

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

CAPE-Centre for Academic and Personal Excellence Institute

Legal Name of School Jurisdiction

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SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of CAPE-Centre for Academic and Personal Excellence Institute presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school jurisdiction's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the school jurisdiction's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong system of budgetary control.

Board of Trustees Responsibility

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

External Auditors

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors were given full access to school jurisdiction records.

Declaration of Management and Board Chairman

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with generally accepted accounting principles and follow the financial reporting requirements prescribed by Alberta Education.

BOARD CHAIR

Brad Thompson
Name

"ORIGINAL SIGNED"
Signature

SUPERINTENDENT

Teresa DiNinno
Name

"ORIGINAL SIGNED"
Signature

SECRETARY TREASURER OR TREASURER

Judy Herring
Name

"ORIGINAL SIGNED"
Signature

9-Dec-10

Board-approved Release Date

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Auditors' Report

To the Board of Trustees of
CAPE - Centre for Academic and Personal Excellence

We have audited the statement of financial position of CAPE - Centre for Academic and Personal Excellence as at August 31, 2010 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended. These financial statements are the responsibility of the school jurisdiction's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of CAPE - Centre for Academic and Personal Excellence as at August 31, 2010 and the results of its operations, changes in cash flows, net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

Meggs Norris Penny LLP

Medicine Hat, Alberta
November 24, 2010

Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at August 31, 2010

(in dollars)

	2010	2009 (Note)
ASSETS		
Current assets		
Cash and temporary investments (Note 3)	\$64,299	\$1,784
Accounts receivable (net after allowances) (Note 4)	\$8,032	\$231,779
Prepaid expenses	\$26,221	\$23,669
Other current assets	\$0	\$0
Total current assets	\$98,552	\$257,232
School generated assets	\$19,847	\$9,591
Trust assets	\$0	\$0
Long term accounts receivable	\$0	\$0
Long term investments (Note 6)	\$203,299	\$344,116
Capital assets (Note 5)		
Land	\$0	\$0
Construction in Progress	\$0	\$162,815
Buildings	\$377,086	
Less: accumulated amortization	\$0	\$0
Equipment	\$248,846	
Less: accumulated amortization	(\$109,086)	\$178,227
Vehicles	\$0	
Less: accumulated amortization	\$0	\$0
Total capital assets	\$516,846	\$341,042
TOTAL ASSETS	\$838,544	\$951,981
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 7)	\$0	\$0
Accounts payable and accrued liabilities (Note 8)	\$57,297	\$44,593
Deferred revenue (Note 9)	\$13,064	\$3,161
Deferred capital allocations (Note 10)	\$0	\$190,674
Current portion of long term debt	\$24,239	\$21,470
Total current liabilities	\$94,600	\$259,898
School generated liabilities	\$19,847	\$9,591
Trust liabilities	\$0	\$0
Employee future benefit liabilities	\$0	\$0
Long term debt (Note 11)		
Supported: Debentures and other supported debt	\$0	\$0
Less: Current portion	\$0	\$0
Unsupported: Debentures and Capital Loans	\$0	\$0
Capital Leases	\$34,163	\$55,772
Mortgages	\$0	\$0
Less: Current portion	(\$24,239)	(\$21,470)
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 12)	\$365,230	\$165,815
Total long term liabilities	\$395,001	\$209,708
TOTAL LIABILITIES	\$489,601	\$469,606
NET ASSETS		
Unrestricted net assets	\$229,518	\$329,761
Operating Reserves	\$1,972	\$33,159
Accumulated Operating Surplus (Deficit)	\$231,490	\$362,920
Investment in capital assets	\$117,453	\$119,454
Capital Reserves	\$0	\$0
Total Capital Funds	\$117,453	\$119,454
Total net assets	\$348,943	\$482,374
TOTAL LIABILITIES AND NET ASSETS	\$838,544	\$951,980

Note: Please input "(Restated)" in 2009 column heading where comparatives are not taken from the finalized 2008-2009 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2010

(in dollars)

	Actual 2010	Budget 2010 (Note 13)	Actual 2009 Restated
REVENUES			
Government of Alberta	\$1,333,736	\$1,401,910	\$1,500,401
Federal Government and First Nations	\$0	\$0	\$0
Other Alberta school authorities	\$0	\$0	\$0
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$52,995	\$43,400	\$74,138
Transportation fees	\$0	\$0	\$0
Other sales and services	\$13,663	\$10,000	\$809
Investment income	\$19,682	\$0	\$2,197
Gifts and donations	\$8,378	\$20,000	\$2,935
Rental of facilities	\$0	\$0	\$0
Gross school generated funds	\$19,537	\$20,000	\$21,333
Gains on disposal of capital assets	\$0	\$0	\$0
Amortization of capital allocations	\$1,565	\$500	\$500
Other revenue	\$7,139	\$0	\$0
Total Revenues	\$1,456,695	\$1,495,810	\$1,602,313
EXPENSES			
Certificated salaries (Note 18)	\$663,105	\$592,043	\$761,022
Certificated benefits (Note 18)	\$69,109	\$59,155	\$86,921
Non-certificated salaries and wages (Note 18)	\$259,263	\$222,444	\$245,757
Non-certificated benefits (Note 18)	\$30,902	\$25,048	\$31,792
Services, contracts and supplies	\$492,450	\$539,603	\$507,837
Gross school generated funds	\$19,537	\$20,000	\$21,333
Capital and debt services			
Amortization of capital assets			
Supported	\$0	\$500	\$0
Unsupported	\$48,773	\$31,517	\$31,517
Total Amortization of capital assets	\$48,773	\$32,017	\$31,517
Interest on capital debt			
Supported	\$0	\$0	\$0
Unsupported	\$6,165	\$5,500	\$6,008
Total Interest on capital debt	\$6,165	\$5,500	\$6,008
Other interest and charges	\$822	\$0	\$865
Losses on disposal of capital assets	\$0	\$0	\$10,821
Other expense	\$0	\$0	\$0
Total Expenses	\$1,590,126	\$1,495,810	\$1,703,873
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	(\$133,431)	\$0	(\$101,560)
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$133,431)	\$0	(\$101,560)

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statements filed with Alberta Education. Budget 2010 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2010

(in dollars)

	2010	2009 (Note)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	(\$133,431)	(\$101,560)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$1,565)	(\$500)
Total amortization expense	\$48,773	\$31,517
Gains on disposal of capital assets	\$0	\$0
Losses on disposal of capital assets	\$0	\$10,821
Changes in:		
Accounts receivable	\$223,747	(\$171,407)
Prepays and other current assets	(\$2,552)	\$982
Long term accounts receivable	\$0	\$0
Long term investments	\$140,817	\$107,965
Accounts payable and accrued liabilities	\$12,704	(\$98,522)
Deferred revenue	\$9,903	(\$4,029)
Employee future benefit liabilities	\$0	\$0
Other (describe)	\$0	\$0
Total cash flows from Operations	\$298,396	(\$224,733)
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$214,272)	(\$162,815)
Equipment		(\$74,500)
Vehicles		\$0
Net proceeds from disposal of capital assets		\$0
Other (describe)		\$0
Total cash flows from Investing activities	(\$214,272)	(\$237,315)
C. FINANCING ACTIVITIES		
Capital allocations	\$0	\$353,489
Issue of long term debt	\$0	\$74,500
Repayment of long term debt	(\$21,609)	(\$21,849)
Add back: supported portion	\$0	\$0
Other (describe)		\$0
Total cash flows from financing activities	(\$21,609)	\$406,140
Net cash flows from during the year	\$62,515	(\$55,908)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/09	\$1,784	\$57,692
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$64,299	\$1,784

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statement filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2010**

School Jurisdiction Code: 6019

(in dollars)

	(1)	(2)	(3)	(4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15)											
			UNRESTRICTED NET ASSETS	TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	School & Instruction Related		Operations & Maintenance		Board & System Admin.		Transportation		External Services	
	TOTAL NET ASSETS Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
Balance at August 31, 2009	\$482,374	\$119,454	\$329,761	\$33,159	\$0	\$0	\$33,159	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior period adjustments (describe)	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2009	\$482,374	\$119,454	\$329,761	\$33,159	\$0	\$0	\$33,159	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Excess (deficiency) of revenues over expenses	(\$133,431)		(\$133,431)												
Board funded capital additions		\$23,598	(\$23,598)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Direct credits to net assets	\$0														
Amortization of capital assets		(\$48,773)	\$48,773												
Amortization of capital allocations		\$1,565	(\$1,565)												
Debt principal repayments (unsupported)		\$21,609	(\$21,609)												
Net transfers to operating reserves			\$33,159	(\$33,159)	\$0	\$0	(\$33,159)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net transfers from operating reserves			(\$1,972)	\$1,972	\$0	\$0	\$1,972	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net transfers to capital reserves			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net transfers from capital reserves			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2010	\$348,943	\$117,453	\$229,518	\$1,972	\$0	\$0	\$1,972	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2010
(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2009	\$190,674	\$165,815
Prior period adjustments	\$0	
Adjusted balance, August 31, 2009	\$190,674	\$165,815
Add:		
Restricted capital allocations from: Alberta Education including school and modular projects	\$0	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$0	
Other capital grants and donations	\$0	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$10,306
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$0
Expended capital allocations - current year	(\$190,674)	\$190,674
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$1,565
Balance at August 31, 2010	\$0	\$365,230

* Infrastructure Maintenance Renewal/Infrastructure Maintenance Program allocations are excluded from this Statement, since those contributions are not externally restricted to capital.

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
EXCELLENCE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

1. AUTHORITY AND PURPOSE

CAPE – Centre for Academic and Personal Excellence Institute delivers education programs under the authority of the Charter School Regulations of the School Act, Revised Statutes of Alberta 2000, and Chapter S-3.

The jurisdiction receives instruction and support allocations under Regulation 77/2003. The regulation allows for the setting of conditions and use of grant monies. The School jurisdiction is limited on certain funding allocations and administration expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a. REVENUE RECOGNITION

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Externally restricted capital allocations from the province or other agencies are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing funded capital assets are then transferred to unamortized capital allocations. Unamortized capital allocations are recognized as amortization of capital allocations revenue in the periods which the related amortization expense of the funded capital asset is recorded.

Unrestricted contributions are recognized as revenue when received or receivable. Contributions in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with. Endowment contributions are recognized as direct increases in net assets in the period in which they are received or receivable.

b. CAPITAL ASSETS

Capital assets are recorded at cost and amortized over their estimated useful lives on a straight-line basis. Donated assets are recorded at fair market value at the time of the donation. No amortization is taken in the year of acquisition or disposal. The rates are as follows:

Buildings	40 years
Other Equipment & Furnishings	10 years
Computer Hardware & Software	4 years

Only capital assets with costs in excess of \$5,000 are capitalized. Capital allocations received for asset additions are amortized into revenue over the same period as the amortization expense.

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
EXCELLENCE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. LONG-LIVED ASSETS

Long-lived assets consist of building and equipment with a finite useful life. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The jurisdiction performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in loss for the year.

Prices for similar items are used to measure fair value of long lived assets.

d. SCHOOL GENERATED FUNDS

These are funds which come under the control and responsibility of a school principal for school activities. They are usually collected, retained and expended at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.).

e. VACATION PAY

Vacation pay is accrued in the period in which the employee earns the benefit.

f. PENSIONS

Pension costs included in these statements comprise the cost of employer contributions for current services of employees during the year.

The current and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the charter school does not make pension contributions for certified staff.

g. PREPAID EXPENSES

Certain expenditures incurred before the close of the school year are for school supplies which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses also fall into this category.

h. CONTRIBUTED SERVICES

Volunteers contribute a considerable number of hours per year to schools to ensure that certain programs are delivered, such as kindergarten, lunch services and the raising of school generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
EXCELLENCE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POICIES (continued)

i. FINANCIAL INSTRUMENTS

Held for trading:

The Centre for Academic and Personal Excellence Institute has classified cash and long term investments as held for trading.

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments – Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The jurisdiction has designated cash and long term investments on initial recognition as held for trading in accordance with its risk management strategy, as doing so allows the jurisdiction to eliminate or significantly reduce a measurement or recognition inconsistency; as the instruments are evaluated on a fair value basis in accordance with the jurisdiction's documented risk management strategy and reported to key management personnel on that basis.

The jurisdiction's held for trading instruments are initially recognized at their fair value.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables:

The jurisdiction has classified its trade receivables as loans and receivables. These assets are initially recognized at their fair value, determined by the terms of the agreement entered into. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

Other financial liabilities:

The jurisdiction has classified accounts payable as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date and transaction costs are immediately recognized in income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net income upon derecognition.

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
EXCELLENCE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POICIES (continued)

j. OPERATING AND CAPITAL RESERVES

Reserves are established at the discretion of the Board of Trustees of the jurisdiction, to set aside funds for operating and capital purposes. Such reserves are appropriations of unrestricted net assets.

k. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with banks and short term investments with maturities of three months or less

l. MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amortization is based on the estimated useful lives of capital assets. Amortization of capital allocations is based on the related estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

m. LEASES

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on the straight-line basis, over their estimated useful live. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible assets; or
- there is a substantial physical change to the specified tangible assets.

3. CASH AND TEMPORARY INVESTMENTS

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$64,299	\$64,299	\$1,784	\$1,784

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
EXCELLENCE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

4. ACCOUNTS RECEIVABLE

	2010	2009
Alberta Education	\$ -	\$ 194,059
Federal Government	3,064	2,650
Other Alberta School Jurisdictions	1,972	33,159
Other	2,996	1,911
Total	\$ 8,032	\$ 231,779

5. TANGIBLE CAPITAL ASSETS

	Construction In Progress - New Building	Buildings	Equipment - Computer Hardware & Software	Other Equipments	Total Aug. 31, 2010	Total Aug. 31, 2009
Estimated Useful life		40 Years	4 Years	10 Years		
Historical cost						
Beginning of year	\$ 162,815	\$ -	\$ 181,366	\$ 57,173	\$ 401,354	\$ 182,074
Additions	0	214,271	10,307	0	224,578	237,316
Transfers in (out)	(162,815)	162,815	-	-	-	(18,035)
Less disposals including write-offs	-	-	-	-	-	-
End of year	\$ 0	\$ 377,086	\$ 191,673	\$ 57,173	\$ 625,932	\$ 401,355
Accumulated amortization						
Beginning of year	\$ -	\$ -	\$ 26,716	\$ 33,597	\$ 60,313	\$ 36,011
Amortization expense	-	-	43,972	4,801	48,773	31,517
Transfers in (out)	-	-	-	-	-	-
Effect of disposals	-	-	-	-	-	(7,215)
End of year	\$ -	\$ -	\$ 70,688	\$ 38,398	\$ 109,086	\$ 60,313
Net Book Value at August 31, 2010	\$ 0	\$ 377,086	\$ 120,985	\$ 18,775	\$ 516,846	\$ 341,042

6. LONG TERM INVESTMENTS

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Fixed income securities				
Pooled investment funds	\$ 183,620	\$ 203,299	\$ 313,170	\$ 344,116

7. BANK INDEBTEDNESS

The jurisdiction has negotiated a line of credit in the amount of \$20,000 that bears interest at the bank prime rate plus 1.00% (prime at 2.75% in 2010; 2.25% in 2009). The line of credit is unsecured. There is no balance outstanding on the line of credit at August 31, 2010 (nil in 2009).

8. ACCOUNTS PAYABLE AND LIABILITIES

	2010	2009
Federal Government	\$ 20,971	\$ 1,803
Other trade payables and accrued liabilities	36,326	42,790
Total	\$ 57,297	\$ 44,593

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
EXCELLENCE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

9. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2009	ADD: 2009/2010 Restricted Funds Received/ Receivable	DEDUCT: 2009/2010 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2009/2010 Adjustments or Returned Funds	DEFERRED REVENUE as at Aug. 31, 2010
Other Deferred Revenue:	\$0	\$0	\$0	\$0	\$0
Learning Resouce Centre credit	\$1,595	\$1,110	(\$671)	\$0	\$2,034
School fees	\$1,566	\$11,030	(\$1,566)	\$0	\$11,030
Total	<u>\$3,161</u>	<u>\$12,140</u>	<u>(\$2,237)</u>	<u>\$0</u>	<u>\$13,064</u>

10. DEFERRED CAPITAL ALLOCATIONS

Deferred capital allocations represent externally restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure had not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

11. LONG-TERM DEBT

Capital Leases – Unsupported

The capital lease obligations bear interest varying between 11.757% and 15.705%. The capital lease debt is not supported by Alberta Finance. Debt payments due over the next four years are as follows:

	Principal	Interest	Total
2010-2011	\$24,239	\$3,344	\$27,583
2011-2012	3,719	1,403	5,122
2012-2013	3,448	858	4,306
2013-2014	2,757	237	2,994
Total	<u>\$34,163</u>	<u>\$5,842</u>	<u>\$40,005</u>

12. UNAMORTIZED CAPITAL ALLOCATIONS

Unamortized capital allocations represent externally restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized capital allocations account balance is increased by transfers of deferred capital allocations expended, as well as fully-supported debentured principal repayments.

13. BUDGET AMOUNTS

The budget was prepared by the school jurisdiction and approved by the Board of Directors on May 26, 2009. It is presented for information purposes only and as such was not audited.

14. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2010 presentation.

15. ECONOMIC DEPENDENCE

The Charter School's primary source of income is from the Alberta Government. The Charter School's ability to continue viable operations is dependent on this funding.

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
EXCELLENCE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

16. COMMITMENTS

Activity Room Lease: The jurisdiction committed to lease activity room space at a monthly rate of \$687 until July 31, 2011. The total remaining commitment under this lease is \$8,247.

Parking Lot Lease: The jurisdiction is committed to lease parking space at a monthly rate of \$417 until July 31, 2011. The total remaining commitment under this lease is \$5,000.

School Lease: The jurisdiction is committed to lease a school premises at a yearly rate of \$110,484 until July 31, 2011. The total remaining commitment under this lease is \$110,484.

17. RELATED PARTY TRANSACTIONS

Effective 2005/2006, school jurisdictions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

	Balances		Transactions	
	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
2009-2010				
Government of Alberta:				
Education	\$-	\$-	\$1,324,341	\$-
Other Gov't of Alberta departments	-	-	\$9,395	-
Other:				
Other Alberta school jurisdictions:				
Medicine Hat Catholic Separate Regional Division No. 20	1,972	-	-	240,100
TOTAL 2009-2010	<u>\$1,972</u>	<u>\$-</u>	<u>\$1,333,736</u>	<u>\$240,100</u>
TOTAL 2008-2009	<u>\$33,159</u>	<u>\$-</u>	<u>\$1,656,898</u>	<u>\$225,712</u>

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

18. REMUNERATION AND MONETARY INCENTIVES

The Charter School has paid or accrued expenses for the year ended August 31, 2010 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Negotiated Allowances	Performance Bonuses	ERIP's / Other	Expenses
Chair: Brad Thompson	1.0	\$0	\$0	\$0			\$0
Vice Chair: Riaan Swiegers	1.0	\$0	\$0	\$0			\$0
Tanya Fus	0.9	\$0	\$0	\$0			\$0
Dr. Adriaan Kriel	1.0	\$0	\$0	\$0			\$0
Julie Tracy	1.0	\$0	\$0	\$0			\$0
Donna Piwarezyk	1.0	\$0	\$0	\$0			\$0
Derek Gavay	0.3	\$0	\$0	\$0			\$0
Subtotal	6.2	\$0	\$0	\$0			\$0
Superintendent	0.5	\$70,000	\$5,996	\$0	\$0	\$0	\$0
Secretary-Treasurer	1.0	\$0	\$0	\$0	\$0	\$0	\$20,000
Certificated Teachers	14.0	\$593,105	\$63,113	\$0	\$0	\$0	
Non-certificated - Other	14.5	\$259,263	\$30,902	\$0	\$0	\$0	
TOTALS		\$922,368	\$100,011	\$0	\$0	\$0	

19. FINANCIAL INSTRUMENTS

The jurisdiction as part of its operations carries a number of financial instruments. It is management's opinion that the jurisdiction is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Risk management policy

The jurisdiction, as part of operations, has established avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the jurisdiction follows a risk management policy approved by its Board of Trustees.

Credit concentration

Financial instruments that potentially subject the jurisdiction to concentrations of credit risk consist of accounts receivable. Credit risks exist due to 49% of accounts receivable being from two funders (2009 – one funder represented 86%). As the receivables are expected to be collected within the upcoming year, carrying value approximates fair value. However, the jurisdiction believes that there is minimal risk associated with the collection of these amounts.

Fair value disclosure

The carrying amounts of cash, accounts receivable and accounts payable and accruals approximates their fair values, due to the short-term nature of these instruments.

The fair value of the jurisdiction's long term investments is determined by a readily available market value.

**CAPE - CENTRE FOR ACADEMIC AND PERSONAL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

20. CAPITAL MANAGEMENT

The jurisdiction sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements.

The jurisdiction is subject to capital requirements under the School Act which prohibits the jurisdiction, without the prior written approval of the Minister, from borrowing to meet current expenditures if the aggregate of the amount to be borrowed and the total amount owing under previous borrowings would exceed the amount of the jurisdiction's accounts receivable, as shown in the most recent audited financial statements of the jurisdiction. The jurisdiction was in compliance with this requirement throughout the years ended August 31, 2010 and 2009.

21. CHANGE IN ACCOUNTING POLICIES

School Generated Funds

Effective September 1, 2009 the jurisdiction adopted the CICA accounting recommendation for the reporting of revenues and expenses on a gross basis. This change in accounting policy was applied retroactively, and the comparative revenues and expenses at August 31, 2009 have been restated to conform to this presentation. The effect of the change on the comparative revenues and expenses was an increase in Net school generated funds of \$9,382.

UNAUDITED SCHEDULES
TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010
[School Act, Section 276]

CAPE - Centre for Academic and Personal Excellence

Legal Name of School Jurisdiction

830A Balmoral Street SE, Medicine Hat, AB T1B 2X1

Mailing Address

Phone (403) 528-2983 Fax (403) 528-3048

Telephone and Fax Numbers

Declaration of Secretary-Treasurer / Chief Financial Officer

To the best of my knowledge and belief, these unaudited schedules have been prepared following Alberta Education's reporting requirements for Alberta school jurisdictions. These schedules were submitted to the board for information purposes.

SECRETARY TREASURER OR TREASURER

Judy Herring
Name

"SIGNED AND DATED ELECTRONICALLY"
Signature

30-Nov-10

Dated

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch,
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: Cindy.Wang@gov.ab.ca
PHONE: (780) 644-5672 FAX: (780) 422-6996

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SCHEDULE A

School Jurisdiction Code: 6019

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2009-2010

REVENUES	ECS Instruction	Grades 1-12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Administration	External Services	TOTAL
(1) Alberta Education	\$75,939	\$748,430	\$256,052	\$57,489	\$190,036	\$0	\$1,327,946
(2) Other - Government of Alberta	\$0	\$0	\$0	\$0	\$0	\$5,790	\$5,790
(3) Federal Government and First Nations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Other Alberta school authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(6) Alberta Municipalities-special tax levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Instruction resource fees	\$7,000	\$45,995					\$52,995
(8) Transportation fees-ECS				\$0			\$0
(9) Transportation fees-Grades 1-12				\$0			\$0
(10) Other sales and services	\$0	\$0	\$0	\$0	\$0	\$13,663	\$13,663
(11) Investment income	\$0	\$19,682	\$0	\$0	\$0	\$0	\$19,682
(12) Gifts and donations	\$0	\$8,378	\$0	\$0	\$0	\$0	\$8,378
(13) Rental of facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(14) Gross school generated funds	\$0	\$19,537	\$0	\$0	\$0	\$0	\$19,537
(15) Gains on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(16) Amortization of capital allocations	\$0	\$0	\$1,565	\$0	\$0	\$0	\$1,565
(17) Other revenue	\$0	\$5,562	\$0	\$0	\$0	\$1,577	\$7,139
(18) TOTAL REVENUES	\$82,939	\$847,584	\$257,617	\$57,489	\$190,036	\$21,030	\$1,456,696
EXPENSES							
(19) Certificated salaries	\$31,000	\$561,213			\$70,000	\$892	\$663,105
(20) Certificated benefits	\$4,506	\$58,578			\$5,996	\$29	\$69,109
(21) Non-certificated salaries and wages	\$34,223	\$184,589	\$0	\$0	\$31,856	\$8,595	\$259,263
(22) Non-certificated benefits	\$3,943	\$21,683	\$0	\$0	\$4,578	\$698	\$30,902
(23) SUB - TOTAL	\$73,672	\$826,063	\$0	\$0	\$112,430	\$10,214	\$1,022,379
(24) Services, contracts and supplies	\$6,962	\$115,966	\$253,346	\$53,147	\$57,614	\$5,415	\$492,450
(25) Gross school generated funds	\$0	\$19,537					\$19,537
(26) Amortization of capital assets	\$0	\$48,773	\$0	\$0	\$0	\$0	\$48,773
(27) Interest and charges	\$0	\$0	\$0	\$0	\$6,987	\$0	\$6,987
(28) Losses on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(29) Other expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(30) TOTAL EXPENSES	\$80,634	\$1,010,339	\$253,346	\$53,147	\$177,031	\$15,629	\$1,590,126
(31) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$2,305	(\$162,755)	\$4,271	\$4,342	\$13,005	\$5,401	(\$133,430)

**SCHEDULE B
SCHOOL GENERATED FUNDS (SGF) - 2009-2010**

Unexpended SGF - Opening Balance August 31, 2009 (Note 1)			\$9,591
Sources of School Generated Funds:	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$7,631	\$7,485	\$146
Student fees (Non-Instructional) (Note 1)	\$1,984	\$0	\$1,984
Donations and grants to schools	\$11,954	\$0	\$11,954
Other (describe):	\$8,224	\$1,706	\$6,518
Net Additions to SGF	\$29,793	\$9,191	\$20,602
Net SGF Available			\$30,193
Uses of Net School Generated Funds:			
Extra-curricular activities			\$6,427
Field Trips			\$0
Other (describe): Kindergarten, donation, equipment			\$3,919
Total Uses of Net SGF (Note 2)			\$10,346
Unexpended SGF - Closing Balance August 31, 2010 (Note 3)			\$19,847
<p>School Generated Funds (SGF) are funds raised in the community for student activities that come under the control and responsibility of school management. These funds are usually collected and retained at the school for expenditures paid at the school level. SGF does not include any other funds collected at the school but remitted to central office and accounted for by central office (facility rentals, capital assets purchases, etc.)</p> <p>Notes:</p> <ol style="list-style-type: none"> 1 Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees related to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Fees charged for CEU-related activities are recorded as instruction resource fees, not SGF. 2 The sum of "total related expenses" and "total uses of net SGF" is reported as "gross school generated funds" in the Statement of Revenues & Expenses. 3 Unexpended SGF is reported as SGF assets and SGF liabilities in the Statement of Financial Position. 			

**SCHEDULE C
Operations and Maintenance of Schools & Maintenance Shops Program Expense Details - 2009-2010**

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed IMR and Modular Unit Relocations	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$0	\$0	\$0	\$0	\$0		\$0		\$0
Uncertificated benefits	\$0	\$0	\$0	\$0	\$0		\$0		\$0
Sub-total Remuneration	\$0	\$0	\$0	\$0	\$0		\$0		\$0
Supplies and services	\$0	\$14,224	\$0	\$0	\$0		\$14,224		\$14,224
Electricity			\$0	\$0			\$0		\$0
Natural Gas/Heating Fuel			\$0	\$0			\$0		\$0
Sewer and Water			\$0	\$0			\$0		\$0
Telecommunications			\$9,985				\$9,985		\$9,985
Insurance					\$7,349		\$7,349		\$7,349
Amortization of capital assets									
Supported								\$0	\$0
Unsupported								\$0	\$0
Total Amortization				\$0			\$0	\$0	\$0
Interest on capital debt									
Supported								\$0	\$0
Unsupported								\$0	\$0
Other interest charges									
Losses on disposal of capital assets									
TOTAL EXPENSES	\$0	\$14,224	\$9,985	\$0	\$7,349		\$37,723	\$0	\$37,723
SQUARE METRES									
School Buildings									2,207.0
Non School Buildings									0.0

Note:

- Custodial:** All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.
- Maintenance:** All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit relocations, as they are reported on separately.
- Utilities & Telecommunications:** All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.
- Expensed IMR & Modular Unit Relocations:** All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects (AKA IMP and BQRP) and modular unit (portable) relocations.
- Facility Planning & Operations Administration:** All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project administration, administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.
- Supported Capital & Debt Services:** All expenses related to supported capital assets amortization and interest on supported capital debt.