

**QUEEN MARGARET'S SCHOOL SOCIETY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**(Audited)**

## INDEPENDENT AUDITOR'S REPORT

To the Members of the

### **QUEEN MARGARET'S SCHOOL SOCIETY**

#### **Qualified Opinion**

We have audited the financial statements of Queen Margaret's School Society ("the Society"), which comprises the statement of financial position as at June 30, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

#### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society, and we were not able to determine whether any adjustments might be necessary to contribution revenue and cash flows from operations.

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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 the 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.

#### **Other Regulatory Matter**

As required by the BC Societies Act, we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

*Grant Thornton LLP*

Chartered Professional Accountants

Duncan, BC, Canada  
November 17, 2023

QUEEN MARGARET'S SCHOOL SOCIETY

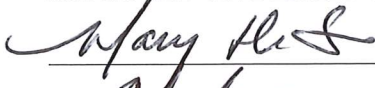
STATEMENT OF FINANCIAL POSITION


AS AT JUNE 30, 2023

(Audited)

	General Fund	Special Purpose Funds	2023	2022
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,712,011	\$ -	\$ 4,712,011	\$ 3,391,504
Marketable securities	615,839	-	615,839	549,079
Accounts receivable (Note 3)	620,550	-	620,550	485,185
Inventory (Note 4)	224,458	-	224,458	181,468
Prepaid expenses	<u>152,137</u>	<u>-</u>	<u>152,137</u>	<u>185,369</u>
	6,324,995	-	6,324,995	4,792,605
<b>INTERFUND BALANCES</b>	(1,472,933)	1,472,933	-	-
<b>TANGIBLE CAPITAL ASSETS (Note 5)</b>	<u>24,922,581</u>	<u>-</u>	<u>24,922,581</u>	<u>23,257,537</u>
	<u>\$29,774,643</u>	<u>\$ 1,472,933</u>	<u>\$31,247,576</u>	<u>\$28,050,142</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities (Note 6)	1,371,886	-	1,371,886	1,485,489
Prepaid fees	8,836,120	-	8,836,120	5,942,977
Current portion of long-term debt (Note 7)	<u>12,808,611</u>	<u>-</u>	<u>12,808,611</u>	<u>13,267,391</u>
	23,016,617	-	23,016,617	20,695,857
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 8)</b>	<u>8,099</u>	<u>-</u>	<u>8,099</u>	<u>9,927</u>
	<u>23,024,716</u>	<u>-</u>	<u>23,024,716</u>	<u>20,705,784</u>
<b>FUND BALANCES</b>				
Internally restricted funds (Note 9)	876,988	-	876,988	815,780
Externally restricted funds (Note 10)	-	1,472,933	1,472,933	1,134,783
Unrestricted funds (Note 12)	<u>5,872,939</u>	<u>-</u>	<u>5,872,939</u>	<u>5,393,795</u>
	<u>6,749,927</u>	<u>1,472,933</u>	<u>8,222,860</u>	<u>7,344,358</u>
	<u>\$29,774,643</u>	<u>\$ 1,472,933</u>	<u>\$31,247,576</u>	<u>\$28,050,142</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

See accompanying notes to the financial statements



QUEEN MARGARET'S SCHOOL SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

	General Fund	Special Purpose Funds	2023	2022
REVENUES				
Fees (Note 24)	\$11,520,586	\$ -	\$11,520,586	\$11,092,670
Grants	1,697,444	-	1,697,444	1,557,973
General contributions (Note 24)	1,864,342	655,319	2,519,661	617,807
Other income (Note 15)	189,634	-	189,634	206,566
Contributions from fundraising event	-	-	-	137,637
School shop, net (Note 14)	43,117	-	43,117	60,469
Contributions from Vancouver Foundation (Note 13)	38,858	-	38,858	34,556
Investment income (loss)	61,209	-	61,209	(29,553)
	<u>15,415,190</u>	<u>655,319</u>	<u>16,070,509</u>	<u>13,678,125</u>
EXPENSES				
Academic	446,089	-	446,089	477,941
Amortization	1,273,718	-	1,273,718	1,227,706
Boarding	527,211	-	527,211	500,901
Equestrian Centre (recovery), net (Note 16)	(15,927)	-	(15,927)	(47,574)
Fundraising event expenses	-	-	-	22,915
General and administrative (Note 18)	921,743	-	921,743	1,149,445
Interest on debt	546,813	-	546,813	325,375
Investment fees	5,107	-	5,107	7,872
Operations and maintenance (Note 17)	374,668	-	374,668	508,342
Salaries and benefits	9,819,638	-	9,819,638	8,383,687
Scholarships and bursaries	437,232	-	437,232	549,462
Special purpose expenditures	538,546	317,169	855,715	306,923
	<u>14,874,838</u>	<u>317,169</u>	<u>15,192,007</u>	<u>13,412,995</u>
Realized loss on sale of assets	-	-	-	(62,291)
EXCESS OF REVENUE OVER EXPENSES	540,352	338,150	878,502	202,839
FUND BALANCES, beginning of year	<u>6,209,575</u>	<u>1,134,783</u>	<u>7,344,358</u>	<u>7,141,519</u>
FUND BALANCES, end of year	<u>\$ 6,749,927</u>	<u>\$ 1,472,933</u>	<u>\$ 8,222,860</u>	<u>\$ 7,344,358</u>

See accompanying notes to the financial statements

QUEEN MARGARET'S SCHOOL SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

	General Fund	Special Purpose Funds	<u>2023</u>	<u>2022</u>
CASH INFLOWS (OUTFLOWS) FROM				
OPERATING ACTIVITIES				
Fees	\$14,276,536	\$ -	\$14,276,536	\$12,757,665
General contributions	1,864,342	655,319	2,519,661	617,807
Grants	1,697,444	-	1,697,444	1,557,973
Contributions from Vancouver Foundation	38,858	-	38,858	34,556
Contributions from fundraising event	-	-	-	137,637
Investment income (loss)	61,209	-	61,209	(29,553)
Other income	232,751	-	232,751	267,035
Salaries and benefits	(9,776,235)	-	(9,776,235)	(8,104,362)
Materials and services	(3,492,254)	(317,169)	(3,809,423)	(3,203,924)
Fundraising event expenses	-	-	-	(22,915)
Interest on debt	(546,813)	-	(546,813)	(325,375)
NET CASH GENERATED THROUGH OPERATING ACTIVITIES	<u>4,355,838</u>	<u>338,150</u>	<u>4,693,988</u>	<u>3,686,544</u>
INVESTING AND FINANCING ACTIVITIES				
Acquisition of investments	(390,084)	-	(390,084)	(222,464)
Loan principal repayment	(458,780)	-	(458,780)	(4,312,722)
Proceeds from loan	-	-	-	6,180,000
Proceeds from sale of investments	395,635	-	395,635	220,976
Purchase of tangible capital assets	(2,920,252)	-	(2,920,252)	(4,652,866)
NET CASH USED FOR INVESTING AND FINANCING ACTIVITIES	<u>(3,373,481)</u>	<u>-</u>	<u>(3,373,481)</u>	<u>(2,787,076)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	982,357	338,150	1,320,507	899,468
CASH AND CASH EQUIVALENTS, beginning of year	3,391,504	-	3,391,504	2,492,036
Change in interfund balances	<u>338,150</u>	<u>(338,150)</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 4,712,011</u>	<u>\$ -</u>	<u>\$ 4,712,011</u>	<u>\$ 3,391,504</u>

See accompanying notes to the financial statements

QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

**1. PURPOSE OF THE SOCIETY**

Queen Margaret's School Society (the "Society") is a not-for-profit organization that operates a school for the education of students from pre-school to grade 12. The Society is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

**FUND ACCOUNTING**

The Society follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants and the assets, liabilities, revenue and expenses related to the Society's capital assets and building campaign.

The Special Purpose Fund reports externally restricted resources that are to be used for specified purposes.

**REVENUE RECOGNITION**

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

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

Investment income is recognized as revenue of the General Fund when earned.

Government grant income is recognized as revenue of the General Fund in the fiscal year that the grant relates to.

Fees income is recognized as revenue of the General Fund in the fiscal year the services are provided. Fees for summer programs and the next year's school tuition is recorded as a prepaid fee until the commencement of the programs.

**SCHOLARSHIPS AND BURSARIES**

Academic and equestrian scholarships and bursaries are amortized against the fee income to which they relate.

QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

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

**CONTRIBUTED MATERIALS AND SERVICES**

Contributed materials and services are recorded both as donations and expenses at their fair value when fair value can be reasonably estimated. The Society receives a significant number of volunteer hours which have not been recognized due to the difficulty of estimating their value.

General contributions include contributed horses, materials and services in the amount of \$1,540,255 (2022 - \$146,103).

**FINANCIAL INSTRUMENTS**

Financial instruments are recorded at fair value on initial recognition. Financial instruments that are quoted in an active market are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are subsequently recorded at cost or amortized cost and assessed for indicators of impairment at each reporting date, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value. The Society's financial instruments carried at amortized cost consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long-term debt. The Society's financial instruments carried at fair value consist of marketable securities.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consists of cash on hand, balances with banks and short term investments with maturities of 3 months or less from the date of acquisition. Bank borrowings are considered to be financing activities.

**MARKETABLE SECURITIES**

All marketable securities are accounted for at fair market value based on quoted prices at year end.

Investment income includes interest and dividends earned and realized and unrealized gains and losses net of investment expenses incurred during the year. Investment transaction costs are expensed as incurred.

**INVENTORY**

Uniform shop, equestrian supplies, and food inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Horses in inventory are recorded at the lower of cost and net replacement cost. Some horses are received from donors.

**USE OF ESTIMATES**

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates include collectibility of accounts receivable, valuation of inventory, useful life of tangible capital assets, and amounts of accrued liabilities.



QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Audited)

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

**TANGIBLE CAPITAL ASSETS**

Purchased tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if the fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their useful lives.:

Buildings	4%
Furniture and equipment	15% - 25%
Automotive equipment	12.5% - 15%
Stable buildings and improvements	4% - 6.5%

Tangible capital assets acquired or under construction during the year but not placed into use by year-end are not amortized until they are in use.

**IMPAIRMENT OF LONG LIVED ASSETS**

The Society tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**3. ACCOUNTS RECEIVABLE**

The balance of accounts receivable is net of allowance for doubtful accounts of \$540,966 (2022 - \$540,966).

Included in accounts receivable is \$46,418 (2022 - \$134,915) due from a government entity.

**4. INVENTORY**

	<u>2023</u>	<u>2022</u>
Uniform shop	\$ 183,386	\$ 167,689
Food	13,424	-
Equestrian supplies	<u>27,648</u>	<u>13,779</u>
	<u>\$ 224,458</u>	<u>\$ 181,468</u>

Inventory expensed during the year and included in net income was \$940,557 (2022 - \$799,707)

QUEEN MARGARET'S SCHOOL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

5. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023</u>	<u>2022</u>
Land	\$ 5,718,372	\$ -	\$ 5,718,372	\$ 4,552,372
Buildings	24,137,754	6,955,491	17,182,263	16,911,917
Furniture and equipment	3,752,750	2,517,536	1,235,214	1,159,849
Automotive equipment	743,708	633,440	110,268	123,677
Stable buildings and improvements	<u>1,450,119</u>	<u>773,655</u>	<u>676,464</u>	<u>509,724</u>
	<u>\$35,802,703</u>	<u>\$10,880,122</u>	<u>\$24,922,581</u>	<u>\$23,257,539</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balance of accounts payable includes government remittances payable to WorkSafeBC, the Minister of Finance and the Receiver General totaling \$214,289 (2022 - \$162,610).

7. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Bankers' acceptances from Royal Bank of Canada with a maturity date of October 31, 2023 with a bankers acceptance fee of 1% per annum.	<u>9,731,000</u>	<u>-</u>
Term loans from Royal Bank of Canada bearing a variable interest rate of prime per annum repayable in monthly blended payments of \$3,697 maturing on October 31, 2023.	<u>619,611</u>	<u>-</u>
Term loans from Royal Bank of Canada bearing a variable interest rate of prime per annum maturing on October 31, 2023.	<u>519,000</u>	<u>-</u>
Banker's acceptances from Royal Bank of Canada with a maturity date of October 31, 2023 with a bankers acceptance fee of 1% per annum.	<u>1,939,000</u>	<u>-</u>
Bankers' acceptances from Royal Bank of Canada with a maturity dates of July 29, 2022.	<u>-</u>	<u>10,108,000</u>
Term loan from Royal Bank of Canada with a maturity date of August 21, 2022.	<u>-</u>	<u>625,391</u>
Bankers' acceptances from Royal Bank of Canada with a maturity date of September 21, 2022.	<u>-</u>	<u>534,000</u>
Bankers' acceptances from Royal Bank of Canada with a maturity date of September 30, 2022.	<u>-</u>	<u>2,000,000</u>
	<u>12,808,611</u>	<u>13,267,391</u>
Less: current portion	<u>(12,808,611)</u>	<u>(13,267,391)</u>
	<u>\$ -</u>	<u>\$ -</u>

QUEEN MARGARET'S SCHOOL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

**7. LONG-TERM DEBT (cont.)**

The Society has new credit facility agreement with the Royal Bank of Canada in the year which provides access to the following facilities:

- Facility 1: \$1,000,000 revolving demand facility by way of Royal Bank Prime (RBP) Loans. This facility revolves in increments of \$5,000 with a minimum retained balance of \$0 and an interest rate of RBP plus nil% per annum. As at June 30, 2023, the amount drawn on this facility is \$nil.
- Facility 2: \$1,894,000 non-revolving term facility by way of Bankers' Acceptances with an acceptance fee of 1.00% per annum. As at June 30, 2023, the amount drawn on this facility was \$1,894,000 with a maturity date of October 31, 2023
- Facility 3: \$7,837,000 non-revolving term facility by way of Bankers' Acceptances with an acceptance fee of 1.00% per annum. As at June 30, 2023, the amount drawn on this facility was \$7,837,000 with a maturity date of October 31, 2023.
- Facility 4: \$523,000 non-revolving term facility by way of Bankers' Acceptances with an acceptance fee of 1.00% per annum. As at June 30, 2023, the amount drawn on this facility was \$519,000 with a maturity date of October 31, 2023.
- Facility 5: \$619,638 non-revolving term facility by way of RBP Loans with an interest rate of RBP plus mil%. As at June 30, 2023, the amount drawn on this facility was \$619,611 with a maturity date of August 24, 2023.
- Facility 6: \$1,955,000 non-revolving term facility by way of Bankers' Acceptances with an acceptance fee of 1.00% per annum. As at June 30, 2023, the amount drawn on this facility was 1,939,000 with a maturity date of October 31, 2023.
- Other facilities: (a) Credit Card to a maximum amount of \$150,000 and (b) All Interest Rate and Commodity Derivatives outstanding at any time from time to time.

The security for these credit facilities includes a general security agreement constituting a first floating charge on all present and after-acquired real property of the Society and a first ranking security interest in all personal property of the Society; a collateral mortgage in the amount of \$15,000,000 constituting a first fixed charge on the lands and improvements located at the Brownsey Avenue Property; and a collateral mortgage in the amount of \$660,000 constituting a first fixed charge on the lands and improvements located at the Government Street Property.

The Society's borrowing in the year is subject to meeting debt covenants. As at June 30, 2023, the Society is in compliance with these debt covenants

**8. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent unamortized external funding used to purchase certain tangible capital assets which will be recognized as revenue in future periods:

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 9,928	\$ 10,123
Amortized to revenue	<u>(1,828)</u>	<u>(195)</u>
Balance, end of year	<u>\$ 8,099</u>	<u>\$ 9,928</u>

QUEEN MARGARET'S SCHOOL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

**9. INTERNALLY RESTRICTED FUNDS**

The Board has an internally restricted fund of \$541,988 (2022 - \$480,780) that allows for payments to be made from income of the fund and payments of not more than 5% of the capital of the fund's property.

The Board also has an internally restricted fund of \$335,000 (2022 - \$335,000) to be held for future contingencies.

**10. EXTERNALLY RESTRICTED FUNDS**

Externally restricted funds are funds raised and expended for specific purposes.

**11. INTERFUND TRANSFERS**

During the year the Society transferred \$nil from the Special Purpose to the General Fund (2022 - \$nil from the General to the Special Purpose Fund) .

**12. UNRESTRICTED FUNDS**

	<u>2023</u>	<u>2022</u>
Invested in capital assets	\$11,771,870	\$ 9,980,219
Unrestricted	<u>(5,898,931)</u>	<u>(4,586,424)</u>
	<u>\$ 5,872,939</u>	<u>\$ 5,393,795</u>

**13. VANCOUVER FOUNDATION**

The Society has established an Endowment Fund with the Vancouver Foundation to which it and other parties contribute endowment donations. The capital of the fund remains the property of the Vancouver Foundation and the Society becomes the income beneficiary only. Details on the fund at June 30, 2023 are as follows:

	Contributed by Society and others	Matched by Foundation	Total <u>2023</u>	Total <u>2022</u>
Balance, end of year	\$ <u>283,687</u>	\$ <u>150,000</u>	\$ <u>433,687</u>	\$ <u>433,687</u>

The market value of the fund at June 30, 2023 is \$738,676.72 (2022 - \$689,206). The Society received income of \$38,858 (2022 - \$34,556) during the year.



QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

**14. SCHOOL SHOP**

	<u>2023</u>	<u>2022</u>
Revenue	\$ 232,898	\$ 234,101
Cost of goods sold	<u>157,003</u>	<u>149,407</u>
Gross profit	<u>75,895</u>	<u>84,694</u>
Miscellaneous expenses	4,004	1,738
Wages	<u>28,774</u>	<u>22,487</u>
	<u>32,778</u>	<u>24,225</u>
Net revenue over expenses	<u>\$ 43,117</u>	<u>\$ 60,469</u>

**15. OTHER INCOME**

	<u>2023</u>			<u>2022</u>		
	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
After school care	\$ 41,200	\$ -	\$ 41,200	\$ 101,370	\$ -	\$ 101,370
Housing rent	-	-	-	200	-	200
Music lessons	14,425	60	14,365	66,832	61,177	5,655
Summer programs	22,965	9,839	13,126	26,017	21,207	4,810
Sundry	<u>120,943</u>	<u>-</u>	<u>120,943</u>	<u>94,531</u>	<u>-</u>	<u>94,531</u>
	<u>\$ 199,533</u>	<u>\$ 9,899</u>	<u>\$ 189,634</u>	<u>\$ 288,950</u>	<u>\$ 82,384</u>	<u>\$ 206,566</u>

QUEEN MARGARET'S SCHOOL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

**16. EQUESTRIAN CENTRE**

	<u>2023</u>	<u>2022</u>
Revenue		
Riding and stable fees	\$ 845,108	\$ 972,210
Horse sales	9,988	169
Allocation of academic fees	<u>270,000</u>	<u>-</u>
	<u>1,125,096</u>	<u>972,379</u>
Expenses		
Wages	802,746	649,879
Hay, feed and supplies	300,969	206,258
Horse shows and clinics	28,714	20,688
Repairs and maintenance	9,512	40,839
Sundry	1,245	6,831
Expense recovery	(35,302)	(2,267)
Telephone	400	305
Transportation	<u>885</u>	<u>2,272</u>
	<u>1,109,169</u>	<u>924,805</u>
Revenues over expenses	\$ <u>15,927</u>	\$ <u>47,574</u>

**17. OPERATIONS AND MAINTENANCE**

	<u>2023</u>	<u>2022</u>
Cleaning	\$ 31,995	\$ 35,176
Repairs and maintenance	101,436	218,882
Transportation recovery revenue	(160,156)	(141,163)
Transportation expenses	138,394	120,748
Utilities	<u>262,999</u>	<u>274,699</u>
	\$ <u>374,668</u>	\$ <u>508,342</u>

QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

**18. GENERAL AND ADMINISTRATIVE**

	<u>2023</u>	<u>2022</u>
Advertising and recruitment	\$ 274,519	\$ 277,529
Bad debts	61	167,929
Development office	19,665	7,796
General office	283,152	382,904
Property rental expense	13,724	-
Insurance	183,321	173,644
Interest and bank charges	51,429	49,945
Professional fees	40,825	30,331
Property taxes	20,402	18,502
Telephone	34,645	40,434
Travel	<u>-</u>	<u>431</u>
	<u>\$ 921,743</u>	<u>\$ 1,149,445</u>

**19. FINANCIAL INSTRUMENTS**

The Society 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 Society's risk exposure and concentrations as at June 30, 2023

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rate.

(i) To the extent that prevailing market interest rates differ from the interest rate on the Society's monetary assets and liabilities .

(ii) To the extent that payments made or received on the Society's monetary assets and liabilities are affected by changes in prevailing market interest rates.

The Society is not exposed to interest rate price risk

The Society is exposed to interest rate cash flow risk on its variable rate long-term debt.

The Society uses derivative instruments to manage its exposure to interest rate risk. The Society has not elected to apply hedge accounting and measures its derivative instruments at fair value.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty meeting obligations associated with financial liabilities. The Society is exposed to the risk mainly in respect of its receipt of funds from customers and other related sources, long-term debt and accounts payable.

QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

(Audited)

**20. RISK MANAGEMENT (cont.)**

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Society's main market risk is in the marketable securities that it owns which are traded on the public market. The Society manages this risk by maintaining a conservatively diversified portfolio and only investing a portion of its investments in equity investments traded on public markets.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

The Society is exposed to credit risk with respect to its cash and cash equivalents and accounts receivable. Credit risk related to cash is mitigated as the amounts are held with major Canadian financial institutions. Credit risk to accounts receivable is mitigated as the Society enters into credit agreements with credit worthy customers.

**21. COMMITMENTS**

The Society is committed to future rental payments for office equipment as follows:

2024	\$ 21,696
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**22. EMPLOYEE REMUNERATION**

As required by the Societies Act of British Columbia, the Society paid \$1,330,964 (2022 - \$1,216,160) in remuneration to the 10 most highly remunerated persons whose remuneration was at least \$75,000.

**23. SUBSEQUENT EVENT**

During the year, the Society had paid a \$32,600 deposit for the purchase of land and building. The sale closed on July 19, 2023 for a total purchase price of \$652,000 .

**24. RELATED PARTY TRANSACTIONS**

Fee revenue includes fees paid by Governors of \$182,738 (2022 - \$219,883), and fees paid by management of \$98,517 (2022 - \$66,720). These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

General contributions includes donations made by Governors of \$1,578,141 (2022 - \$225,337), and donations made by management of \$29,502 (2022 - \$22,917).