RTD MATH ACADEMY LTD.

Financial Statements

Year Ended August 31, 2024

RTD MATH ACADEMY LTD.
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Year Ended August 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of RTD Math Academy Ltd.

Opinion

We have audited the financial statements of RTD Math Academy Ltd. (the "organization"), which comprise the statement of financial position as at August 31, 2024, and the statements of revenues and expenditures, changes in net debt 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 organization 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 organization 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.

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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vista Accounting
Professional Corporation

Calgary, Alberta
December 13, 2024

Chartered Professional Accountant

RTD MATH ACADEMY LTD.
Statement of Financial Position
August 31, 2024

		2024		2023
ASSETS				
CURRENT				
Cash	**$**	**59,164**	$	18,465
Accounts receivable		**30,699**		-
Goods and services tax recoverable		**1,507**		883
Prepaid expenses		**8,289**		1,674
		99,659		21,022
CAPITAL ASSETS *(Note 3)*		**6,381**		3,447
	$	**106,040**	$	24,469
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	**$**	**17,351**	$	9,999
Wages payable		**16,377**		-
Due to related parties *(Note 4)*		**66,150**		10,929
		99,878		20,928
DEFERRED INCOME *(Note 5)*		**8,763**		-
		108,641		20,928
NET ASSETS				
General fund		**(8,982)**		94
Net assets invested in capital assets		**6,381**		3,447
		(2,601)		3,541
	$	**106,040**	$	24,469

APPROVED BY THE DIRECTORS

_____ *Director*

_____ *Director*

RTD MATH ACADEMY LTD.

Statement of Revenues and Expenditures

Year Ended August 31, 2024

	2024	2023
REVENUES		
Grants	**$ 601,300**	$ 200,410
Tuition	**22,504**	-
	623,804	200,410
EXPENSES		
Salaries and wages	**480,839**	88,647
Sub-contracts	**98,099**	66,300
Accounting fees	**14,265**	10,000
Advertising and promotion	**11,904**	19,228
Office	**10,867**	347
Training	**8,996**	10,531
Amortization	**3,728**	1,308
Insurance	**1,239**	359
Memberships	**9**	-
Travel	**-**	149
	629,946	196,869
EXCESS OF REVENUES OVER EXPENSES	**$ (6,142)**	$ 3,541

RTD MATH ACADEMY LTD.

Statement of Changes in Net Debt

Year Ended August 31, 2024

	General Fund	Net assets invested in capital assets	**2024**	2023
NET ASSETS (DEBT) - BEGINNING OF YEAR	$ 94	$ 3,447	**$ 3,541**	$ -
DEFICIENCY OF REVENUES OVER EXPENSES	(2,416)	(3,726)	**(6,142)**	3,541
Purchase of captal assets	(6,660)	6,660	**-**	-
NET ASSETS (DEBT) - END OF YEAR	$ (8,982)	$ 6,381	**$ (2,601)**	$ 3,541

RTD MATH ACADEMY LTD.
Statement of Cash Flows
Year Ended August 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	**$ (6,142)**	$ 3,541
Item not affecting cash:		
Amortization of capital assets	**3,728**	1,308
	(2,414)	4,849
Changes in non-cash working capital:		
Accounts receivable	**(30,699)**	-
Goods and services tax payable	**(624)**	(883)
Prepaid expenses	**(6,615)**	(1,674)
Accounts payable	**7,350**	9,999
Wages payable	**16,377**	-
Deferred income	**8,763**	-
	(5,448)	7,442
Cash flow from (used by) operating activities	**(7,862)**	12,291
INVESTING ACTIVITY		
Purchase of capital assets	**(6,660)**	(4,755)
FINANCING ACTIVITY		
Advances from related parties	**55,221**	10,929
INCREASE IN CASH FLOW	**40,699**	18,465
Cash - beginning of year	**18,465**	-
CASH - END OF YEAR	**$ 59,164**	$ 18,465
CASH CONSISTS OF:		
Cash	**$ 59,164**	$ 18,465

RTD MATH ACADEMY LTD.

Notes to Financial Statements

Year Ended August 31, 2024

1. PURPOSE OF THE ORGANIZATION

RTD Math Academy Ltd. (the "organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.. The client offers Online High School Math and Coding Courses tailored to the needs of the students

The organization operates to provide online math classes, and instructional support for students seeking academic success.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates include accounts receivable, goods and services tax recoverable, prepaid expenses, capital assets, and accounts payable. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The fair value of cash, accounts receivable, prepaid, and accounts payable and accrued liabilities, approximates their carrying value due to their short term nature.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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

Capital assets

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:

	Rate	Method
Computer equipment	55%	declining balance method

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

Income taxes

As a not-for-profit organization, the organization is exempt from paying income taxes under Section 149(1)(f) of the Income Tax Act.

Net assets

a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment 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.

Revenue recognition

RTD Math Academy Ltd. follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

Seminar fees are recognized as revenue of the General Fund when the seminars are held.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	**2024 Net book value**	2023 Net book value
Computer equipment	$ 11,416	$ 5,035	**$ 6,381**	$ 3,447

4. RELATED PARTY TRANSACTIONS

The organization made purchases of $98,099 from RTD Learning Ltd, (related by virtue of common shareholders). $66,150 of this amount remains payable at August 31, 2024. This amount is based on a leasing fee of $50 per student for access to Edge Learning Management System and course content.

5. DEFERRED REVENUE

Deferred revenue represents restricted contributions (tuition). The deferred revenue balance for the year is derived as follows:

	2024	2023
Section heading		
Beginning balance	**$ -**	$ -
Plus contributions received during the year	**632,567**	200,410
Less amounts recognized as revenue during the year	**(623,804)**	(200,410)
	$ 8,763	$ -

6. ECONOMIC DEPENDENCE

The organization recevied approximately 96% of its funding from the Government of Alberta. Should grant contract with the Government of Alberta substantially change with the organization, management is of the opinion that continued viable operations would be doubtful.

7. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of August 31, 2024.

Credit risk

(continues)

7. FINANCIAL INSTRUMENTS *(continued)*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, 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 organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.