

Victoria Conservatory of Music

Financial Statements

August 31, 2014

Victoria Conservatory of Music

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August 31, 2014

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INDEPENDENT AUDITORS' REPORT

To The Members of the Victoria Conservatory of Music

We have audited the accompanying financial statements of the Victoria Conservatory of Music, which comprise the statement of financial position as at August 31, 2014, 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Victoria Conservatory of Music as at August 31, 2014 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), 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.

Victoria, BC
November 26, 2014

Hayes Stewart Little & Co.

Chartered Accountants

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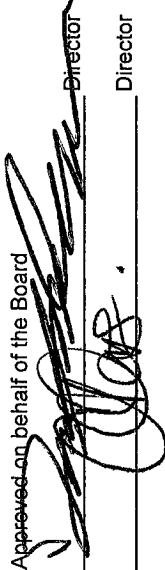
Victoria Conservatory of Music
 Statements of Financial Position
 August 31, 2014 and August 31, 2013

	August 31 2014		August 31 2013			
	Operating Fund	Internal Fund (note 16)	Capital Asset Fund	Endowment Fund	Restricted Fund	Total
ASSETS						(note 12)
CURRENT						
Cash and Cash Equivalents	\$ 350,852	\$ -	\$ 58,375	\$ 25,821	\$ -	\$ 435,048
Accounts Receivable (note 3)	218,869	-	33,282	-	-	252,151
Prepaid Expenses	14,608	-	-	-	-	14,608
Inventory	6,698	-	-	-	-	6,698
Due From (To) Other Funds (note 4)	19,155	(218)	(3,278)	(488)	(15,171)	3,976
	610,182	(218)	88,379	25,333	(15,171)	708,505
NON-CURRENT						
Interest in Trusts (note 5)	73,850	-	-	-	-	73,850
Long Term Investments (note 6)	50,650	20,000	-	1,305,784	114,418	1,490,852
Capital Assets (note 7)	-	-	3,309,061	-	-	3,309,061
Due From (To) Other Funds (note 4)	200,000	-	(200,000)	-	-	-
	\$ 934,682	\$ 19,782	\$ 3,197,440	\$ 1,331,117	\$ 99,247	\$ 5,582,268
						\$ 5,037,725
LIABILITIES						
CURRENT						
Accounts Payable and Accrued Liabilities	\$ 163,845	\$ -	\$ -	\$ -	\$ -	\$ 163,845
Customer and Student Deposits Held	82,314	-	-	-	-	82,314
Deferred Revenue (note 8)	801,167	-	-	-	-	801,167
Debt (note 9)	-	-	299,367	-	-	299,367
	1,047,326	-	299,367	-	-	1,346,693
FUND BALANCES						
Unrestricted	(112,644)	-	-	-	-	(112,644)
Internally Restricted	-	19,782	-	-	-	19,782
Invested in Capital Assets	-	-	2,898,073	-	-	2,898,073
Externally Restricted	-	-	-	1,331,117	99,247	1,430,364
	(112,644)	19,782	2,898,073	1,331,117	99,247	4,235,575
	\$ 934,682	\$ 19,782	\$ 3,197,440	\$ 1,331,117	\$ 99,247	\$ 5,582,268
						\$ 5,037,725

FUNDS HELD IN TRUST (Note 10)

COMMITMENTS (Note 11)

See accompanying notes to financial statements

Approved on behalf of the Board

 Director

Victoria Conservatory of Music

Statements of Operations and Changes in Fund Balances
Years Ended August 31, 2014 and 2013

	August 31 2014		August 31 2013				
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	Total	Total (note 12)
REVENUE							
Tuitions (note 13)	\$ 2,618,138	\$ -	\$ -	\$ -	\$ -	\$ 2,618,138	\$ 2,547,166
Fees & Other Income	54,993	-	-	-	-	54,993	109,126
Investment Income (note 6)	-	593	577	66,804	2,159	70,133	21,945
Facilities & Events Income	282,773	-	-	-	-	282,773	290,504
Total earned revenue	2,955,904	593	577	66,804	2,159	3,026,037	2,968,741
Fundraising Income (note 14)	1,628,685	-	378,994	52,130	40,045	2,099,854	1,966,391
Unrealized Gain (Loss) on Investments (Note 6)	-	-	-	138,858	-	138,858	(4,802)
	\$ 4,584,589	\$ 593	\$ 379,571	\$ 257,792	\$ 42,204	\$ 5,264,749	\$ 4,930,330
EXPENSES							
Wages & Benefits	\$ 3,617,954	\$ -	\$ -	\$ -	\$ -	\$ 3,617,954	\$ 3,566,034
Program Costs	57,389	-	-	-	6,981	64,370	79,578
Administration Expenses	99,081	-	11,303	19,652	-	130,036	122,032
Marketing	65,328	-	-	-	-	65,328	75,623
Fundraising	225,430	-	-	-	-	225,430	92,522
Events	64,024	-	-	-	-	64,024	56,219
Facilities	220,170	19,621	-	-	-	239,791	255,539
Scholarships & Bursaries	14,039	-	-	72,778	78,278	165,095	105,233
Amortization	-	-	242,945	-	-	242,945	230,373
	\$ 4,363,415	\$ 19,621	\$ 254,248	\$ 92,430	\$ 85,259	\$ 4,814,973	\$ 4,583,154
Excess (deficiency) of revenues over expenses	221,174	(19,028)	125,323	165,362	(43,055)	449,776	347,176
Transfers (note 15)	(11,045)	-	29,226	10,096	(28,277)	-	-
Net Change For The Year	210,129	(19,028)	154,549	175,458	(71,332)	449,776	347,176
Fund Balances, Beginning of Period	(322,773)	38,810	2,743,524	1,155,659	170,579	3,785,799	3,438,623
Fund Balances, End of Period	\$ (112,644)	\$ 19,782	\$ 2,898,073	\$ 1,331,117	\$ 99,247	\$ 4,235,575	\$ 3,785,799

See accompanying notes to financial statements

Victoria Conservatory of Music

Statements of Cash Flow
Years Ended August 31, 2014 and 2013

Cash Provided by (Used in):

	August 31 2014	August 31 2013 (note 12)
OPERATING ACTIVITIES		
Excess of Revenues over Expenses	\$ 449,776	\$ 347,176
Items not involving cash:		
Amortization of Capital Assets	242,945	230,373
Donations of Capital Assets	(81,585)	(65,117)
Donation of Long Term Investments	(443,862)	(79,916)
Realized (Gain) Loss on Investments	(38,108)	6,390
Unrealized (Gain) Loss on Investments	(138,858)	4,802
Changes in Non-Cash Working Capital:		
Accounts Receivable	44,932	13,697
Prepaid Expenses	(2,202)	3,348
Inventory	(2,722)	581
Accounts Payable and Accrued Liabilities	41,226	(2,160)
Customer and Student Deposits Held	63,153	19,161
Deferred Revenue	8,336	7,968
Cash Flow from Operating Activities	143,031	486,303

INVESTING ACTIVITIES

Purchase Of Capital Assets	(280,185)	(69,267)
Purchase of Long Term Investments	(1,198,590)	(1,579,359)
Sale Of Long Term Investments	1,656,933	1,039,002
Cash Flow Used By Investing Activities	178,158	(609,624)

FINANCING ACTIVITIES

Repayment Of Debt	(17,948)	(17,314)
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INCREASE (DECREASE) IN CASH FLOW

Cash and Cash Equivalents - Beginning of Year	303,241	(140,635)
Cash and Cash Equivalents - End of Year	\$ 435,048	\$ 131,807

REPRESENTED BY:

Cash/ (Bank Indebtedness) (note 10)	270,557	(85,307)
Restricted Gaming Funds	70,049	70,054
Investment Account(s)	84,197	125,754
Funds on Hand	10,245	21,306
	\$ 435,048	\$ 131,807

Supplemental Cash Flow Information
Interest Paid During Year

	\$ 11,278	\$ 11,911
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See accompanying notes to financial statements

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2014 and August 31, 2013

1 PURPOSE OF ORGANIZATION

The Victoria Conservatory of Music (VCM) is incorporated under the British Columbia Society Act as a not for profit organization, and is a registered charity under the Income Tax Act. Its mission is to enrich lives through music in a thriving community accessible to all.

2 SIGNIFICANT ACCOUNTING POLICIES

VCM follows Canadian Accounting Standards for Not-For-Profit organizations in Part III of the CICA Handbook.

(A) Fund Accounting

In order to ensure Board and external restrictions placed on the use of resources available to VCM are properly accounted for, resources are classified for accounting and reporting purposes into the following funds:

- (i) The **Operating Fund** reports the current operations and programs as well as the organization's general operations. Unrestricted contributions (donations and grants) for the purpose of operating the organization are reported in this fund.
- (ii) The **Internal Fund** reports resources arising for the building and working capital funds. The building fund recognizes donations received less amounts expended on selected building maintenance projects. The working capital fund is available for non-budgeted expenditures.
- (iii) The **Capital Asset Fund** reports the assets, liabilities, revenues and expenses related to capital assets.
- (iv) The **Endowment Fund** reports resources contributed for endowment. Investment income earned on resources of the fund is allocated on a pro rata basis. Scholarships and bursaries awarded are reported in the various funds depending on the nature of any restrictions imposed by contributors of funds for endowment.
- (v) The **Restricted Fund** reports resources contributed for specific purposes which are restricted by the donor. Investment income earned on resources of the Restricted Fund is reported in the various funds on a pro rata basis..

(B) Revenue Recognition

VCM follows the restricted fund method of accounting.

- (i) Tuition fee revenue is recognized over the period of instruction. Tuition fees received in advance are deferred until the instruction period commences.
- (ii) Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.
- (iii) Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable and in the year in which the related expenses are incurred if the amount to be received can be reasonably estimated and collection is reasonably assured.

2 SIGNIFICANT ACCOUNTING POLICIES - Revenue Recognition (con't)

- (iv) Contributions for endowment and investment income thereon are recognized as revenue in the Endowment Fund.
- (v) Gifts in kind are recorded at their estimated fair market value on the date of receipt.
- (vi) The VCM would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

(C) Financial Instruments

The financial instruments of the VCM consists of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, customer and student deposits held, deferred revenue, and debt. The VCM initially records cash and cash equivalents and investments at fair value. In subsequent periods, investments in actively traded markets are reported at fair value, with unrealized gains and losses reported in income. Transaction costs and financing fees relating to financial instruments measured at fair value are recognized in operations in the year in which they occur. All other financial instruments are measured at amortized cost.

Unrealized gains of \$138,858 (2013 - losses of \$4,802) have been recognized as changes in the Endowment Fund balance in the current year.

The VCM 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 VCM's risk exposure and concentration as of August 31, 2014:

- (i) Credit risk arises from the potential that a counter party will fail to perform its obligations. The VCM is exposed to credit risk from customers; however, credit risk is minimized as payments for tuitions are due in part or in full at the time of registration. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, 'historical trends' and other information. The VCM has a significant number of customers which also minimizes concentration of credit risk.
- (ii) Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The VCM is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, current debt, and accounts payable.
- (iii) Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk, and other price risk. The VCM is mainly exposed to interest rate risk and other price risk.
Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the VCM manages exposure through its normal operating and financing activities. The VCM is exposed to interest rate risk primarily through its investment in bonds, floating interest rate bank indebtedness, and credit facilities.
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or it's issuer, or factors affecting all similar financial instruments traded in the market. The VCM is exposed to other price risk through its investment in quoted shares.

All secured financial liabilities have a combined carrying amount of \$299,367 (\$404,941 in 2013).

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(D) Capital Assets

Capital Assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

		Non-amortizable
Land		
Building	40 years	Straight-line method
Computer equipment and software	4 years	Straight-line method
Furniture and fixtures	4 years	Straight-line method
Library assets	4 years	Straight-line method
Musical instruments	10 years	Straight-line method

(E) Use of Estimates

The preparation of financial statements in conformity with the Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

3 ACCOUNTS RECEIVABLE

	August 31 2014	August 31 2013
Student Tuition	\$ 202,197	\$ 274,069
Events, Grants, Sponsorships, & Administrative	42,273	11,370
Federal GST Rebate	12,681	5,114
Credit Card Processor	-	11,530
Allowance for Doubtful Accounts	(5,000)	(5,000)
	<u>\$ 252,151</u>	<u>\$ 297,083</u>

4 DUE FROM (TO) OTHER FUNDS

All disbursements are made from the Operating Fund regardless of the Fund to which the disbursements are attributed. Due to the timing of some transfers between funds, there remain balances owing between the funds. These balances are reflected in the Statement of Financial Position as Due From or Due To Other Funds. It is the policy of the VCM to repay these inter-fund balances annually, with the exception of a prior bulk mortgage payment.

In order to reduce mortgage interest, the Operating Fund transferred \$200,000 to the Capital Fund to make a bulk payment on the Debt. The inter-fund balance will be eliminated through transfers should funds become available.

5 INTEREST IN TRUSTS

In April, 2005, VCM became the 25% beneficiary of a charitable remainder trust. The value of the trust is recorded at VCM's share of the actuarial valuation determined when established. This valuation is considered to approximate fair market value at \$73,850.

In August, 2007, VCM was established as a 25% beneficiary of a testamentary trust that had a life interest tenant. That individual has now passed away and the capital will be distributed in 2014 and 2015. VCM's interest will be recorded as an asset upon notification of receipt and is estimated to be \$70,000.

6 LONG-TERM INVESTMENTS

	August 31 2014	August 31 2013
Operating Fund	\$ 50,650	\$ -
Internal Fund	20,000	43,492
Restricted Fund	114,418	160,054
Endowment Fund	1,305,784	1,124,821
Total at Fair Market Value	\$ 1,490,852	\$ 1,328,367

Investment by security type is as follows:

	Operating Fund	Internal Fund	Restricted Fund	Endowment Fund	August 31 2014 Total	
Fixed Income	\$ 50,650	\$ 20,000	\$ 114,418	\$ 416,862	\$ 601,930	40%
Equity - Canadian	-	-	-	591,769	591,769	40%
Equity - Foreign	-	-	-	297,153	297,153	20%
	\$ 50,650	\$ 20,000	\$ 114,418	\$ 1,305,784	\$ 1,490,852	100%

Investments are quoted in an active market and are measured at fair value. Investment income includes interest and dividends earned and realized gains and losses. Transaction costs incurred are expensed as incurred in the respective fund.

7 CAPITAL ASSETS

	Cost	Accumulated Amortization	August 31 2014 Net Book Value	August 31 2013 Net Book Value
Land	\$ 650,319	\$ -	\$ 650,319	\$ 650,319
Building	5,205,142	(2,942,359)	2,262,783	2,139,512
Computer equipment and software	140,201	(93,095)	47,106	72,770
Furniture and fixtures	194,471	(140,587)	53,884	85,014
Library assets	21,318	(17,328)	3,990	6,105
Musical instruments	1,063,405	(772,427)	290,978	236,516
	\$ 7,274,858	\$ (3,965,795)	\$ 3,309,061	\$ 3,190,236

8 DEFERRED REVENUE

Deferred revenue represents specific purpose grants and tuition relating to future periods as follows:

	August 31 2014	August 31 2013
BC Arts Council	\$ 151,067	\$ 97,000
BC Gaming	70,000	70,000
Comosun Base funding	187,500	227,500
Capital Region District	55,000	55,000
Creative BC	15,290	-
NRS	40,000	-
Student Tuitions	259,699	327,786
Various	22,612	15,545
	\$ 801,167	\$ 792,831

9 DEBT

The VCM has a \$400,000 overdraft facility with the Bank of Montreal of which \$nil was used as at August 31, 2014 (August 31, 2013 - \$85,807). The overdraft, if accessed, is due on demand and bears interest at the bank prime lending rate plus 0.5% percent.

The VCM has a \$550,000 mortgage of which \$299,367 is owing on August 31, 2014 (August 31, 2013: \$317,315). The mortgage bears interest at prime plus 0.65% per annum, repayable in monthly blended payments. The loan matures on June 30, 2027.

Principal repayment terms are approximately:

2015	\$ 18,610
2016	19,273
2017	20,016
2018	20,759
2019	21,529
Thereafter	199,181
	<u>\$ 299,367</u>

The overdraft, mortgage, plus credit card limits of \$20,000 are secured by a demand collateral land mortgage and assignment of rents in the amounts of \$970,000 providing a first fixed and specific mortgage charge over land and premises, and a certificate of all risk insurance showing the bank as first loss payee.

10 HELD IN TRUST

Distributions and trust fund balances held at third party foundations are as follows:

	August 31, 2014		August 31, 2013	
	Fund Balance	Grants	Fund Balance	Grants
Victoria Foundation				
Victoria Conservatory of Music Fund	\$ 2,252,065	\$ 64,059	\$ 1,943,525	\$ 60,333
Van Hall Fund for the Arts	647,018	15,000	467,759	15,000
Goolden Fund	358,272	10,256	309,479	9,560
Frederick William Kischell Bursary Fund	141,939	4,297	122,457	3,909
Elizabeth McPherson Fund for the Arts	99,006	1,092	85,328	1,112
Richard Margison Fund for Opera Studio	58,073	1,652	50,117	1,556
Norval Schroeder Fund	64,739	1,001	56,001	874
	3,621,112	97,357	3,034,666	92,344
Vancouver Foundation (FMV as at June 30th)				
Victoria Conservatory of Music Endowment Fund	232,286	7,899	206,379	7,669
	<u>\$ 3,853,398</u>	<u>\$ 105,256</u>	<u>\$ 3,241,045</u>	<u>\$ 100,013</u>

The Victoria Foundation and the Vancouver Foundation have established permanent Endowment Funds from which income is paid regularly to the VCM to be used in part for awarding scholarships and bursaries and in part for supporting operations.

11 COMMITMENTS

The VCM leases an adjacent building for its library. Annual rent payments are \$28,290. The lease agreement can be cancelled with three months notice. The VCM has entered into various operating leases for office equipment, of which the annual payments individually and in total are immaterial. VCM utilizes software for its registration activity and has committed to minimal usage fees of \$10,400/annum from September 1, 2011 to August 31, 2016.

12 COMPARATIVES RESTATED

Some of the comparative figures have been reclassified to conform to the current year's presentation.

13 TUITIONS REVENUE

Tuitions Revenue represents tuition fees from several different programming areas as follows:

	August 31 2014	August 31 2013
Collegium Program	\$ 81,516	\$ 87,179
Community Programs	1,585,756	1,502,853
Music Therapy & Wellness Programs	373,907	369,489
Camosun Post-Secondary Programs	560,710	560,146
Pedagogy & Literature Program	16,250	27,499
	<u>\$ 2,618,138</u>	<u>\$ 2,547,166</u>

The Collegium Program provides an enriched curriculum to talented, motivated, teenage classical musicians. Admission is by audition and the program consists of masterclasses, coachings, seminars, and performances.

Community Programs are those directed to anyone interested in experiencing and learning music. Community programs include early childhood music programs through to adult classes on a variety of instruments and in a variety of genres. Programs occur in group as well as private lesson settings.

Music Therapy & Wellness Programs meet the needs of all ages from children through to the elderly with exceptionalities, conditions, or illnesses. Sessions may take place at the VCM Music Therapy studios or in various organizations in the community.

The Post-Secondary Programs consist of the Camosun Music certification and diploma programs. They are delivered in partnership with Camosun College.

The Pedagogy & Literature Program is a unique two-year program designed to help aspiring and practicing music teachers to develop the professional skills necessary to teach.

14 FUNDRAISING INCOME

Fundraising income represents contributed funding from various sources. These revenues account for 36% (2013 - 40%) of total revenues. All other revenues are considered earned income and represent 64% (2013 - 60%) of total revenues.

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2014	August 31 2013
Individual Donors	\$ 286,849	\$ -	\$ 97,585	\$ 20,100	\$ 10,148	\$ 414,682	\$ 1,296,921
Fundraising Events	154,182	-	-	-	-	154,182	105,208
Foundations/Grants	103,821	-	35,632	32,030	29,897	201,379	183,914
Endowment	54,063	-	-	-	-	54,063	50,938
Corporate Donors & Sponsors	72,064	-	-	-	-	72,064	95,510
Government Grants	-	-	-	-	-	-	-
Provincial - BC Arts and Culture Branch	-	-	50,000	-	-	50,000	-
Provincial - BC Arts Council	102,933	-	4,271	-	-	107,204	102,500
Provincial - BC Gaming	70,000	-	-	-	-	70,000	70,000
Federal - Dept of Canadian Heritage	4,400	-	191,507	-	-	195,907	3,900
Municipal - CRD	55,000	-	-	-	-	55,000	55,000
Municipal - City of Victoria	2,000	-	-	-	-	2,000	2,500
Donations-in-kind	41,086	-	-	-	-	41,086	-
50th Anniversary Campaign	682,286	-	-	-	-	682,286	-
	\$ 1,628,685	\$ -	\$ 378,994	\$ 52,130	\$ 40,045	\$ 2,099,854	\$ 1,966,391

15 TRANSFERS

	August 31, 2014				
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund
Debt Payments	\$ (29,226)	\$ -	\$ 29,226	\$ -	\$ -
Move Scholarships from Restricted to Endowment	-	-	-	20,503	(20,503)
Move Scholarships from Endowment to Restricted	-	-	-	(10,407)	10,407
School of Contemporary Music start-up costs	18,182	-	-	-	(18,182)
	\$ (11,044)	\$ -	\$ 29,226	\$ 10,096	\$ (28,277)

	August 31, 2013				
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund
Debt Payments	(29,226)	-	29,226	-	-
Scholarship Fund to Endowment	-	-	-	3,368	(3,368)
Metro Theatre Capital Project	-	(37,500)	37,500	-	-
Capital Asset Purchases	-	(6,047)	6,047	-	-
Goolden Hall Upgrade	-	-	27,713	-	(27,713)
	\$ (29,226)	\$ (43,547)	\$ 100,486	\$ 3,368	\$ (31,081)

16 INTERNAL FUND

	August 31 2014	August 31 2013
Working Capital	\$ 20,000	\$ 30,000
Building	(218)	8,810
	<u>\$ 19,782</u>	<u>\$ 38,810</u>

The Working Capital fund is currently invested in a 1-year GIC. The current fund balance will be drawn down at \$10,000 per year to offset Information Technology expenses. The fund was initially established by Arts Sustainability Victoria to fund unanticipated expenditures and future Information Technology expenses.

The Building fund is increased when contributions are received for building projects. The fund is reduced when expenditures are made to maintain and/or improve the building. During the current year \$594 was earned in investment income and \$19,621 was spent on improvements to hall lighting upgrades, parking lot repairs, and a burglar/fire alarm system upgrade. In the prior year, \$1,060 was earned in investment income, while \$16,392 was spent on improvements to the performance halls, including new Metro Theatre Doors and an upgraded kitchen in the green room. The Building fund also transferred \$43,547 to the capital asset fund for upcoming Metro Theatre upgrades (\$37,500) and the purchase of a vending machine (\$6,047). The \$37,500 transfer for Metro Theatre Upgrades represents 25% of the budgeted costs. 25% has been funded by Intrepid Theatre Company (as a co-occupant) and 50% will be funded by Canada Cultural Spaces.