

Financial Statements

Queen Margaret's School Society

June 30, 2025

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Independent Auditors' Report

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To the Members of the Queen Margaret's School Society

Qualified Opinion

We have audited the consolidated financial statements of Queen Margaret's School Society (the "Society"), which comprise the statement of financial position as at June 30, 2025, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the financial position of the Society as at June 30, 2025, and its results of operations and its cash flows for the year then ended are in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As 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 general contributions from fundraising activities 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 consolidated 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 consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 Consolidated 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 Association'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 Association'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 Association 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.

Duncan, Canada
Date to be determined

Chartered Professional Accountants

Queen Margaret's School Society

Statement of Financial Position

As at June 30

	General Fund	Special Purpose Funds	2025	2024
Assets				
Current assets				
Cash and cash equivalents	\$ 992,411	\$ -	\$ 992,411	\$ 4,542,941
Term deposits	3,000,000	-	3,000,000	-
Marketable securities	769,539	-	769,539	703,281
Accounts receivable (Note 3)	709,086	-	709,086	530,405
Inventory	289,515	-	289,515	293,657
Prepaid expenses	107,147	-	107,147	103,675
	5,867,698	-	5,867,698	6,173,959
Interfund balances	(670,364)	670,364	-	-
Tangible capital assets (Note 4)	25,259,567	-	25,259,567	25,074,471
	<u>\$ 30,456,901</u>	<u>\$ 670,364</u>	<u>\$ 31,127,265</u>	<u>\$ 31,248,430</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 5)	1,831,211	-	1,831,211	1,461,466
Prepaid tuition fees	7,344,913	-	7,344,913	8,607,581
Current portion of long-term debt (Note 6)	11,284,950	-	11,284,950	11,741,730
	20,461,074	-	20,461,074	21,810,777
Long Term Debt (Note 6)	1,764,718	-	1,764,718	1,195,903
Deferred capital contributions (Note 7)	6,533	-	6,533	7,316
	<u>22,232,325</u>	<u>-</u>	<u>22,232,325</u>	<u>23,013,996</u>
Net assets				
Internally restricted funds (Note 8)	1,098,589	-	1,098,589	1,032,719
Externally restricted funds (Note 9)	-	670,364	670,364	445,963
Unrestricted funds (Note 11)	7,125,987	-	7,125,987	6,755,752
	8,224,576	670,364	8,894,940	8,234,434
	<u>\$ 30,456,901</u>	<u>\$ 670,364</u>	<u>\$ 31,127,265</u>	<u>\$ 31,248,430</u>

Commitments (Note 19)

On behalf of the board

Director

Director

Queen Margaret's School Society

Statement of Operations and Changes in Fund Balances

For the year ended June 30

	General Fund	Special Purpose Funds	<u>2025</u>	<u>2024</u>
Revenues				
Fees (Note 21)	\$ 15,619,797	\$ -	\$ 15,619,797	\$ 14,435,370
Grants	2,211,781	-	2,211,781	2,019,282
General contributions (Note 21)	232,292	227,086	459,378	406,434
Other income, net (Note 14)	284,097	-	284,097	282,117
Contributions from fundraising event	-	250,001	250,001	106,156
School shop, net (Note 13)	(9,435)	-	(9,435)	117,296
Contributions from Vancouver Foundation (Note 12)	42,051	-	42,051	40,491
Investment income	169,024	-	169,024	166,537
	<u>18,549,607</u>	<u>477,087</u>	<u>19,026,694</u>	<u>17,573,683</u>
Expenses				
Academic	613,318	-	613,318	658,785
Amortization	1,267,384	-	1,267,384	1,323,295
Boarding	580,617	-	580,617	595,742
Equestrian Centre (recovery), net (Note 15)	(8,172)	-	(8,172)	115,217
Fundraising event expenses	-	25,489	25,489	21,568
General and administrative (Note 17)	1,095,811	-	1,095,811	1,171,837
Interest on debt	414,984	-	414,984	479,641
Investment fees	6,226	-	6,226	7,003
Operations and maintenance, net (Note 16)	404,086	-	404,086	432,226
Salaries and benefits	12,785,469	-	12,785,469	11,836,932
Scholarships and bursaries	890,680	-	890,680	636,610
Special purpose expenditures	124,627	165,197	289,824	234,670
	<u>18,175,030</u>	<u>190,686</u>	<u>18,365,716</u>	<u>17,513,526</u>
Realized loss on sale of assets	-	-	-	(48,582)
Excess revenue over expenses	374,577	286,401	660,978	11,575
Fund balances, beginning of year	<u>7,788,470</u>	<u>445,963</u>	<u>8,234,434</u>	<u>8,222,860</u>
Interfund transfers (Note 10)	<u>62,000</u>	<u>(62,000)</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 8,225,047</u>	<u>\$ 670,364</u>	<u>\$ 8,894,940</u>	<u>\$ 8,234,436</u>

See accompanying notes to the financial statements

Queen Margaret's School Society

Statement of Cash Flows

For the year ended June 30

	General Fund	Special Purpose Funds	<u>2025</u>	<u>2024</u>
Cash inflows (outflows) from				
Operating activities				
Fees	\$ 15,619,797	\$ -	\$ 15,619,797	\$ 14,296,976
General contributions	459,378	-	459,378	406,434
Grants	2,211,781	-	2,211,781	2,019,282
Contributions from Vancouver Foundation	42,051	-	42,051	40,491
Contributions from fundraising event	-	250,001	250,001	106,156
Fundraising event expenses	-	(25,489)	(25,489)	(21,568)
Investment income (loss)	162,325	-	162,325	159,534
Other income	274,662	-	274,662	399,413
Salaries and benefits	(12,785,469)	-	(12,785,469)	(11,836,932)
Materials and services	(4,683,058)	-	(4,683,058)	(3,777,027)
Interest on debt	(414,984)	-	(414,984)	(479,641)
	<u>1,110,996</u>	<u>-</u>	<u>1,110,996</u>	<u>1,313,118</u>
Net cash generated through operating activities				
Investing and Financing activities				
Acquisition of investments	(3,300,000)	-	(3,300,000)	(87,442)
Loan principal repayment	(512,534)	-	(512,534)	(490,977)
Proceeds from loan	624,569	-	624,569	620,000
Purchase of tangible capital assets	(1,473,560)	-	(1,473,560)	(1,523,769)
	<u>(4,661,525)</u>	<u>-</u>	<u>(4,661,525)</u>	<u>(1,482,188)</u>
Net cash used for investing and financing activities				
Net increase (decrease) in cash and cash equivalents	(3,550,530)	-	(3,550,530)	(169,070)
Cash and cash equivalents, beginning of year	4,542,941	-	4,542,941	4,712,011
Cash and cash equivalents, end of year	<u>\$ 992,411</u>	<u>\$ -</u>	<u>\$ 992,411</u>	<u>\$ 4,542,941</u>

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

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 Societies Act of British Columbia and is a registered charity under the Income Tax Act.

2. Significant Accounting Policies

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 tangible 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 recognized as an expense on a gross basis. These amounts are amortized on a straight-line basis against the relevant tuition and equestrian fee income.

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

2. Significant Accounting Policies (continued)

Contributed Materials and Services

Contributed materials and services are recorded both as donation income and applicable expenses when all of the following criteria are met:

- the materials and services are used in the normal course of operations
- the organization would have otherwise purchased the materials or services if they had not been donated
- the 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 \$94,824 (2024 - \$37,231).

Financial Instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- cash and cash equivalents
- marketable securities
- accounts receivable
- accounts payable and accrued liabilities
- long term debt

A financial assets or liability is recognized when the Company becomes party to contractual provisions of the instrument.

Initial measurement

Financial assets or liabilities in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Financing fees and transaction costs on financial instruments subsequently measured at fair value are expensed as incurred.

Subsequent measurement

The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment except for marketable securities which are subsequently measured at fair value.

Derecognition

The Society removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

2. Significant accounting policies (continued)

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when indicators of impairment exist at the end of the reporting period. Previously recognized impairment losses are reversed to the extent of the improvement provided the financial asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss be recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Financial instruments in related party transactions

Initial measurement

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of the following instruments which are initially measured at fair value: investments in equity instruments that are quoted in an active market, debt instruments that are quoted in an active market, debt instruments when the inputs significant to the determination of the fair value of the instrument are observable, and derivative contracts.

Subsequent measurement

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets.

Financial instruments initially measured at fair value are subsequently measured at amortized cost, except for the following instruments which are subsequently measured at fair value: investments in equity instruments that are quoted in an active market, most derivative contracts, and certain debt instruments which the Company may irrevocably elect to measure at fair value. Changes in fair value are recognized in net income.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and cashable guaranteed investment certificates ("GIC"). Bank borrowings are considered to be financing activities.

Term Deposits

Non-cashable guaranteed investment certificates with a maturity date beyond 3 months from the financial statement date are classified separately as term deposits. Term deposits are initially measured at fair value and subsequently measured at amortized cost. Interest income earned from term deposits is accrued at the reporting date in accounts receivable.

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

2. Significant Accounting Policies (continued)

Marketable Securities

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.

Use of Estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include collectability of accounts receivable, valuation of inventories, useful lives of tangible capital assets and amounts of accounts payable and accrued liabilities.

Tangible Capital Assets

Purchased tangible capital assets are initially recorded at cost and subsequently recorded at cost less accumulated amortization. Contributed capital assets are initially recorded at fair value at the date of contribution if the fair value can be reasonably determined and subsequently recorded at fair value less accumulated amortization. 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 assets exceeds the sum of the undiscounted cash flow resulting from its use and eventual disposition. The impairment loss is measured at the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

3. Accounts Receivable

The balance of accounts receivable is net of allowance for doubtful accounts of \$94,297 (2024 - \$34,902).

Included in accounts receivable is \$34,601 (2024 - \$31,275) due from a government entity.

4. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2025</u>	<u>2024</u>
Land	\$ 6,431,911	\$ -	\$ 6,431,911	\$ 6,030,203
Buildings	25,638,674	8,705,757	16,932,917	17,135,654
Furniture and equipment	4,042,955	3,144,449	898,506	1,046,631
Automotive equipment	681,501	613,178	68,323	76,492
Stable buildings and improvements	<u>1,935,328</u>	<u>1,007,418</u>	<u>927,910</u>	<u>785,491</u>
	\$ <u>38,730,369</u>	\$ <u>13,470,802</u>	\$ <u>25,259,567</u>	\$ <u>25,074,471</u>

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$81,446 (2024 - \$66,405).

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

6. Long-Term Debt

	<u>2025</u>	<u>2024</u>
Non-revolving term facility from Royal Bank of Canada by way of daily simple CORRA based loans (2024 - Bankers acceptance) bearing an interest rate of daily simple CORRA plus 1.3% (2024 - 1% bankers acceptance fee) with a maturity date of September 27, 2025.	\$ 8,935,000	\$ 9,339,000
Term loans from Royal Bank of Canada bearing a fixed interest rate of 6.55% (2024 - 6.55%) repayable in monthly blended payments of \$4,421 (2024 - \$4,421) maturing on July 11, 2028.	596,591	610,045
Non-revolving term facility from Royal Bank of Canada by way of daily simple CORRA based loans (2024 - term loan) bearing an interest rate of daily simple CORRA plus 1.3% (2024 - daily simple CORRA plus 1.3%) maturing on September 22, 2025.	486,000	503,000
Non-revolving term facility from Royal Bank of Canada by way of daily simple CORRA based loans (2024 - bankers acceptance) bearing an interest rate of daily simple CORRA plus 1.3% (2024 - daily simple CORRA plus 1.3%) with a maturity date of September 29, 2025.	1,808,000	1,875,000
Term loan from Royal Bank of Canada bearing a fixed interest rate of 6.35% (2024 - 6.35%) repayable in monthly blended payments of \$4,128 (2024 - \$4,128) maturing on July 27, 2028.	599,508	610,589
Term loan from Royal Bank of Canada bearing a fixed interest rate of 4.9% (2024 - \$nil) repayable in monthly blended payments of \$3,644 (2024 - \$nil) maturing on January 1, 2029	<u>624,569</u>	<u>-</u>
	\$ 13,049,668	\$ 12,937,634
Less: current portion	<u>11,284,950</u>	<u>11,741,730</u>
	<u>\$ 1,764,718</u>	<u>\$ 1,195,904</u>

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

6. Long-Term Debt (continued)

Principal payments for the next 5 years are as follows:

2026	\$ 11,284,950
2027	52,259
2028	54,818
2029	58,020
2030	59,669
Thereafter	<u>1,539,952</u>
	\$ <u>13,049,668</u>

The Society has new credit facility agreement with the Royal Bank of Canada in the year ended June 30, 2025 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 \$nil and an interest rate of RBP plus nil% per annum. As at June 30, 2025, the amount drawn on this facility is \$nil.
- Facility 2: \$9,000,000 non-revolving term facility by way of Daily Simple CORRA Loans with an interest rate of daily simple CORRA plus 1.3%. As at June 30, 2025, the amount drawn on this facility was \$8,935,000 with a maturity date of September 29, 2025.
- Facility 3: \$507,000 non-revolving term facility by way of Daily Simple CORRA Loans with an interest rate of daily simple CORRA plus 1.3%. As at June 30, 2025, the amount drawn on this facility was \$486,000 with a maturity date of September 22, 2025.
- Facility 4: \$596,591 non-revolving term facility by way of RBP Loans with an interest rate of 6.55%. As at June 30, 2025, the amount drawn on this facility was \$610,045 with a maturity date of July 11, 2028.
- Facility 5: \$1,819,000 non-revolving term facility by way of Daily Simple CORRA Loans with an interest rate of daily simple CORRA plus 1.3% per. As at June 30, 2025, the amount drawn on this facility was \$1,808,000 with a maturity date of September 29, 2025.
- Facility 6: \$599,508 non-revolving term facility by way of fixed rate term loans with an interest rate of 6.35% per annum. As at June 30, 2024 the amount drawn on this facility was \$610,589 with a maturity date of July 27, 2028.
- Facility 7: \$625,000 non-revolving term facility by way of fixed rate term loans with an interest rate of 4.90% per annum. As at June 30, 2025 the amount drawn on this facility was \$624,569 with a maturity date of January 1, 2029.
- 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.

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

6. Long-Term Debt (continued)

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, 2025, the Society is in compliance with these debt covenants

7. Deferred Capital Contributions

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 7,316	\$ 8,099
Amortized to revenue	<u>(783)</u>	<u>(783)</u>
Balance, end of year	<u>\$ 6,533</u>	<u>\$ 7,316</u>

8. Internally Restricted Funds

The Board has an internally restricted fund of \$763,589 (2024 - \$619,719) that allows for payments to be made from the income earned in the fund and transfers to be made up to 5% of the capital of the fund's property. No transfers occurred from the internally restricted fund in 2025 (2024 - \$nil).

The Board also has an internally restricted fund of \$335,000 (2024 - \$335,000) to be held for future contingencies.

9. Externally Restricted Funds

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

10. Interfund Transfers

During the year, the Society transferred \$220,594 from the General Fund to the Special Purpose Fund (2024 - \$nil) and \$62,000 from the Special Purpose Fund to the General Fund (2024 - \$1,111,558).

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

11. Unrestricted Funds

	<u>2025</u>	<u>2024</u>
Invested in Tangible Capital Assets	\$ 12,203,368	\$ 12,129,522
General	<u>(5,077,381)</u>	<u>(5,373,770)</u>
	<u>\$ 7,125,987</u>	<u>\$ 6,755,752</u>

12. 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, 2025 are as follows:

	Contributed by Society and others	Matched by Foundation	Total 2025	Total 2024
Balance, end of year	\$ <u>-</u>	\$ <u>-</u>	\$ 433,687	\$ 433,687

The market value of the fund at June 30, 2025 is \$769,540 (2024 - \$778,677). The Society received income of \$42,051 (2024 - \$40,491) during the year.

13. School Shop, net

School shop revenues and expenses are presented on a net basis in the statement of changes in operations. The gross presentation of these amounts is detailed below:

	<u>2025</u>	<u>2024</u>
Revenue	\$ 265,317	\$ 266,460
Cost of goods sold	134,262	119,049
Inventory obsolescence write down	<u>106,026</u>	<u>-</u>
Gross profit	25,029	147,411
Miscellaneous expenses	641	2,246
Wages	<u>33,823</u>	<u>27,869</u>
	34,464	30,115
Net revenue over expenses	<u>\$ (9,435)</u>	<u>\$ 117,296</u>

Queen Margaret's School Society

Notes to the Financial Statements

June 30, 2025

14. Other Income, net

Other revenues and expenses are presented on a net basis in the statement of changes in operations. The gross presentation of these amounts is detailed below:

	<u>Revenue</u>	<u>Expense</u>	<u>2025 Net</u>	<u>2024 Net</u>
After school care	\$ 43,650	\$ -	\$ 43,650	\$ 41,200
Housing rent	8,050	-	8,050	(1,725)
Music lessons	14,243	105	14,138	14,454
Summer programs & external rent, net	195,365	17,989	177,376	185,318
Sundry	40,883	-	40,883	43,792
	<u>\$ 302,191</u>	<u>\$ 18,094</u>	<u>\$ 284,097</u>	<u>\$ 283,039</u>

15. Equestrian Centre (recovery), net

Revenues and expenses related to the operation of the equestrian centre are presented on a net basis in the statement of changes in operations. The gross presentation of these amounts is detailed below:

	<u>2025</u>	<u>2024</u>
Revenue		
Riding and stable fees	\$ 899,595	\$ 837,558
Horse sales	9,313	51,361
Allocation of academic fees	90,000	90,000
	<u>998,908</u>	<u>978,919</u>
Expenses		
Wages	704,943	711,170
Hay, feed and supplies	313,645	305,755
Horse, shows and clinics	17,217	10,816
Repairs and maintenance	9,316	12,790
Sundry	12,369	1,237
Expense recovery	(67,817)	44,206
Telephone	551	473
Transportation	512	7,689
	<u>990,736</u>	<u>1,094,136</u>
Revenue over expenses	<u>\$ 8,172</u>	<u>\$ (115,217)</u>

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Notes to the Financial Statements

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16. Operations and Maintenance, net

Operations and maintenance expenses, and the recovery of those expenses, are presented on a net basis in the statement of changes in operations. The gross presentation of these amounts is detailed below:

	<u>2025</u>	<u>2024</u>
Transportation recovery revenue	\$ (371,027)	\$ (314,092)
Cleaning	49,490	38,538
Repairs and maintenance	150,915	199,018
Transportation expenses	298,554	216,467
Utilities	<u>276,154</u>	<u>292,295</u>
	<u>\$ 404,086</u>	<u>\$ 432,226</u>

17. General and Administrative

	<u>2025</u>	<u>2024</u>
Advertising and recruitment	\$ 257,402	\$ 333,836
Bad debts	53,477	34,903
Development office	34,599	42,821
General office	391,278	335,976
Property rental expense	(827)	18,870
Insurance	188,210	221,281
Interest and bank charges	62,399	41,767
Professional fees	29,550	58,201
Property taxes	18,850	11,395
Telephone	51,425	47,441
Travel	<u>9,448</u>	<u>25,346</u>
	<u>\$ 1,095,811</u>	<u>\$ 1,171,837</u>

18. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

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.

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18. Financial Instruments (continued)

Interest rate risk consists of two components:

- (i) To the extent that prevailing market interest rates differ from the interest rate on the Society's monetary assets and liabilities the Society is exposed to interest rate price risk.
- (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 exposed to interest rate cash flow risk.

The Society is exposed to interest rate price risk on its investments in term deposits. The investments in term deposits are ordinary guaranteed investment certificates ("GIC") which are non-transferable which mitigates 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 Society will encounter difficulty in meeting obligations associated with financial liabilities.

The Society is exposed to this risk mainly in respect of its accounts payable and long-term debt payments. Cash flows from operations provides a substantial portion of the Society's cash requirements. Additional cash requirements are met with the availability of various credit facilities.

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, accounts receivable, marketable securities and investments in term deposits. Credit risk related to cash and cash equivalents, marketable securities and investments in term deposits 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.

Queen Margaret's School Society

Notes to the Financial Statements

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19. Commitments

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

2026	<u>\$ 21,696</u>
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20. Employee Remuneration

As required by the Societies Act of British Columbia, the Society paid \$5,965,838 (2024 - \$5,868,060) in remuneration to 58 persons (2024 - 60) whose remuneration was at least \$75,000. In 2025, no remuneration was paid to Governors (2024 - \$nil).

21. Related Party Transactions

Fee revenue includes fees paid by Governors of \$305,565 (2024 - \$309,060), and fees paid by management of \$68,209 (2024 - \$85,238). 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 \$130,391 (2024 - \$181,074), and donations made by management of \$32,739 (2024 - \$39,640).
