NEW HORIZONS CHARTER SCHOOL SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2026

AND

INDEPENDENT AUDITOR'S REPORT

Y&A LLP
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of **New Horizons Charter School Society**:

Opinion

We have audited the financial statements of **New Horizons Charter School Society** (the Society), which consist of the statement of financial position at August 31, 2026, and statements of operations, cash flows and changes in net financial assets 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 Society as at August 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

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 Society 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.

Other matter

We draw attention to the fact that budgeted figures are not included in these financial statements which is not in accordance with PSAS.

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 Canadian Public Sector Accounting Standards, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society 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.

Yaremchuk & Annicchiarico LLP
Chartered Professional Accountants

Edmonton, Alberta
November 23, 2026

NEW HORIZONS CHARTER SCHOOL SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2026

	2026	2025
FINANCIAL ASSETS:		
Cash	$ 911,448	$ 1,303,855
Accounts receivable (Note 4)	64,014	44,615
Total financial assets	975,462	1,348,470
LIABILITIES:		
Accounts payable and accrued liabilities (Note 5)	80,647	398,796
Unspent deferred contributions (Note 6)	93,399	249,315
Total liabilities	174,046	648,111
NET FINANCIAL ASSETS	801,416	700,359
NON-FINANCIAL ASSETS:		
Tangible capital assets (Schedule 1)	7,707,939	7,781,221
Prepaid expenses (Note 8)	74,043	45,293
Total non-financial assets	7,781,982	7,826,514
NET ASSETS BEFORE SPENT DEFERRED CAPITAL CONTRIBUTIONS	8,583,398	8,526,873
SPENT DEFERRED CAPITAL CONTRIBUTIONS	(7,173,193)	(7,223,319)
ACCUMULATED SURPLUS (Schedule 2)	$ 1,410,205	$ 1,303,554

Approved by the Board:

..... Director

..... Director

NEW HORIZONS CHARTER SCHOOL SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2026

	2026	2025
REVENUE:		
Alberta Education and Childcare	**$5,023,924**	$4,517,038
Alberta Infrastructure	**300,727**	315,758
Government of Alberta - other	**1,183**	1,223
Other Alberta school authorities	**-**	55,682
Fees	**174,182**	161,824
Other sales and services	**1,458**	702
Investment	**11,390**	14,483
Donations	**1,944**	3,141
Rental of facilities	**27,543**	21,705
Fundraising	**42,890**	25,353
Total revenue	**5,585,241**	5,116,909
EXPENSES:		
Instruction - ECS	**122,160**	112,279
- Grade 1 to Grade 9	**4,111,872**	3,920,543
Operations and maintenance	**873,125**	854,243
Transportation	**66,838**	60,717
System administration	**252,436**	251,882
External services	**52,159**	43,800
Total expenses	**5,478,590**	5,243,464
OPERATING SURPLUS (DEFICIT) FOR THE YEAR	**106,651**	(126,555)
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	**1,303,554**	1,430,109
ACCUMULATED SURPLUS AT END OF THE YEAR	**$1,410,205**	$1,303,554

NEW HORIZONS CHARTER SCHOOL SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2026

	2026	2025
OPERATING ACTIVITIES:		
Operating surplus (deficit) for the year	$ **106,651**	$ (126,555)
Items not involving cash for operations:		
Amortization of tangible capital assets	**374,840**	368,351
Spent deferred capital recognized as revenue	**(351,684)**	(344,104)
	129,807	(102,308)
Add (deduct) change in non-cash working capital balances:		
Accounts receivable	**(19,399)**	77,115
Prepaid expenses	**(28,750)**	(10,158)
Accounts payable and accrued liabilities	**(318,149)**	322,886
Unspent deferred contributions	**(155,916)**	234,115
Net cash from (used in) operating activities	**(392,407)**	521,650
CAPITAL ACTIVITY - acquisition of tangible capital assets	**(301,558)**	(305,156)
INVESTING ACTIVITY - decrease in term deposits	-	121,049
FINANCING ACTIVITY - increase in spent deferred capital contributions	**301,558**	305,156
NET CHANGE IN CASH DURING THE YEAR	**(392,407)**	642,699
CASH AT BEGINNING OF THE YEAR	**1,303,855**	661,156
CASH AT END OF THE YEAR	$ **911,448**	$1,303,855

NEW HORIZONS CHARTER SCHOOL SOCIETY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2026

	2026	2025
OPERATING SURPLUS (DEFICIT) FOR THE YEAR	**$ 106,651**	$(126,555)
ACQUISITION OF TANGIBLE CAPITAL ASSETS	**(301,558)**	(305,156)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	**374,840**	368,351
NET CHANGE IN PREPAID EXPENSES	**(28,750)**	(10,158)
NET CHANGE IN SPENT DEFERRED CAPITAL CONTRIBUTIONS	**(50,126)**	(38,948)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	**101,057**	(112,466)
NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR	**700,359**	812,825
NET FINANCIAL ASSETS AT END OF THE YEAR	**$ 801,416**	$ 700,359

Schedule 1

NEW HORIZONS CHARTER SCHOOL SOCIETY

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2026

	Buildings	Office Equipment	**2026**	2025
COST:				
Balance at beginning of the year	$11,318,407	$66,157	**$11,384,564**	$11,079,408
Acquisition of tangible capital assets	301,558	-	**301,558**	305,156
Balance at end of the year	11,619,965	66,157	**11,686,122**	11,384,564
ACCUMULATED AMORTIZATION:				
Balance at beginning of the year	3,547,369	55,974	**3,603,343**	3,234,992
Amortization	372,803	2,037	**374,840**	368,351
Balance at end of the year	3,920,172	58,011	**3,978,183**	3,603,343
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 7,699,793	$ 8,146	**$ 7,707,939**	$ 7,781,221

Schedule 2

NEW HORIZONS CHARTER SCHOOL SOCIETY

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED AUGUST 31, 2026

	Accumulated Operating Surplus	Internally Restricted (Note 10)	Equity in Tangible Capital Assets	Capital Reserve	**2026**	2025
Balance beginning of the year	$ 437,667	$150,876	$ 557,902	$157,109	**$1,303,554**	$1,430,109
Operating surplus (deficit) for the year	106,651	-	-	-	**106,651**	(126,555)
Amortization of tangible capital assets	374,840	-	(374,840)	-	-	-
Capital revenue recognized	(351,684)	-	351,684	-	-	-
Transfer to capital reserve	(67,891)	-	-	67,891	-	-
Transfer to internally restricted	(321,744)	321,744	-	-	-	-
Balance at end of the year	$ 177,839	$472,620	$ 534,746	$225,000	**$1,410,205**	$1,303,554

Schedule 3

NEW HORIZONS CHARTER SCHOOL SOCIETY
SCHEDULE OF PROGRAM OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2026

	Instruction (ECS)	Instruction (Grade 1 to Grade 9)	Operations and Maintenance	Transportation	System Administration	External Services	**2026**	2025
REVENUE:								
Alberta Education and Childcare	$118,144	$4,154,361	$432,145	$66,838	$252,436	$ -	**$5,023,924**	$4,517,038
Alberta Infrastructure	-	-	300,727	-	-	-	**300,727**	315,758
Government of Alberta - other	-	-	1,183	-	-	-	**1,183**	1,223
Other Alberta school authorities	-	-	-	-	-	-	**-**	55,682
Fees	3,860	170,322	-	-	-	-	**174,182**	161,824
Other sales and services	-	1,458	-	-	-	-	**1,458**	702
Investment income	-	11,390	-	-	-	-	**11,390**	14,483
Donations	-	-	1,944	-	-	-	**1,944**	3,141
Rental of facilities	-	-	-	-	-	27,543	**27,543**	21,705
Fundraising	-	-	-	-	-	42,890	**42,890**	25,353
Total revenue	122,004	4,337,531	735,999	66,838	252,436	70,433	**5,585,241**	5,116,909
EXPENSES:								
Salaries and benefits:								
- certificated	117,643	2,873,230	-	-	112,760	-	**3,103,633**	2,907,378
- non-certificated	-	646,802	92,427	4,234	76,123	-	**819,586**	751,599
Services, contracts and supplies	4,517	585,964	405,858	62,604	57,507	52,105	**1,168,555**	1,205,713
Amortization of tangible capital assets	-	-	374,840	-	-	-	**374,840**	368,351
Other interest and finance charges	-	5,876	-	-	6,046	54	**11,976**	10,423
Total expenses	122,160	4,111,872	873,125	66,838	252,436	52,159	**5,478,590**	5,243,464
OPERATING SURPLUS (DEFICIT) FOR THE YEAR	$ (156)	$ 225,659	$(137,126)	$ -	$ -	$18,274	$ **106,651**	$ (126,555)

1. AUTHORITY AND PURPOSE:

The Society delivers education programs under the authority of the *Education Act*, 2012, Chapter E-0.3.

The Society receives funding for instruction and support under Ministerial Grants Regulation (AR215/2022). The regulation allows for the setting of conditions and use of grant monies. The Society is limited on certain funding allocations and administrative expenses.

2. ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards (PSAS). 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:

Budget figures:

The budget figures for the Society are not included in these financial statements as they are readily available in other sources such as the financial statements prepared under the format prescribed by Alberta Education and Childcare.

Reporting Society and Method of Consolidation:

The Fundraising Association of New Horizons School is not a controlled Society and has not been consolidated with the Society's financial statements.

Valuation of Financial Assets and Liabilities:

The Society's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

2. ACCOUNTING POLICIES (continued):

Financial Assets:

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Society's financial claims on external organizations and individuals.

Cash and cash equivalents:

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term commitments rather than for investment purposes, with terms to maturity of primarily less than three months from the date of acquisition.

Accounts receivable:

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities:

Liabilities are present obligations of the Society to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities include unearned revenue collected from external organizations and individuals for which goods and services have yet to be provided.

2. ACCOUNTING POLICIES (continued):

Deferred contributions:

Deferred contributions include contributions received for operations which have stipulations that meet the definition of a liability per Public Sector Accounting Standard (PSAS) PS 3200. These contributions are recognized by the Society once it has met all eligibility criteria to receive the contributions. When stipulations are met, deferred contribution is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability.

Deferred revenue also includes contributions for capital expenditures, unspent and spent. Unspent Deferred Capital Contributions (UDCC) represent externally restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure has not been made at year-end. These contributions must also have stipulations that meet the definition of a liability per PS 3200 when spent.

Spent Deferred Capital Contributions (SDCC) represent externally restricted supported capital funds that have been spent but have yet to be amortized over the useful life of the related capital asset. Amortization over the useful life of the related capital asset is due to certain stipulations related to the contributions that require that the school jurisdiction to use the asset in a prescribed manner over the life of the associated asset.

Pensions:

The Society and certain employees are required to contribute to the Alberta Teachers' Retirement Fund (ATRF), a multi-employer defined benefits pension plan. ATRF contributions by the province for current service are reflected as a cost to operate the education systems in Alberta and the Society's proportionate share are formally recognized in the accounts of the Society, even though the Society has no legal obligation to pay these costs. The amount of current service contributions are recognized as "Revenue from Alberta Education and Childcare" and as "benefits" expense.

2. ACCOUNTING POLICIES (continued):

Asset retirement obligations:

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets (TCA). Asset retirement activities include all activities relating to an asset retirement obligation.

These may include, but are not limited to;

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

(a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
(b) the past transaction or event giving rise to the liability has occurred;
(c) it is expected that future economic benefits will be given up; and
(d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

The Society presently does not have any asset retirement obligations.

Non-financial assets:

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver services; and
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets include tangible capital assets and prepaid expenses.

NEW HORIZONS CHARTER SCHOOL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2026

2. ACCOUNTING POLICIES (continued):

Tangible capital assets:

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost, including amounts directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset, and asset retirement cost.
- Donated tangible capital assets are recorded at their fair market value at the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at original cost less accumulated amortization.
- Construction-in-progress is recorded as a transfer to the applicable asset class at substantial completion.
- Buildings include site and leasehold improvements.
- Sites and buildings are written down to residual value when conditions indicate they no longer contribute to the ability of the Society to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value.
- For supported assets, the write-downs are accounted for as reductions to Spent Deferred Capital Contributions (SDCC).
- Buildings that are demolished or destroyed are written-off.
- Tangible capital assets with costs in excess of $5,000 are capitalized.
- Tangible capital assets are amortized over their estimated useful lives on a straight-line basis, at the following rates:

Buildings	3.3 - 5%
Office equipment	20%

Prepaid expenses:

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement or using a methodology that reflects the resource.

Operating and Capital Reserves:

Certain amounts, as approved by the Board of Directors, are internally or externally restricted for future operating or capital purposes. Transfers to and from reserves are recorded when approved by the Board of Directors. Capital reserves are restricted to capital purposes and may only be used for operating purposes with approval by the Minister of Education. Reserves are disclosed in the Schedule of Changes in Accumulated Surplus.

2. ACCOUNTING POLICIES (continued):

Revenue Recognition:

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue and recorded in accounts payable and accrued liabilities.

Government transfers:

Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with Society's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, Society complies with its communicated use of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the Society meets the eligibility criteria (if any).

Donations and non-government contributions:

Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations and non-government contributions are recognized as revenue in the year received or in the year the funds are committed to the Society if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, non-government contributions and realized and unrealized gains and losses for the associated externally restricted investment income are recognized as deferred contributions if the terms for their use, or the terms along with the Society's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the Society complies with its communicated use.

2. ACCOUNTING POLICIES (continued):

Donations and non-government contributions (continued):

In-kind donations of services and materials are recognized at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist the Society, the value of their services are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Program Reporting:

The Society's operations have been segmented as follows:

ECS Instruction: The provision of ECS education instructional services that fall under the basic public education mandate.

Grade 1 to Grade 9 Instruction: The provision Grade 1 to Grade 9 instructional services that fall under the basic public education mandate.

Operations and Maintenance: The operation and maintenance of all school buildings and maintenance shop facilities.

Transportation: The Society uses parent provided transportation. Transportation costs relate to grant funding for students living outside of designated school boundaries.

System Administration: The provision of board governance and system based/central office administration.

External Services: All projects, activities and services offered outside the public education mandate for students in Kindergarten to Grade 9. Services offered beyond the mandate for public education are to be self-supporting and Alberta Education and Childcare funding may not be utilized to support these programs.

The allocation of revenues and expenses are reported by program, source, and object on the Schedule of Program Operations. Respective instruction expenses include the cost of certificated teachers, non-certificated teaching assistants as well as a proportionate share of supplies & services, school administration & instruction support, and System Instructional Support.

2. ACCOUNTING POLICIES (continued):

Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Allocation of costs:

- Actual salaries of personnel assigned to two or more programs are allocated based on the time spent in each program.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

Financial instruments:

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Society recognizes a financial instrument when it becomes a party to a financial instrument contract.

Measurement uncertainty:

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Society's best information and judgment. Such amounts could change materially in the near term. These include the following:

a) The Society estimates the useful lives and residual values of tangible capital assets based on historical experience and intended use. These estimates are subject to measurement uncertainty as the actual economic life of the assets may vary due to factors such as technological innovation, maintenance programs, and changes in the Society's strategy. It is reasonably possible that the estimates of useful lives could change in the near term, which would result in a material change to the amortization expense and the carrying value of the assets. The carrying amount of tangible capital assets subject to this uncertainty is the net book value of the assets disclosed in the notes to these financial statements.

2. ACCOUNTING POLICIES (continued):

Measurement uncertainty (continued):

b) The Society tests long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverability test requires management to estimate future undiscounted cash flows directly associated with the use and eventual disposition of the asset or asset group. If an asset is deemed not recoverable, an impairment loss is measured as the amount by which the carrying amount exceeds its fair value. Measurement uncertainty exists regarding these estimates because future cash flows and fair values are based on assumptions. These assumptions are subject to change as economic and operational conditions evolve. It is reasonably possible that management's estimate of these cash flows and fair values could change in the near term, which may result in a material impairment charge to the carrying value of the assets. As at August 31, 2026, the carrying amount of long-lived assets subject to this uncertainty are the buildings outlined in Schedule 1.

3. FUTURE CHANGES IN ACCOUNTING STANDARDS:

On September 1, 2026, the Society will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

The Conceptual Framework of Financial Reporting in the Public Sector:

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

PS 1202 Financial Statement Presentation:

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statements presentation principles are based on the concepts within the Conceptual Framework.

3. FUTURE CHANGES IN ACCOUNTING STANDARDS (continued):

On September 1, 2029, the Society will adopt PS 3251 Employee Benefits.

PS 3251 - Employee Benefits:

This standard will replace and consolidate two old standards, PS 3250 Retirement Benefits and PS 3255 Post-employment Benefits, Compensated Absences and Termination Benefits. The application of the standard will improve the understandability of the financial reporting of employee benefits and provide better information for accountability purpose.

Management is currently assessing the impact of the conceptual framework and the standard on the financial statements.

4. ACCOUNTS RECEIVABLE:

Accounts receivable is comprised of the following:

	2026	2025
Greater North Central Francophone Education Region No. 2	**$ -**	$16,847
Federal Government - Goods and Services Tax Recoverable	**14,199**	26,242
Alberta Education and Childcare - WMA	**36,774**	-
Other	**13,041**	1,526
Total	**$64,014**	$44,615

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and accrued liabilities are comprised of the following:

	2026	2025
Alberta Education and Childcare - WMA	**$ -**	$ 35,282
Edmonton Public Schools	**122**	-
Other	**80,525**	363,514
Total	**$80,647**	$398,796

NEW HORIZONS CHARTER SCHOOL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2026

6. UNSPENT DEFERRED CONTRIBUTIONS:

Unspent deferred contributions consist of the following:

	2026	2025
Deferred operating contributions:		
Alberta Education and Childcare:		
- Transportation funding	$ 9,537	$ 5,815
- Curriculum funding	42,118	30,711
- Infrastructure Maintenance Renewal funding	2,953	-
	54,608	36,526
Deferred capital contributions:		
Alberta Education and Childcare:		
- Modulars	-	212,789
- Capital Maintenance Renewal funding	38,791	-
	38,791	212,789
	$93,399	$249,315

7. BENEFIT PLAN:

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

Current and past service costs of the Alberta Teachers Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers' Pension Plan Act, the New Horizons Charter School Society does not make pension contributions for certificated staff. The Government portion of the current service contribution to the Alberta Teachers Retirement Fund on behalf of the jurisdiction is included in both revenue and expenses. For the year ended August 31, 2026 the amount contributed by Government of Alberta was $188,034 (2025 - $200,176).

8. PREPAID EXPENSES:

Prepaid expenses are comprised of the following:

	2026	2025
Prepaid health spending account	$13,976	$ 960
Prepaid software subscriptions	43,241	44,333
Prepaid memberships	14,227	-
Prepaid services and supplies	2,599	-
Total	$74,043	$45,293

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9. CONTRACTUAL RIGHTS:

Contractual rights are rights of the Society to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

	2026	2025
Contractual rights from operating leases	**$7,329**	$7,329

The Society has entered into an operating lease to provide certain space to a third party for childcare.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating Leases
2026 - 2027	$7,329
2027 - 2028	-
2028 - 2029	-
2029 - 2030	-
2030 - 2031	-
Thereafter	-
Total	$7,329

10. NET ACCUMULATED OPERATING SURPLUS - INTERNALLY RESTRICTED:

By resolution of the Board of Directors, funds have been internally restricted as follows:

	2026	2025
System and Administration	**$110,876**	$110,876
Maternity Leave	**40,000**	40,000
Modernization	**321,744**	-
	$472,620	$150,876

The funds can only be spent upon approval of the Board of Directors.

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11. CONTRACTUAL OBLIGATIONS:

Contractual obligations are comprised of the following:

	2026	2025
Contracted services - superintendent	**$165,098**	$247,647
Contracted services - building maintenance	**58,500**	-
Office equipment	**32,487**	1,448
	$256,085	$249,095

The Society has entered into a 5 year agreement for the provision of superintendent services, expiring June 30, 2028.

The Society has entered into a one year agreement for the provision of building maintenance services, expiring August 31, 2027.

The Society has leased office equipment with a cost of $1,949 per quarter, expiring October 2030.

The Society has entered into a lease agreement with Elk Island Catholic Separate Regional Division No 41 regarding the rental of a school, commencing April 1, 2016. This agreement will continue until the expiry of the charter, but shall be renewed upon the successful renewal of the charter, subject to; the Society does not dissolve or cease operations, the Society does not become bankrupt, and the Society complies with directives to remedy faults in fulfilling the lease. The lease agreement includes a provision for the transfer of Infrastructure Maintenance Renewal Funding provided by Alberta Education to Elk Island Catholic Separate Regional Division No. 41 to the Society, less an administrative fee.

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Office Equipment	Contracted Services	Total
2027	$ 7,797	$141,049	$148,846
2028	7,797	82,549	90,346
2029	7,797	-	7,797
2030	7,797	-	7,797
2031	1,299	-	1,299
Total	$32,487	$223,598	$256,085

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12. RELATED PARTY TRANSACTIONS:

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in division and their close family members.

All entities that are consolidated in the accounts of the Government of Alberta are related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

	Balances		Transactions	
	Financial Assets (at cost or net realizable value)	Liabilities (at amortized cost)	Revenues	Expenses
Government of Alberta (GOA):				
Alberta Education and Childcare				
Accounts receivable / Accounts payable	$36,774	$ -	$ -	$ -
Deferred operating revenue	-	54,608	-	-
Unexpended deferred capital contributions	-	38,791	-	-
Expended deferred capital revenue	-	1,010,302	47,831	-
Grant revenue & expenses	-	-	4,788,059	-
ATRF payments made on behalf of district	-	-	188,034	-
Other Alberta school jurisdictions	-	122	-	1,393
Alberta Infrastructure				
Spent deferred capital contributions	-	6,077,002	300,727	-
Other: Culture & Tourism	-	34,653	1,183	-
TOTAL 2025/2026	$36,774	$7,215,478	$5,325,834	$1,393
TOTAL 2025/2024	$16,847	$7,468,884	$4,889,701	$ 414

13. ECONOMIC DEPENDENCE ON RELATED PARTY:

The Society's primary source of revenue is from the Government of Alberta. The Society's ability to continue viable operations is dependent on continuing to receive this funding.