

**QUEEN MARGARET'S SCHOOL SOCIETY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**(Audited)**

# Independent auditor's report

---

Grant Thornton LLP  
823 Canada Avenue  
Duncan, BC  
V9L 1V2

T +1 250 746 4406  
F +1 250 746 1950  
www.GrantThornton.ca

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, 2021, 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, 2021 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 Society 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Duncan, BC, Canada  
September 23, 2021

Chartered Professional Accountants

QUEEN MARGARET'S SCHOOL SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

(Audited)

	General <u>Fund</u>	Special <u>Purpose Funds</u>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,492,036	\$ -	\$ 2,492,036	\$ 492,046
Marketable securities	488,495	-	488,495	407,267
Accounts receivable (Note 3)	357,755	-	357,755	473,905
Term deposits	-	-	-	-
Inventory (Note 4)	231,437	-	231,437	255,300
Prepaid expenses	<u>334,845</u>	<u>-</u>	<u>334,845</u>	<u>216,281</u>
	3,904,568	-	3,904,568	1,844,799
<b>INTERFUND BALANCES</b>				
	(796,077)	796,077	-	-
<b>TANGIBLE CAPITAL ASSETS (Note 5)</b>				
	<u>19,869,436</u>	<u>-</u>	<u>19,869,436</u>	<u>13,676,778</u>
	<u>\$22,977,927</u>	<u>\$ 796,077</u>	<u>\$23,774,004</u>	<u>\$15,521,577</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities (Note 6)	1,071,691	-	1,071,691	932,436
Prepaid fees	4,150,552	-	4,150,552	3,471,328
Current portion of long-term debt (Note 7)	<u>11,400,112</u>	<u>-</u>	<u>11,400,112</u>	<u>4,211,000</u>
	16,622,355	-	16,622,355	8,614,764
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 8)</b>				
	<u>10,123</u>	<u>-</u>	<u>10,123</u>	<u>10,906</u>
	<u>16,632,478</u>	<u>-</u>	<u>16,632,478</u>	<u>8,625,670</u>
<b>FUND BALANCES</b>				
Internally restricted funds (Note 9)	853,205	-	853,205	699,436
Externally restricted funds (Note 10)	-	796,077	796,077	907,112
Unrestricted funds (Note 12)	<u>5,492,244</u>	<u>-</u>	<u>5,492,244</u>	<u>5,289,359</u>
	<u>6,345,449</u>	<u>796,077</u>	<u>7,141,526</u>	<u>6,895,907</u>
	<u>\$22,977,927</u>	<u>\$ 796,077</u>	<u>\$23,774,004</u>	<u>\$15,521,577</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, 2021

(Audited)

	General <u>Fund</u>	Special <u>Purpose Funds</u>	<u>2021</u>	<u>2020</u>
REVENUES				
Fees	\$ 8,234,743	\$ -	\$ 8,234,743	\$ 8,896,070
Grants	1,320,402	-	1,320,402	1,015,640
General contributions	290,231	156,909	447,140	388,773
Other income (Note 15)	93,963	-	93,963	199,546
Contributions from fundraising event	-	-	-	149,429
School shop, net (Note 14)	15,957	-	15,957	72,043
Contributions from Vancouver Foundation (Note 13)	32,254	-	32,254	30,931
Investment income	<u>85,954</u>	<u>-</u>	<u>85,954</u>	<u>26,559</u>
	<u>10,073,504</u>	<u>156,909</u>	<u>10,230,413</u>	<u>10,778,991</u>
EXPENSES				
Academic	138,933	-	138,933	227,710
Amortization	626,921	-	626,921	549,009
Boarding	873,193	-	873,193	660,160
Equestrian Centre, net (Note 16)	98,802	-	98,802	263,265
Fundraising event expenses	-	86	86	28,955
General and administrative (Note 18)	680,642	-	680,642	869,107
Interest on debt	103,018	-	103,018	83,361
Investment fees	7,187	-	7,187	6,886
Operations and maintenance (Note 17)	433,863	-	433,863	512,249
Salaries and benefits	6,383,897	-	6,383,897	6,785,519
Scholarships and bursaries	403,578	-	403,578	282,207
Special purpose expenditures	<u>149,053</u>	<u>113,403</u>	<u>234,681</u>	<u>295,730</u>
	<u>9,899,087</u>	<u>113,489</u>	<u>9,984,801</u>	<u>10,564,158</u>
Realized gain on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,862</u>
EXCESS OF REVENUE OVER EXPENSES	174,417	43,420	245,612	217,695
FUND BALANCES, beginning of year	5,988,795	907,112	6,895,907	6,678,212
INTERFUND TRANSFER (Note 11)	<u>154,455</u>	<u>(154,455)</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 6,317,667</u>	<u>\$ 796,077</u>	<u>\$ 7,141,519</u>	<u>\$ 6,895,907</u>

See accompanying notes to the financial statements

QUEEN MARGARET'S SCHOOL SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

(Audited)

	<u>General Fund</u>	<u>Special Purpose Funds</u>	<u>2021</u>	<u>2020</u>
CASH INFLOWS (OUTFLOWS) FROM				
OPERATING ACTIVITIES				
Fees	\$ 9,030,117	\$ -	<b>\$ 9,030,117</b>	\$ 8,361,572
General contributions	290,231	156,909	<b>447,140</b>	388,773
Grants	1,320,402	-	<b>1,320,402</b>	1,015,640
Contributions from Vancouver Foundation	32,254	-	<b>32,254</b>	30,931
Contributions from fundraising event	-	-	-	149,429
Investment income	85,957	-	<b>85,957</b>	26,559
Other income	109,920	-	<b>109,920</b>	271,589
Salaries and benefits	(6,363,972)	-	<b>(6,363,972)</b>	(6,744,148)
Materials and services	(2,814,924)	(113,403)	<b>(2,928,327)</b>	(3,317,559)
Fundraising event expenses	-	(86)	<b>(86)</b>	(28,955)
Interest on debt	<u>(103,018)</u>	<u>-</u>	<b><u>(103,018)</u></b>	<u>(83,361)</u>
NET CASH GENERATED THROUGH OPERATING ACTIVITIES	<u>1,586,967</u>	<u>43,420</u>	<b><u>1,630,387</u></b>	<u>70,470</u>
INVESTING AND FINANCING ACTIVITIES				
Acquisition of investments	-	-	-	(143,125)
Loan principal repayment	(114,837)	-	<b>(114,837)</b>	(2,270,114)
Proceeds from loan	7,304,000	-	<b>7,304,000</b>	4,211,000
Proceeds from sale of investments	-	-	-	1,655,818
Purchase of capital assets	<u>(6,819,560)</u>	<u>-</u>	<b><u>(6,819,560)</u></b>	<u>(3,722,804)</u>
NET CASH USED FOR INVESTING AND FINANCING ACTIVITIES	<u>369,603</u>	<u>-</u>	<b><u>369,603</u></b>	<u>(269,225)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,956,570	43,420	<b>1,999,990</b>	(198,755)
CASH AND CASH EQUIVALENTS, beginning of year	492,046	-	<b>492,046</b>	690,801
Change in interfund balances	<u>43,420</u>	<u>(43,420)</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,492,036</u>	<u>\$ -</u>	<b><u>\$ 2,492,036</u></b>	<u>\$ 492,046</u>

See accompanying notes to the financial statements

QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
(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").

**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 reasonable estimated and collection is reasonably assured.

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

Fee income is recognized as revenue of the General Fund in the fiscal year the services are provided. Tuition 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, 2021  
(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 \$0 (2020 - \$131,700).

**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 consist of cash and cash equivalents, marketable securities, accounts receivable, term deposits, accounts payable and accrued liabilities, long-term payables and 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.

**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 allowance for doubtful accounts, amortization of tangible capital assets and accrued liabilities.



QUEEN MARGARET'S SCHOOL SOCIETY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

(Audited)

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

**TANGIBLE CAPITAL ASSETS AND AMORTIZATION**

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided over the estimated useful life of the assets with a half-year's provision in the year of acquisition. The rates and bases of amortization applied to write off cost less estimated salvage value of capital assets over their estimated lives are as follows:

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

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.

**LONG LIVED ASSETS**

The Society regularly reviews the carrying value of long-lived assets and continually makes estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Society may be required to record impairment charges for these assets.

**3. ACCOUNTS RECEIVABLE**

The balance of accounts receivable is net of allowance for doubtful accounts of \$379,212 (2020 - \$318,260).

**4. INVENTORY**

	<u>2021</u>	<u>2020</u>
Uniform shop	\$ 209,550	\$ 233,500
Food	4,785	6,424
Equestrian supplies	<u>17,102</u>	<u>15,376</u>
	<u>\$ 231,437</u>	<u>\$ 255,300</u>

**5. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021</u>	<u>2020</u>
Land	\$ 4,552,372	\$ -	\$ 4,552,372	\$ 4,226,000
Buildings	19,418,492	5,209,397	14,209,095	8,579,895
Furniture and equipment	2,611,830	2,006,779	605,051	330,388
Automotive equipment	682,240	567,723	114,517	150,438
Stable buildings and improvements	<u>1,044,983</u>	<u>656,582</u>	<u>388,401</u>	<u>390,058</u>
	<u>\$28,309,917</u>	<u>\$ 8,440,481</u>	<u>\$19,869,436</u>	<u>\$13,676,779</u>

Included in buildings is an asset under construction which is not being amortized of \$191,107 (2020-\$3,862,991).

QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

(Audited)

**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 \$134,206 (2020 - \$129,133).

**7. LONG-TERM DEBT**

	<u>2021</u>	<u>2020</u>
Bankers' acceptances from Royal Bank of Canada with a maturity date of July 31, 2020.	<u>-</u>	<u>4,211,000</u>
Bankers' acceptances from Royal Bank of Canada with a maturity dates ranging from July 5, 2021 to July 31, 2021.	<u>10,200,000</u>	<u>-</u>
Term loan from Royal Bank of Canada with a maturity date of August 21, 2021.	<u>556,233</u>	<u>-</u>
Term loan from Royal Bank of Canada with a maturity date of August 24, 2021.	<u>643,879</u>	<u>-</u>
	<b>11,400,112</b>	4,211,000
Less: current portion	<u><b>(11,400,112)</b></u>	<u>(4,211,000)</u>
	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

The Society has a credit facility agreement with the Royal Bank of Canada 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 0% per annum. As at June 30, 2021, the amount drawn on this facility is \$0.
- Facility 2: \$2,230,000 non-revolving term facility by way of (a) RBP Loans or (b) Bankers' Acceptances. Option (a) has an interest rate of RBP plus 0% per annum and option (b) has an acceptance fee of 1% per annum. As at June 30, 2021, the amount drawn on option (a) is \$2,131,000 and the amount drawn on option (b) is \$0 with a maturity date of July 30, 2021.
- Facility 3: \$8,200,000 non-revolving term facility by way of (a) RBP Loans or (b) Bankers' Acceptances. Option (a) has an interest rate of RBP plus 0.25% per annum and option (b) has an acceptance fee of 1% per annum. As at June 30, 2020, the amount drawn on option (a) is \$0 and the amount drawn on option (b) is \$8,069,000 with a maturity dates in July 2021.
- Facility 4: \$575,000 non-revolving term facility by way of (a) RBP Loans or (b) Bankers' Acceptances. Option (a) has an interest rate of RBP plus 0% per annum and option (b) has an acceptance fee of 1.15% per annum. As at June 30, 2021, the amount drawn on option (a) is \$556,233 and the amount drawn on option (b) is \$0.
- Facility 5: \$660,000 non-revolving term facility by way of (a) Fixed Rate Term Loans or (b) Bankers' Acceptances. Option (a) has an interest rate to be determined at the time of borrowing and option (b) has an acceptance fee of 1.10% per annum. As at June 30, 2021, the amount drawn on option (a) is \$643,879 and the amount drawn on option (b) is \$0.
- 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  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Audited)

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

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; and 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.

The Society's borrowing is subject to meeting debt covenants. As at June 30, 2020, 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>2021</u>	<u>2020</u>
Balance, beginning of the year	\$ 10,906	\$ 11,688
Amortized to revenue	<u>(782)</u>	<u>(782)</u>
Balance, end of year	<u>\$ 10,123</u>	<u>\$ 10,906</u>

**9. INTERNALLY RESTRICTED FUNDS**

The Board has an internally restricted fund of \$518,205 (2020 - \$439,436) 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 (2020 - \$260,000) 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 \$154,455 from the Special Purpose to the General Fund (2020 - \$82,735 from the General to the Special Purpose Fund) .

QUEEN MARGARET'S SCHOOL SOCIETY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Audited)

**12. UNRESTRICTED FUNDS**

	<u>2021</u>	<u>2020</u>
Invested in capital assets	\$ 8,459,199	\$ 9,454,875
Unrestricted	<u>(2,966,955)</u>	<u>(4,165,516)</u>
	<u>\$ 5,492,244</u>	<u>\$ 5,289,359</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, 2020 are as follows:

	Contributed by Society and others	Matched by Foundation	Total <u>2021</u>	Total <u>2020</u>
Balance, end of year	\$ <u>283,687</u>	\$ <u>150,000</u>	\$ <u>433,687</u>	\$ <u>433,637</u>

The market value of the fund at June 30, 2020 is \$782,755 (2020 - \$687,336). The Society is also the income beneficiary of a memorial fund held by the Vancouver Foundation.

**14. SCHOOL SHOP**

	<u>2021</u>	<u>2020</u>
Revenue	\$ 213,016	\$ 190,776
Cost of goods sold	<u>170,993</u>	<u>104,702</u>
Gross profit	<u>42,023</u>	<u>86,074</u>
Miscellaneous expenses	3,955	3,164
Wages	<u>22,111</u>	<u>10,867</u>
	<u>26,066</u>	<u>14,031</u>
Net revenue over expenses	<u>\$ 15,957</u>	<u>\$ 72,043</u>

QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

(Audited)

**15. OTHER INCOME**

	<u>Revenue</u>	<u>Expense</u>	<u>2021</u> <u>Net</u>	<u>Revenue</u>	<u>Expense</u>	<u>2020</u> <u>Net</u>
After school care	\$ 27,195	\$ -	\$ 27,195	\$ 16,695	\$ -	\$ 16,695
Housing rent	-	-	-	8,775	-	8,775
Music lessons	60,150	54,416	5,734	56,992	51,305	5,687
Summer programs	24,575	16,083	8,492	154,843	96,922	57,921
Sundry	<u>52,542</u>	<u>-</u>	<u>52,542</u>	<u>110,468</u>	<u>-</u>	<u>110,468</u>
	<u>\$ 164,462</u>	<u>\$ 70,499</u>	<u>\$ 93,963</u>	<u>\$ 347,773</u>	<u>\$ 148,227</u>	<u>\$ 199,546</u>

**16. EQUESTRIAN CENTRE**

	<u>2021</u>	<u>2020</u>
Revenue		
Riding and stable fees	\$ 614,674	\$ 398,102
Horse sales	<u>8,000</u>	<u>5,249</u>
	<u>622,674</u>	<u>403,351</u>
Expenses		
Wages	505,209	461,357
Hay, feed and supplies	204,770	198,263
Horse shows and clinics	20,169	21,043
Repairs and maintenance	3,380	1,455
Sundry	2,758	5,528
Expense recovery	(20,380)	(21,248)
Telephone	900	-
Transportation	<u>4,670</u>	<u>218</u>
	<u>721,476</u>	<u>666,616</u>
Net expenses over revenue	<u>\$ (98,802)</u>	<u>\$ (263,265)</u>

**17. OPERATIONS AND MAINTENANCE**

	<u>2021</u>	<u>2020</u>
Cleaning	\$ 37,307	\$ 38,409
Repairs and maintenance	242,496	304,511
Transportation recovery revenue	(109,246)	(88,255)
Transportation expenses	69,522	81,065
Utilities	<u>193,784</u>	<u>176,519</u>
	<u>\$ 433,863</u>	<u>\$ 512,249</u>

QUEEN MARGARET'S SCHOOL SOCIETY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

(Audited)

**18. GENERAL AND ADMINISTRATIVE**

	<u>2021</u>	<u>2020</u>
Advertising and recruitment	\$ 157,706	\$ 334,895
Bad debts	60,953	1,194
Development office	7,915	61,808
General office	204,155	214,236
Insurance	93,760	77,730
Interest and bank charges	48,118	50,784
Professional fees	57,686	55,184
Property taxes	14,074	10,666
Telephone	36,275	58,674
Travel	<u>-</u>	<u>3,936</u>
	<u>\$ 680,642</u>	<u>\$ 869,107</u>

**19. RISK MANAGEMENT**

In the normal course of operations, the Society is exposed to interest rate risk, liquidity risk, market risk and credit risk. The Society's primary risk management object is to protect earnings and cash flow, and ultimately to continue to raise funds to meet the objectives of the Society. Risks are managed within limits established by the Society's Board of Governors and implemented by management. These risks and actions taken to manage them are as follows:

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Society faces interest rate exposure related to its marketable securities that are invested in fixed income investments, fixed interest rate term deposits and fixed interest rate long-term debt. The Society minimizes its exposure to interest rate risk whenever possible by utilizing a conservative investment policy. The Society also faces interest rate risk in regards to its variable interest rate operating line of credit.

Liquidity risk

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

QUEEN MARGARET'S SCHOOL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
(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 arises from the possibility that a debtor is unable to discharge its obligations to the Society in a timely manner. The Society is exposed to credit risk from customers. The Society minimizes its risk through regular monitoring and follow-up of its outstanding receivables on a regular basis.

**21. COMMITMENTS**

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

2022	\$	21,696
2023		21,696
2024		21,696

**22. EMPLOYEE REMUNERATION**

As required by the Societies Act of British Columbia, the Society paid \$1,228,322 (2020 - \$1,106,470) in remuneration to the 10 most highly remunerated persons whose remuneration was at least \$75,000.

**23. IMPACT OF COVID-19**

On March 11, 2020 the World Health Organization declared the COVID-19 outbreak a pandemic which has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In response to the spread of COVID-19, the Society implemented safety measures to protect staff and students, and to ensure compliance with regulatory requirements and provincial health guidelines and orders. The Society's financial position has not been negatively impacted by the pandemic to date.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Society for future periods.