6,562 (2022 - \$Nil).

12. Interfund Transfers

In order to fund the amortization costs of the Revitalization Campaign capital items, \$66,750 (2022 - \$71,906) was transferred from the Facilities Fund to the Operating Fund.

13. Tuition Assistance

	2023	2022
Tuition assistance	\$ 298,622	\$ 263,333
Scholarships	4,200	5,700
	<u>\$ 302,822</u>	<u>\$ 269,033</u>

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

14. Commitments

The Collegiate has leased photocopiers under an operating lease with an expiry date of May 2026.

The Collegiate has leased a mail machine under an operating lease with an expiry date of January 2025.

The Collegiate has leased portables under an operating lease with an expiry date of August 2028.

The Collegiate has entered into a services agreement to survey employees for feedback and improvements with an expiry date of May 2024.

The minimum annual lease payments for the next five years and thereafter are as follows:

2024	\$	42,334
2025		33,012
2026		30,803
2027		25,200
2028		25,200
Thereafter		<u>2,100</u>
	\$	<u>158,649</u>

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

15. Financial Instrument Risks

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. Financial instruments which potentially subject the Collegiate to concentrations of credit risk consist of cash, short term investments and accounts receivable. The Collegiate has deposited the cash and investments with a reputable financial institution, from which management believes the risk of loss to be remote. The Collegiate's accounts receivable consists primarily of tuition fees from its students. The Collegiate provides credit to its students in the normal course of its operations. There have been no changes in exposure to credit risk from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Collegiate encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Collegiate will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and loans payable. There have been no changes in exposure to liquidity risk from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Collegiate is mainly exposed to interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Collegiate is exposed to this risk through its short-term investments. The Collegiate holds investments which involves risk of price changes due to, without limitation, such factors as interest rates and general economic conditions. There have been no changes in exposure to interest rate risk from the prior year.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Collegiate is exposed to other price risk through its investments in funds. The Collegiate manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

Rockway Mennonite Collegiate Inc.
Notes to Financial Statements

July 31, 2023

16. Budget Amounts

The budget amounts were approved by the Board of Directors and are provided for information purposes only. These figures are unaudited.
