

Victoria Conservatory of Music

Financial Statements

August 31, 2015

Victoria Conservatory of Music

Index to Financial Statements

August 31, 2015

	<u>Page</u>
Independent Auditors' Report	2- 3
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 20

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, 2015, 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.

VICTORIA
901-747 Fort St.
Victoria, BC V8W 3E9
Tel: 250.383.8994 | Fax: 250.383.8904

DUNCAN
823 Canada Ave.
Duncan, BC V9L 1V2
Tel: 250.746.4406 | Fax: 250.746.1950

NANAIMO
30 Front St.
Nanaimo, BC V9R 5H7
Tel: 250.753.2544 | Fax: 250.754.1903

Victoria: 855.383.8994 | Duncan: 888.746.4406 | Nanaimo: 888.754.9551

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, 2015 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
December 2, 2015

Hayes Stewart Little & Co.

Chartered Professional Accountants

VICTORIA
901-747 Fort St.
Victoria, BC V8W 3E9
Tel: 250.383.8994 | Fax: 250.383.8904

DUNCAN
823 Canada Ave.
Duncan, BC V9L 1V2
Tel: 250.746.4406 | Fax: 250.746.1950

NANAIMO
30 Front St.
Nanaimo, BC V9R 5H7
Tel: 250.753.2544 | Fax: 250.754.1903

Victoria: 855.383.8994 | Duncan: 888.746.4406 | Nanaimo: 888.754.9551

Victoria Conservatory of Music

Statements of Financial Position
August 31, 2015 and August 31, 2014

	Operating Fund	Internal Fund (note 16)	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2015 Total	August 31 2014 Total (note 12)
ASSETS							
CURRENT							
Cash and Cash Equivalents	\$ 295,756	\$ 10,000	\$ -	\$ 38,830	\$ 45,000	\$ 389,586	\$ 481,466
Accounts Receivable (note 3)	164,633	-	-	-	-	164,633	252,151
Prepaid Expenses	20,048	-	-	-	-	20,048	14,608
Inventory	6,361	-	-	-	-	6,361	6,698
Due From (To) Other Funds (note 4)	(18,066)	9,150	(2,719)	4,958	6,677	-	-
	468,732	19,150	(2,719)	43,788	51,677	580,628	754,923
NON-CURRENT							
Interest in Trusts (note 5)	73,850	-	-	-	-	73,850	73,850
Long Term Investments (note 6)	-	-	-	1,420,307	48,900	1,469,207	1,444,434
Tangible Capital Assets (note 7)	-	-	3,406,436	-	-	3,406,436	3,309,061
Due From (To) Other Funds (note 4)	200,000	-	(200,000)	-	-	-	-
	\$ 742,582	\$ 19,150	\$ 3,203,717	\$ 1,464,095	\$ 100,577	\$ 5,530,121	\$ 5,582,268
LIABILITIES							
CURRENT							
Accounts Payable and Accrued Liabilities	\$ 210,812	\$ -	\$ -	\$ -	\$ -	\$ 210,812	\$ 163,845
Customer and Student Deposits Held	66,210	-	-	-	-	66,210	82,314
Deferred Revenue (note 8)	697,176	-	-	-	-	697,176	801,167
Debt (note 9)	-	-	280,441	-	-	280,441	299,367
	974,198	-	280,441	-	-	1,254,639	1,346,693
FUND BALANCES							
Unrestricted	(231,616)	-	-	-	-	(231,616)	(112,644)
Internally Restricted	-	19,150	-	-	-	19,150	19,782
Invested in Capital Assets	-	-	2,923,276	-	-	2,923,276	2,898,073
Externally Restricted	-	-	-	1,464,095	100,577	1,564,672	1,430,364
	(231,616)	19,150	2,923,276	1,464,095	100,577	4,275,482	4,235,575
	\$ 742,582	\$ 19,150	\$ 3,203,717	\$ 1,464,095	\$ 100,577	\$ 5,530,121	\$ 5,582,268

FUNDS HELD IN TRUST (note 10)

COMMITMENTS (note 11)

See accompanying notes to financial statements

Approved on behalf of the Board



Director



Director

Victoria Conservatory of Music

Statements of Operations and Changes in Fund Balances
Years Ended August 31, 2015 and 2014

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2015 Total	August 31 2014 Total (note 12)
REVENUE							
Tuitions (note 13)	\$ 2,743,213	\$ -	\$ -	\$ -	\$ -	\$ 2,743,213	\$ 2,618,138
Fees & Other Income	75,154	-	-	-	-	75,154	54,993
Investment Income	-	314	731	92,609	929	94,583	70,133
Facilities & Events Income	330,222	-	-	-	-	330,222	282,773
Total Earned Revenue	3,148,589	314	731	92,609	929	3,243,172	3,026,037
Fundraising Income (note 14)	1,583,764	-	129,572	164,960	35,432	1,913,728	2,099,854
Unrealized Gain (Loss) on Investments	-	-	-	(57,064)	-	(57,064)	138,858
	4,732,353	314	130,303	200,505	36,361	5,099,836	5,264,749
EXPENSES							
Wages & Benefits	3,751,122	-	-	-	-	3,751,122	3,617,954
Program Costs	83,996	-	-	-	6,420	90,416	64,370
Administration Expenses	96,752	-	10,300	23,043	-	130,095	130,036
Marketing	91,825	-	-	-	-	91,825	80,708
Fundraising	255,371	-	-	-	-	255,371	210,050
Events	98,093	-	-	-	-	98,093	64,024
Facilities	246,681	10,000	-	-	-	256,681	239,791
Scholarships & Bursaries	11,850	-	-	71,871	34,705	118,426	165,095
Amortization	-	-	267,900	-	-	267,900	242,945
	4,635,690	10,000	278,200	94,914	41,125	5,059,929	4,814,973
Excess (Deficiency) of Revenues over Expenses	96,663	(9,686)	(147,897)	105,591	(4,764)	39,907	449,776
Transfers (note 15)	(215,635)	9,054	173,100	27,387	6,094	-	-
Net Change For The Year	(118,972)	(632)	25,203	132,978	1,330	39,907	449,776
Fund Balances, Beginning of Period	(112,644)	19,782	2,898,073	1,331,117	99,247	4,235,575	3,785,799
Fund Balances, End of Period	\$ (231,616)	\$ 19,150	\$ 2,923,276	\$ 1,464,095	\$ 100,577	\$ 4,275,482	\$ 4,235,575

See accompanying notes to financial statements

Victoria Conservatory of Music

Statements of Cash Flow

Years Ended August 31, 2015 and 2014

Cash Provided by (Used in):

	August 31 2015	August 31 2014 (note 12)
OPERATING ACTIVITIES		
Excess (Deficiency) of Revenues over Expenses	\$ 39,907	\$ 449,776
Items not involving cash:		
Amortization of Capital Assets	267,900	242,945
Donations of Capital Assets	(104,910)	(81,585)
Donation of Long Term Investments	(352,599)	(443,862)
Realized Gain (Loss) on Investments	51,346	(38,108)
Unrealized Gain (Loss) on Investments	(57,064)	(138,858)
Changes in Non-Cash Working Capital:		
Accounts Receivable	87,518	44,932
Prepaid Expenses	(5,440)	(2,202)
Inventory	337	(2,722)
Accounts Payable and Accrued Liabilities	46,967	41,226
Customer and Student Deposits Held	(16,104)	63,153
Deferred Revenue	(103,991)	8,336
Cash Flow from Operating Activities	(146,133)	143,031
INVESTING ACTIVITIES		
Purchase Of Capital Assets	(260,365)	(280,185)
Purchase of Long Term Investments	(748,305)	(1,152,172)
Sale Of Long Term Investments	1,081,849	1,656,933
Cash Flow Used By Investing Activities	73,179	224,576
FINANCING ACTIVITIES		
Repayment Of Debt	(18,926)	(17,948)
INCREASE (DECREASE) IN CASH FLOW	(91,880)	349,659
Cash and Cash Equivalents - Beginning of Year	481,466	131,807
Cash and Cash Equivalents - End of Year	\$ 389,586	\$ 481,466
REPRESENTED BY:		
Cash	\$ 46,139	\$ 270,557
Restricted Gaming Funds	85,036	70,049
Investment Account(s)	245,570	130,615
Funds on Hand	12,841	10,245
	\$ 389,586	\$ 481,466
Supplemental Cash Flow Information		
Interest Paid During Year	\$ 10,300	\$ 11,911

See accompanying notes to financial statements

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2015 and August 31, 2014

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 CPA 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 account 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 internally restricted resources arising for the Building and Working Capital Funds. The Building Fund is available for non-budgeted building maintenance projects. The Working Capital Fund is available for non-budgeted expenditures or internally restricted uses.
- (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 various funds on a pro rata basis.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 and all other restricted contributions are recognized as revenue of the appropriate restricted 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.
- (iii) Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable.
- (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 and valuing these services, contributed services are not recognized in the financial statements.

(C) Cash & Cash Equivalents

Cash and Cash Equivalents are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value with a short maturity of three months or less from the date of acquisition. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. If investments such as GICs held at year-end have a maturity date within 3 months of year-end, they are classified as Cash & Cash Equivalents.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(D) Financial Instruments

The financial instruments of the VCM consists of accounts receivable, investments, accounts payable and accrued liabilities, deferred revenue, and debt. The VCM initially records accounts receivable, 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. Accounts payable and accrued liabilities, debt, and deferred revenues are measured at amortized cost.

Unrealized losses of \$57,064 (2014 - gains of \$138,858) 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, 2015:

- (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 \$280,441 (2014 - \$299,367).

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(E) Tangible Capital Assets

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

Land		Non-amortizable
Building	40 years	Straight-line method
Leasehold Improvements	Lease Period	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

Tangible Capital Assets acquired during the year but not put into use are not amortized until they become available for use.

(F) Use of Estimates

The preparation of financial statements in conformity with the Canadian Accounting Standards for Not-For-Profit organizations 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 tangible capital assets, valuation of accounts receivable, and accrual of liabilities. Actual results could differ from these estimates.

3 ACCOUNTS RECEIVABLE

	August 31 2015	August 31 2014
Student Tuition	\$ 117,873	\$ 202,197
Events, Grants, Sponsorships, & Administrative	40,616	42,273
Federal GST Rebate	9,398	12,681
Credit Card Processor	1,746	-
Allowance for Doubtful Accounts	(5,000)	(5,000)
	<u>\$ 164,633</u>	<u>\$ 252,151</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 Statements 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 in a prior year 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 has partially been distributed in 2015 with the remainder expected to also be distributed in 2015. VCM's remaining interest of \$11,100 has been recorded as an asset upon receipt in October 2015.

In October 2014, VCM was established as a beneficiary of a testamentary trust with a bequest of \$300,000. The first instalment of \$150,000 was disbursed to VCM in April 2015. VCM's remaining interest of \$150,000 will be recorded as an asset upon receipt and is expected within a year of the previous receipt.

In December 2014, VCM was established as a 3% beneficiary of a testamentary trust, which is estimated to be worth approximately \$27,000. VCM's interest will be recorded as an asset upon receipt and is expected in late 2015 and mid-2016.

6 LONG-TERM INVESTMENTS

	August 31 2015	August 31 2014
		(note 12)
Operating Fund	\$ -	\$ 50,650
Internal Funds	-	20,000
Endowment Funds	1,420,307	1,305,784
Restricted Funds	48,900	68,000
Total at Fair Market Value	\$ 1,469,207	\$ 1,444,434

Investment by security type is as follows:

	Operating Fund	Internal Fund	Endowment Fund	Restricted Fund	August 31 2015 Total	
Fixed Income	\$ -	\$ -	\$ 494,051	\$ 48,900	\$ 542,951	37%
Equity - Canadian	-	-	589,823	-	589,823	40%
Equity - Foreign	-	-	336,433	-	336,433	23%
	\$ -	\$ -	\$ 1,420,307	\$ 48,900	\$ 1,469,207	100%

Investments quoted in an active market 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 TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	August 31 2015 Net Book Value	August 31 2014 Net Book Value
Land	\$ 650,319	\$ -	\$ 650,319	\$ 650,319
Building	5,318,308	(3,074,138)	2,244,170	2,262,783
Leasehold Improvements - Westhills location	51,258	-	51,258	-
Leasehold Improvements - Library Lease	9,112	-	9,112	-
Computer equipment and software	176,621	(132,698)	43,923	47,106
Furniture and fixtures	235,979	(175,949)	60,030	53,884
Library assets	112,303	(26,855)	85,448	3,990
Musical instruments	1,085,482	(823,306)	262,176	290,978
	\$ 7,639,382	(4,232,946)	\$ 3,406,436	\$ 3,309,061

B DEFERRED REVENUE

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

	August 31	August 31
	2015	2014
BC Arts Council	\$ 97,000	\$ 151,067
BC Gaming	85,000	70,000
Camosun FTE funding	172,500	187,500
Capital Region District	55,000	55,000
Creative BC	4,694	15,290
Lease Inducement	9,365	-
NRS	54,000	40,000
Student Tuitions	192,819	259,699
Various	26,798	22,612
	\$ 697,176	\$ 801,167

9 DEBT

The VCM has a \$400,000 overdraft facility with the Bank of Montreal of which \$nil was used as at August 31, 2015 (August 31, 2014 - \$nil). 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 \$280,441 is owing on August 31, 2015 (August 31, 2014: \$299,367). The mortgage bears interest at prime plus 0.65% per annum, repayable in monthly blended payments. The loan is due on demand, but amortized to June 30, 2027.

The VCM has a \$100,000 borrowing facility which is an additional mortgage which has not been drawn on yet, and is intended to finance a major roofing expenditure in the Fall of 2015.

Principal repayment terms are approximately:

2016	\$	19,700
2017		20,427
2018		21,153
2019		21,906
2020		22,667
Thereafter		174,588
	\$	<u>280,441</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, 2015		August 31, 2014	
	Fund Balance	Endowment Distributions Received	Fund Balance	Endowment Distributions Received
Victoria Foundation				
Victoria Conservatory of Music Fund	\$ 2,240,056	\$ 71,993	\$ 2,252,065	\$ 64,059
Van Hall Fund for the Arts	737,347	20,000	647,018	15,000
Goolden Fund	356,341	11,464	358,272	10,256
Frederick William Kischell Bursary Fund	140,748	4,920	141,939	4,297
Elizabeth McPherson Fund for the Arts	98,561	1,168	99,006	1,092
Richard Margison Fund for Opera Studio	57,763	1,857	58,073	1,652
Norval Schroeder Fund	64,289	1,125	64,739	1,001
Bayberry Fund		170		134
	3,695,105	112,697	3,621,112	97,491
Vancouver Foundation (FMV as at June 30th)				
Victoria Conservatory of Music Endowment Fund	241,438	8,277	232,286	7,899
	\$ 3,936,543	\$ 120,974	\$ 3,853,398	\$ 105,390

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.

The VCM has entered into an agreement to purchase the rights to offer certain programs that have been added to the new School of Contemporary Music and its concert series. This agreement is for five years, ending August 31, 2019 and requires the VCM to share extra portions of tuition revenue and pay various fees for concerts. There is no risk to the VCM, as the agreement is structured to be based on enrolments and attendance. At the termination of the contract, the VCM can continue to offer the programs and concerts without sharing revenues.

The VCM has entered into a lease agreement for the lease of 3000 sq feet of space in the new and under-construction, YM/YWCA building in Langford. Annual rent payments will begin after building completion, expected in February 2016. The annual rent payments will begin at \$60,000, rising to \$66,000 over the five year term of the lease. Lease payments are approximately:

2016	\$	36,750
2017		63,919
2018		65,494
2019		67,069
2020		68,644
Thereafter		28,875
	\$	<u>330,751</u>

The VCM has entered into a construction contract to complete the Tenant Improvements in the new Westhills satellite location. Construction commenced in August 2015 and is expected to be complete by January 2016. The contract is for \$305,000 payable during this period. The costs of the construction contract will be partially funded by a \$63,000 tenant improvement allowance included in the lease, which will be fully payable upon full occupation of the premises.

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 2015	August 31 2014
Collegium Program	\$ 87,166	\$ 81,516
Community Programs	1,719,173	1,585,756
Music Therapy & Wellness Programs	401,022	373,907
Camosun Post-Secondary Programs	521,152	560,710
Pedagogy & Literature Program	14,700	16,250
	<u>\$ 2,743,213</u>	<u>\$ 2,618,139</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% (2014 - 42%) of total revenues. All other revenues are considered earned income and represent 64% (2014 - 58%) of total revenues.

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2015	August 31 2014
							(note 12)
Individual Donors	\$ 496,015	\$ -	\$ 104,910	\$ 128,963	\$ 9,912	\$ 739,800	\$ 414,682
Fundraising Events	123,529	-	-	-	-	123,529	154,182
Foundations/Grants	143,897	-	24,662	-	600	169,159	150,053
Endowment Distributions	60,057	-	-	35,997	24,920	120,974	105,390
Corporate Donors & Sponsors	112,521	-	-	-	-	112,521	72,064
Government Grants							
Provincial - BC Arts Sports & Arts Legacy Fund	97,000	-	-	-	-	97,000	50,000
Provincial - BC Arts Council	14,067	-	-	-	-	14,067	107,204
Provincial - BC Gaming	70,000	-	-	-	-	70,000	70,000
Federal - Dept of Canadian Heritage	4,400	-	-	-	-	4,400	195,907
Municipal - CRD	55,000	-	-	-	-	55,000	55,000
Municipal - City of Victoria	2,000	-	-	-	-	2,000	2,000
Donations-in-kind	33,998	-	-	-	-	33,998	41,086
50th Anniversary Campaign - Individual Donors	371,280	-	-	-	-	371,280	682,286
	\$ 1,583,764	\$ -	\$ 129,572	\$ 164,960	\$ 35,432	\$ 1,913,728	\$ 2,099,854

15 TRANSFERS

	August 31, 2015				
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund
Debt Payments	\$ (29,226)	\$ -	\$ 29,226	\$ -	\$ -
Capital Asset Purchases	(138,659)	-	143,874	-	(5,215)
Ongoing Library Project Funding	(11,224)	9,054	-	-	2,170
Create Funds from Operating Bequest	(37,500)	-	-	25,000	12,500
Move Scholarships from Restricted to Endowment	-	-	-	2,559	(2,559)
Move Scholarships from Endowment to Restricted	-	-	-	(172)	172
Other Transfers	974	-	-	-	(974)
	\$ (215,635)	\$ 9,054	\$ 173,100	\$ 27,387	\$ 6,094

	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	\$ (28,278)

16 INTERNAL FUND

	August 31 2015	August 31 2014
Working Capital	\$ 19,150	\$ 20,000
Building	-	(218)
	<u>\$ 19,150</u>	<u>\$ 19,782</u>

The Working Capital fund has \$10,000 currently invested in a GIC which matures September 21, 2015. The current fund balance will be drawn down by \$10,000 next 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 other portion of the fund is held for a Library project occurring in 2015-2016. During the current year, \$314 was earned in investment income, but \$218 of this was allocated to the Building Fund in order to clear the deficit balance.

The Building Fund is increased when contributions are received or reserved for building projects. The fund is reduced when expenditures are made to maintain and/or improve the building. During the current year there was no investment income nor expenses. In the prior 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.