



- 1. Call to Order – Shannon von Kaldenberg, Chair**
- 2. Approval of Agenda**
- 3. Approval of Minutes of December 2, 2020 AGM**
- 4. President's Report – Shannon von Kaldenberg**
- 5. Finance Report**
 - a. Treasurer's Report – Governor Susan Snell**
 - b. Presentation of 2020-21 Audited Financial Statements – Chris Kask, CFO**
- 6. Appointment of Auditor for 2021-22**
- 7. Management Reports**
 - a. Dean's Report – Stephen Green**
 - b. CEO's Report – Jane Butler McGregor**
- 8. Election of Governors and Officers**
 - a. Election of incoming Board Nominees**
 - b. Re-election of current Governors to a second term**
 - c. Election of non-voting Representatives**
- 9. Other Business**
- 10. Adjournment**

Governors present: Ed Chwyl, *Honourary Governor*; Roy Cullen, *Past Chair*; Gareth Dickson; Peter Driessen; Geri Hinton; Michael McEvoy; Bijan Neyestani; Barbara Smith; Susan Snell, *Treasurer*; Shannon von Kaldenberg, *Chair*; Shelley Williams; Kirk McNally (incoming); Bryan Wilson, *Vice Chair*

Staff/Faculty present: Tereza Anderson, *Director of Marketing*; Jane Butler McGregor, *CEO*; Stephen Green, *Dean*; Judi James, *Manager, Donor Relations*; Chris Kask, *CFO*; Terri Myhr, *Director of Development*

Scribe: Kelsey Gilker, *Executive Assistant*

Number of Members present: 17

1. **Call to order:** 4:00pm

2. **Approval of Agenda**

Motion: that the Agenda be adopted as distributed.

Moved by Governor Wilson. Seconded by Governor Hinton. None opposed, motion carried.

3. **Approval of Minutes of December 12, 2019 AGM.**

Motion: that the minutes from the last Annual General Meeting on December 12, 2019 be approved as distributed.

Moved by Governor Williams. Seconded by Governor Dickson. None opposed, motion carried.

4. **President's Address**

- This is Governor von Kaldenberg's first AGM as VCM Board President, and it has been surreal. The COVID-19 pandemic has had an enormous impact on the VCM.
- Under the leadership of Jane Butler McGregor and the Management team, the organization continued forward despite all challenges. A huge shout out to our esteemed faculty who quickly adapted to online learning. A hybrid learning experience is now being offered both online and in-person, following safety protocols.
- Moving lessons online, plus the impact of the Federal Government Wage Subsidy Program, the VCM achieved an Operating surplus of \$455k. This is an incredible achievement given this years' challenges.
- A new five-year Strategic Plan has been completed. Our gratitude to consultant Cathy McIntyre for facilitating the process.
- We are pleased to present new Board nominee Kirk McNally. We are confident his background and career in music technology will be a great asset.
- Governors Barbara Smith and Peter Driessen have unfortunately reached the end of their terms. We extend our enormous gratitude for their work and support.
- Sincere gratitude to fellow Board members; the management team of Stephen Green, Chris Kask, Martin Borg, Terri Myhr, and Tereza Anderson, led by Jane Butler McGregor; and the staff for their amazing hard work, especially in such challenging times.

Motion: that the President's Report be accepted as presented.

Moved by Honourary Governor Chwyl. Seconded by Governor Snell. None opposed, motion carried.

5. **Finance Report**

The Draft 2019/20 Audited Financial Statements were previously distributed.

a. **Treasurer's Report** - Governor Susan Snell

- The Finance Team are to be commended for their work through such a difficult year.

- Auditors Grant Thornton LLP have given a clean audit opinion, consistent with previous years. No material issues have been reported. Thanks to Kyman Chan, the audit engagement partner, and his team.
- Overall the VCM's Earned Revenue was down only 10% over last year. This is due in part to the quick pivot to online lessons which allowed 70% of tuition revenues to be retained through the shutdown. The Development team also maintained fundraising revenue at 85% of the prior year. Due to the decrease in tuition and fundraising, the VCM was able to access federal programs such as the Canadian Emergency Wage Subsidy program to a total of \$550k. This allowed us to end the year with Revenues exceeding Expenses, and to reduce the operating deficit by \$455k.
- The Endowment Fund was at just over \$1M at year-end, recovering most of its value following the market down-turn due to COVID. It decreased by about \$200k due to a \$100k payout towards scholarships and bursaries, and a transfer of \$245k to the Victoria Foundation to get matched by the federal Canadian Cultural Investment Fund program.
- Financial sustainability remains paramount as the budget for the next extraordinary year is set. Governor Snell remains confident that the Finance and Development teams will keep the financial objectives in line.

Motion: that the Treasurer's Report be accepted as presented.

Moved by Governor McEvoy. Seconded by Governor Dickson. None opposed, motion carried.

b. Presentation of 2019/20 Audited Financial Statements – Chris Kask, CFO

CFO Chris Kask spoke to the Audited Financial Statements, year-end August 31, 2020

- The Income Statement shows the 10% reduction of Earned Revenues. Within those, Tuitions show the decrease from \$3.2M to \$3.05M.
- Events Revenues decreased significantly as shows had to be cancelled, reducing it from \$293K prior year down to \$174K last fiscal year.
- Fundraising went down from \$2.28M to \$1.94M. \$198k of the Capital Asset line donations for the parking lot/entranceway refurbishment.
- \$550K in Federal Emergency Subsidies as noted by Governor Snell is listed.
- Expense categories are notably lower than prior year on every line, except Admin Expenses which is up only slightly by \$4K due to the Strategic Planning process and consultant that we undertake every five years.
- The net result is a positive \$454,800 result for the year, which is excellent given the loss of Revenues and mostly due to the Federal assistance and a significant reduction in expenses during our shut down. This is extremely helpful to the VCM in paying down previous losses – the Accumulated Deficit in the Operating Fund had reached \$1.1M.
- On the Balance Sheet, the cash position is shown to be slightly improved because of the Federal assistance and positive result for the year. This allows us a little more breathing room for cash flow purposes. Be aware that the \$413K cash represents about one month's cash flow needs.
- The remaining mortgage is \$380K
- NOTE 10 represents funds held in trust for VCM, which are not part of our Balance Sheet or books, but held on our behalf and benefiting us. The value has grown to \$10.9M from \$9.7M and it distributes over \$300K per year to us for Operating and scholarships and bursaries. It grew due to donations, market growth, and a Federal Cultural Investment Matching Fund that matches contributions to VCM Funds and the Charman Fund.

Motion: that the 2019/20 Audited Financial Statements as prepared by Grant Thornton LLP. be approved as distributed.

Moved by Governor Snell. Seconded by Governor Williams. None opposed, motion carried.

6. Appointment of Auditor for 2019/20

The VCM has been very pleased with the firm of Grant Thornton LLP and recommend that they be used for the coming year.

Motion: that the VCM engage the firm of Grant Thornton LLP. as the auditor for the 2019/20 fiscal year.

Moved by Governor Hinton. Seconded by Governor Dickson. None opposed, motion carried.

7. Management Reports

a. Dean's Report – Stephen Green

- The year started off with great promise. A successful Open House took place on September 7, and later that month the Strings Department presented masterclasses with world renowned VCM alumni Nikki and Timothy Chooi. The first VCM Presents concert “Unplugged” offered a new perspective on Chamber Music as Daniel Lapp and School of Contemporary Music colleagues performed an acoustic show in Wood Hall. Piano quartet Ensemble Made in Canada performed a concert and series of workshops. Daniel Lapp’s Home for Christmas concerts sold out all three shows, and Spark to Flame featured 10 talented student soloists including, for the first time, a contemporary fiddle player. Everything came to a halt mid-March, however, and concerts such as Jonathan Crow and Opera Studio: *Xerxes*, along with many year-end concerts and studio recitals, were postponed.
- Fall 2019 enrolment also started well with tuitions up 4%, though there has been a gradual decrease in the Classical schools over the last few years. The student referral process was improved to increase efficiency and timely communication for all involved.
- Once the VCM closed to the public in March, approximately 90% of lessons switched to online which is remarkable, and the Dean is very proud of the faculty for their ability to adjust. Music Therapy and Early Childhood Music were negatively impacted the most since they mostly run at external sites and had to be put on hold.
- Most Summer Academies ran, though at different capacities. Strings was in-person but at reduced capacity, Piano went online, and an online Choral program was launched to considerable success. Theory had one of its best years as it moved all online as well.
- The gradual reopening in July presented other challenges, specifically what rooms could be used and for which purpose. Many thanks to Jane, Chris, and Martin for their work and support on the COVID safety plans. Some technical issues with Zoom are still being dealt with, and Postsecondary auditions needed to be moved online, but the VCM is managing to weather this pandemic.
- It was asked if anyone had to be let go during this time. Some casual employees were laid off, but for the most part the employees most affected, specifically events staff, had adjustments made to their schedules to maintain employment.

Motion: that the Dean's Report be accepted as presented.

Moved by Governor Snell. Seconded by Honourary Governor Chwyl. None opposed, motion carried.

b. CEO's Report – Jane Butler McGregor

- It has been quite the year! When we began our fiscal year in September 2019 we were seeing one of the largest tuition growth rates ever, and by February 2020 we had achieved a 6% increase over the previous year. When we were forced to close our doors in March we successfully moved almost 90% of our lessons online. This achievement is due to the hard work of our faculty, Artistic & Academic Committee, Stephen Green, Chris Kask, and the registration team.
- In Development, Terri Myhr was promoted to Director of Development and superbly led the team through this difficult period. In spite of the challenges, they raised \$1,435,356 in Operating funds and \$507,103 in Capital, Endowment, and Restricted funds for a total of \$1,942,459 - amazingly impressive given the circumstances. The Mother’s Day Garden Tour was moved online and raised a total of \$49k in donations and sponsorships.
- The Marketing team continues to increase our online presence, resulting in more followers on social media and an 85% increase in Postsecondary applicants through a targeted campaign. Anti-racism and anti-harassment policies were also created.
- The Facilities team expertly manages the 55,000- square foot building and dealt with huge adjustments due to the impact of COVID. Beyond new health regulations, the team managed to tackle other major projects including: \$350k Johnson Street Safety and Security Parking Lot project which leveled and paved the lot, installed a security gate and secure bicycle parking, and increased landscaping; an upgraded IT system with a new server, email system, better WiFi, and remote access; and securing a contractor to support a \$900,000 heritage grant application for the tuck-pointing and restoration of the stonework of the heritage part of our building.
- This year we have lost some of our most treasured and beloved supporters, champions, and donors. Both Eric and Shirley Charman, huge champions of the VCM, whose bursary fund now stands at \$1,256,304. Larry

Ryan who could be found at almost every concert, opera, and symphony performance in Victoria. And Lois Voight Stockey who was an unparalleled supporter of the arts.

- I have to recognize the stellar work of our Management team: Terri Myhr, Tereza Anderson, Martin Borg, and especially Chris Kask and Stephen Green without whom our transition through COVID would not have been nearly as seamless. Thank you to Kelsey Gilker for her incredible hard work and support.
- Welcome Kirk McNally to the Board, we are enthused about the expertise and experience you will bring to the VCM. Enormous gratitude to Peter Driessen and Barbara Smith who have made such valuable contributions during their time on the Board.

Motion: that the CEO's Report be accepted as presented.

Moved by Past President Cullen. Seconded by Wilson. None opposed, motion carried.

c. Presentation of New 5-Year Strategic Plan

- The new Strategic Plan process began in September 2019 and was approved in March 2020. Once the impact that COVID-19 was better understood, it was decided to revisit the plan to make sure it reflected the new challenges. Key stakeholders were involved through the entire process and focus groups were held with staff, faculty, students, and donors. Thank you to everyone involved in the process.
- Jane Butler McGregor presented the new Strategic Plan, now available on our website.

8. Approval of Special Resolutions

The full list of proposed Special Resolutions was previously distributed.

Thank you to Governor Shelley Williams for her help revising the bylaws.

Motion: that the proposed Special Resolutions be approved as distributed and presented.

Moved by Governor Cullen. Seconded by Governor Wilson. None opposed, motion carried.

9. Election of Governors and Officers

a. Election of Incoming Board Nominees

The Board Nominee's biography was previously distributed. The Nominee is:

- Kirk McNally – Assistant Professor of Music Technology for the UVic School of Music.

Motion: that this nominee be accepted as a Governor of the Victoria Conservatory of Music.

Moved by Governor Williams. Seconded by Governor Snell. None opposed, motion carried.

b. Re-election of current Governors to a second term

The following Governors have completed their first three-year terms:

- Gareth Dickson
- Bijan Neyestani
- Richard Fisher

Motion: that these nominees be accepted for their second terms as Governors of the Victoria Conservatory of Music.

Moved by Governor Snell. Seconded by Honourary Governor Chwyl. None opposed, motion carried.

c. Election of Non-Voting Representatives

Board Representatives have been nominated by their peers to stand for a one-year term:

- Kelsey Gilker, Staff Representative (non-voting)

Motion: that Kelsey Gilker be voted in as a non-voting representative.

Moved by Governor Hinton. Seconded by Governor Neyestani. None opposed, motion carried.

10. New Business

- No new business was raised.

11. Adjournment

Motion: that the December 2, 2020 Annual General Meeting be adjourned.

Moved by Governor Wilson. Seconded by Governor Dickson. None opposed, motion carried.

VICTORIA CONSERVATORY OF MUSIC

Financial Statements

Year ended August 31, 2021

VICTORIA CONSERVATORY OF MUSIC
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Year Ended August 31, 2021

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Independent Auditors' Report

To the Members of Victoria Conservatory of Music

Opinion

We have audited the financial statements of Victoria Conservatory of Music (the "VCM"), which comprise the statement of financial position as at August 31, 2021, and the statements of revenues and expenditures, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Victoria Conservatory of Music as at August 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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 VCM 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 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 VCM's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the VCM or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the VCM'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 VCM'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 VCM'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 VCM 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.

Report on other legal and regulatory requirements

As required by the Societies 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, Canada
November 24, 2021



Chartered Professional Accountants

Victoria Conservatory of Music

Statements of Financial Position
August 31, 2021 and August 31, 2020

						August 31 2021	August 31 2020
	Operating Fund	Internal Fund (note 15)	Capital Asset Fund	Endowment Fund	Restricted Fund	Total	Total
ASSETS							
CURRENT							
Cash & Cash Equivalents	\$ 1,091,937	\$ -	\$ -	\$ 27,148	\$ 68,722	\$ 1,187,807	\$ 413,228
Accounts Receivable (note 3)	147,919	-	-	-	-	147,919	165,759
Prepaid Expenses	67,256	-	-	-	-	67,256	61,006
Inventory	5,331	-	-	-	-	5,331	5,585
Due From (To) Other Funds (note 4)	(128,963)	13,757	119,622	(13,626)	9,211	-	-
	\$ 1,183,480	\$ 13,757	\$ 119,622	\$ 13,522	\$ 77,932	\$ 1,408,313	\$ 645,579
NON-CURRENT							
Long Term Investments (note 6)	\$ -	\$ 1,269,668	\$ -	\$ 1,171,479	\$ 83,000	\$ 2,524,147	\$ 1,163,024
Tangible Capital Assets (note 7)	-	-	3,231,453	-	-	3,231,453	3,418,412
	\$ 1,183,480	\$ 1,283,425	\$ 3,351,075	\$ 1,185,001	\$ 160,932	\$ 7,163,913	\$ 5,227,015
LIABILITIES							
CURRENT							
Accounts Payable & Accrued Liabilities	\$ 299,758	\$ -	\$ -	\$ -	\$ -	\$ 299,758	\$ 430,987
Customer & Student Deposits Held	162,386	-	-	-	-	162,386	165,488
Deferred Revenue (note 8)	628,897	-	-	-	-	628,897	650,587
Debt (note 9)	-	-	350,000	-	-	350,000	30,000
	\$ 1,091,041	\$ -	\$ 350,000	\$ -	\$ -	\$ 1,441,041	1,277,061
NON-CURRENT							
Debt (note 9)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000
FUND BALANCES							
Unrestricted	\$ 92,439	\$ -	\$ -	\$ -	\$ -	\$ 92,439	\$ (674,736)
Internally Restricted	-	1,283,425	-	-	-	1,283,425	55,254
Invested in Capital Assets	-	-	3,001,075	-	-	3,001,075	2,996,554
Externally Restricted	-	-	-	1,185,001	160,932	1,345,934	1,222,881
	\$ 92,439	\$ 1,283,425	\$ 3,001,075	\$ 1,185,001	\$ 160,932	\$ 5,722,872	\$ 3,599,953
	\$ 1,183,480	\$ 1,283,425	\$ 3,351,075	\$ 1,185,001	\$ 160,932	\$ 7,163,913	\$ 5,227,015

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, 2021 and August 31, 2020

						August 31 2021	August 31 2020
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	Total	Total
REVENUE							
Tuitions (note 12)	\$ 2,888,924	\$ -	\$ -	\$ -	\$ -	\$ 2,888,924	\$ 3,052,936
Fees & Other Income	47,500	-	-	-	-	47,500	54,692
Investment Income (note 6)	-	1,342	-	24,041	374	25,756	32,409
Facilities & Events	54,009	-	-	-	-	54,009	174,077
Total Earned Revenue	\$ 2,990,432	\$ 1,342	\$ -	\$ 24,041	\$ 374	\$ 3,016,188	\$ 3,314,115
Fundraising (note 13)	\$ 4,216,017	\$ -	\$ 186,129	\$ 346,494	\$ 95,956	\$ 4,844,596	\$ 1,942,459
Federal Emergency Subsidies	336,077	-	-	-	-	336,077	549,842
Gain (Loss) on Sale of Assets	-	-	800	-	-	800	(1,683)
Unrealized Gain (Loss) on Investments (note 6)	-	-	-	135,717	-	135,717	(3,598)
	\$ 7,542,526	\$ 1,342	\$ 186,929	\$ 506,252	\$ 96,329	\$ 8,333,378	\$ 5,801,135
EXPENSES							
Wages & Benefits	\$ 4,104,477	\$ -	\$ -	\$ -	\$ -	\$ 4,104,477	\$ 4,200,315
Program Costs	29,794	-	-	-	3,911	33,705	57,494
Administration	95,184	-	12,326	12,765	-	120,274	147,129
Marketing	29,987	-	-	-	-	29,987	41,714
Fundraising	11,322	-	-	-	-	11,322	21,000
Events	45,790	-	-	-	-	45,790	90,226
Facilities	300,704	-	-	-	-	300,704	306,109
Scholarships & Bursaries	-	-	-	109,282	113,036	222,318	183,266
Amortization	-	-	343,186	-	-	343,186	358,539
	\$ 4,617,258	\$ -	\$ 355,512	\$ 122,047	\$ 116,947	\$ 5,211,764	\$ 5,405,792
Excess (Deficiency) of Revenues over Expenses	\$ 2,925,269	\$ 1,342	\$ (168,583)	\$ 384,205	\$ (20,618)	\$ 3,121,614	\$ 395,343
Transfers to Third Party Endowment Funds (note 10)	-	-	-	(998,695)	-	(998,695)	(244,829)
Transfers (note 14)	(2,158,093)	1,226,829	173,103	772,161	(14,000)	-	-
Net Change For The Year	\$ 767,175	\$ 1,228,171	\$ 4,521	\$ 157,671	\$ (34,618)	\$ 2,122,919	\$ 150,514
Fund Balances, Beginning of Period	(674,736)	55,254	2,996,554	1,027,331	195,550	3,599,953	3,449,439
Fund Balances, End of Period	\$ 92,439	\$ 1,283,425	\$ 3,001,075	\$ 1,185,001	\$ 160,932	\$ 5,722,872	\$ 3,599,953

See accompanying notes to financial statements

Victoria Conservatory of Music

Statements of Cash Flow

Years Ended August 31, 2021 and August 31, 2020

	August 31 2021	August 31 2020
Cash Provided by (Used in):		
OPERATING ACTIVITIES		
Excess (Deficiency) of Revenues over Expenses	\$ 3,121,614	\$ 395,343
Items not involving cash:		
Amortization of Capital Assets	343,186	358,539
Donations of Capital Assets	(29,950)	(81,741)
Gain on Sale of Assets	(800)	1,683
Donations of Long Term Investments	(82,570)	(357,926)
Realized (Gain) Loss on Investments	3,530	(1,368)
Unrealized (Gain) Loss on Investments	(135,717)	3,598
Changes in Non-Cash Working Capital:		
Accounts Receivable	17,841	(24,434)
Prepaid Expenses	(6,250)	3,821
Inventory	253	443
Accounts Payable & Accrued Liabilities	(131,229)	88,959
Customer & Student Deposits Held	(3,102)	50,975
Deferred Revenue	(21,690)	(92,190)
Cash Flow from Operating Activities	\$ 3,075,117	\$ 345,703
INVESTING ACTIVITIES		
Purchase Of Capital Assets	\$ (126,277)	\$ (408,979)
Sale Of Capital Assets	800	7,300
Purchase Of Long Term Investments	(1,638,175)	(496,666)
Sale Of Long Term Investments	491,809	1,022,949
Reclassification of Long Term Investments to Cash	-	-
Transfers to Third Party Endowment Funds	(998,695)	(244,829)
Cash Flow Used by Investing Activities	\$ (2,270,539)	\$ (120,225)
FINANCING ACTIVITIES		
Repayment Of Debt	\$ (30,000)	\$ (30,000)
Cash Flow from (Used by) Financing Activities	\$ (30,000)	\$ (30,000)
INCREASE (DECREASE) IN CASH FLOW	\$ 774,579	\$ 195,478
Cash & Cash Equivalents - Beginning of Year	413,228	217,751
Cash & Cash Equivalents - End of Year	\$ 1,187,807	\$ 413,228
REPRESENTED BY:		
Cash in Operating & Chequing Accounts	\$ 985,163	\$ 227,263
Restricted Gaming Funds	95,121	72,234
Investment Account(s)	95,870	106,605
Funds on Hand / In Transit from Third Parties	11,654	7,126
	\$ 1,187,807	\$ 413,228
Supplemental Cash Flow Information		
Interest Paid During Year	\$ 12,326	\$ 14,855

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

1 PURPOSE OF ORGANIZATION

The Victoria Conservatory of Music (VCM) is incorporated under the British Columbia *Societies Act* as a not for profit organization, and is a registered charity under the *Income Tax Act*. Its mission is to inspire, nurture and enrich lives through excellence in music education, performance and wellness.

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP

(A) Fund Accounting

In order to ensure internal and external restrictions placed on the use of resources available to the 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 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. This Fund is made up of various sub-funds, including Scholarship, Bursary, and Music Therapy sub-funds. Investment income and expenses are allocated to the sub-funds on a pro rata basis.
- (v) The **Restricted Fund** reports resources contributed for specific purposes which are restricted by the donor.

(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. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable and/or 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 in the year received or receivable.
- (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. Due to the difficulty of compiling these hours and valuing these services, contributed services are not recognized in the financial statements.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

2 SIGNIFICANT ACCOUNTING POLICIES

(continued)

(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. 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.

(D) Financial Instruments

The financial instruments of the VCM consist 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 gains of \$135,717 (2020 - losses of \$3,598) 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, 2021:

- (i) Credit risk arises from the potential that a third 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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at August 31, 2021, portfolio investments of \$231,074 and a USD bank account of \$22,588 are denominated in US dollars and converted into Canadian dollars. There was no significant change in exposure from the prior year.

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 its 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.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(D) Financial Instruments *(continued)*

All secured financial liabilities have a combined carrying amount as follows:

	August 31 2021	August 31 2020
Current Debt	\$ 350,000	\$ 30,000
Non-Current Debt	-	350,000
Bank Indebtedness (Overdraft)	-	-
	<u>\$ 350,000</u>	<u>\$ 380,000</u>

(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 & software	4 years	Straight-line method
Furniture & 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.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

3 ACCOUNTS RECEIVABLE

	August 31 2021	August 31 2020
Student Tuitions	\$ 116,630	\$ 50,427
Events, Grants, Sponsorships, & Administrative	38,369	114,142
Federal GST Rebate	2,327	10,500
Credit Card Processor	1,592	691
Allowance for Doubtful Accounts	(11,000)	(10,000)
	<u>\$ 147,919</u>	<u>\$ 165,759</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 to make a bulk payment on the Debt in July 2012. There was new borrowing in March 2018 and \$75,000 was paid back to the Operating Fund for cash flow purposes. In 2019 and 2020, a large capital asset (a cello) and several pianos were sold and a portion of the proceeds was used by the Capital Fund to pay back the Operating Fund for cash flow purposes. In September 2020, a motion was passed by the Board of Directors and funds were allocated to the Capital Fund as a mortgage pre-payment, and so the remaining inter-fund balance was eliminated.

5 INTEREST IN TRUSTS

In April 2018, the VCM was established as a 11.11% beneficiary of a testamentary trust. VCM's remaining interest of \$55,562 will be recorded as an asset upon receipt on October 27, 2021.

In January 2019, the VCM was established as both a defined and a 50% beneficiary of a testamentary trust. VCM's estimated remaining interest of \$200,000 will be recorded as an asset upon receipt and is expected over the next fiscal year.

In August 2019, the VCM was established as a 35% beneficiary of a testamentary trust. VCM's remaining estimated interest of \$50,000 will be recorded as an asset upon receipt. Distributions of \$2,724,050 were received in September 2020 and May 2021 and the remainder is expected over the next two fiscal years.

In November 2019, the VCM was established as a defined beneficiary of a testamentary trust. VCM's stated interest of \$30,000 will be recorded as an asset upon receipt on November 01, 2021.

In June 2021, the VCM was established as a 4.6375% beneficiary of a testamentary trust. VCM's estimated interest of \$250,000 will be recorded as an asset upon receipt and is expected over the next two fiscal years.

In June 2021, the VCM was established as a 33.33% beneficiary of a testamentary trust. VCM's estimated interest of \$440,000 will be recorded as an asset upon receipt and is expected over the next two fiscal years.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

6 LONG-TERM INVESTMENTS

	August 31 2021	August 31 2020
Operating Fund	\$ -	\$ -
Internal Funds	1,269,668	51,910
Endowment Funds	1,171,479	998,114
Restricted Funds	83,000	113,000
Total at Fair Market Value	\$ 2,524,147	\$ 1,163,024

Investment by security type is as follows:

	Operating Fund	Internal Fund	Endowment Fund	Restricted Fund	August 31 2021 Total	
Fixed Income	\$ -	\$ 1,269,668	\$ 407,161	\$ 83,000	\$ 1,759,829	69.7%
Equity - Canadian	-	-	498,729	-	498,729	19.8%
Equity - Foreign	-	-	265,590	-	265,590	10.5%
	\$ -	\$ 1,269,668	\$ 1,171,479	\$ 83,000	\$ 2,524,147	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 2021 Net Book Value	August 31 2020 Net Book Value
Land	\$ 650,319	\$ -	\$ 650,319	\$ 650,319
Building	5,982,306	(3,914,934)	2,067,372	2,203,742
Leasehold Improvements - Westhills location	368,687	(368,687)	-	37,116
Computer equipment & software	408,943	(287,146)	121,797	86,696
Furniture & fixtures	470,766	(409,957)	60,809	89,251
Library assets	64,963	(64,209)	754	1,442
Musical instruments	1,525,190	(1,194,789)	330,401	349,847
	\$ 9,471,175	\$ (6,239,721)	\$ 3,231,453	\$ 3,418,412

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

8 DEFERRED REVENUE

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

	August 31 2021	August 31 2020
BC Arts Council	\$ 10,396	\$ 159,397
BC Gaming	95,100	71,500
Camosun Base Funding	185,000	185,000
Capital Region District	55,000	55,000
Lease Inducement	-	5,212
Children's Health Foundation of Vancouver Island	-	10,000
Student Tuitions	223,050	87,948
Various	60,351	76,530
	<u>\$ 628,897</u>	<u>\$ 650,587</u>

9 DEBT

The VCM has a \$500,000 overdraft facility with the Bank of Montreal of which \$nil was used as at August 31, 2021 (August 31, 2020 - \$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 \$450,000 mortgage credit limit, upon which the following mortgage has been drawn:

The VCM has a \$450,000 mortgage of which \$350,000 is owing on August 31, 2021 (August 31, 2020: \$380,000). The mortgage bears interest at 3.37% per annum, repayable in monthly blended payments. The loan is due on April 23, 2022, but amortized to June 30, 2033. A capital donation of \$80,000 has been received to pay down a portion of the mortgage next April with possible further significant donations to be received. Management expects to renew any the remaining unfunded portion of the mortgage upon maturity on April 23, 2022.

Principal repayment terms are approximately:

2021-2022	\$ 350,000
	<u>\$ 350,000</u>

The overdraft, mortgages, 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.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

10 FUNDS HELD IN TRUST

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

		August 31, 2021		August 31, 2020	
		Fund Balance Designated to VCM	Endowment Distributions Received	Fund Balance Designated to VCM	Endowment Distributions Received
	Share of Fund				
Victoria Foundation					
Victoria Conservatory of Music Operating Fund	100%	\$ 3,297,513	\$ 76,027	\$ 1,820,087	\$ 66,355
Victoria Conservatory of Music Scholarship & Bursary Fund	100%	2,387,411	86,261	2,069,672	83,674
Eric & Shirley Charman Young Musicians Bursary Fund	100%	1,683,018	41,319	1,258,920	15,810
Van Hall Fund for the Arts	100%	1,252,920	40,000	1,084,146	30,000
Goolden Fund	100%	441,066	23,641	390,758	14,985
Frederick William Kischell Bursary Fund	100%	177,433	6,450	153,958	6,086
Richard Margison Fund for Opera Studio	100%	73,601	2,537	63,788	2,433
Sisters of Saint Ann Young Musicians Fund	100%	28,648	1,045	24,905	992
Joan C. McCarter Foundation	Partial %	3,843,390	107,905	3,358,995	67,109
Aline and Norman Fowlow Fund	Partial %	228,743	7,519	198,854	7,323
Thomas Mayne Fund	Partial %	130,073	4,189	100,070	3,979
Elizabeth McPherson Fund for the Arts	Partial %	48,082	1,576	41,594	1,537
Norval Schroeder Fund	Partial %	40,197	1,469	34,948	1,388
Sandra and David Goodwin Fund	Partial %	73,048	1,069	25,531	1,014
Bayberry Fund	Partial %	54,951	935	25,510	733
Randy Diamond & Dree Thomson-Diamond Fund	Partial %	5,967	187	5,178	170
Michael & Anne Tylor Fund	Set distribution	N/A	1,000	N/A	1,000
		13,766,059	\$ 403,127	10,656,915	\$ 304,587
Vancouver Foundation (FMV as at June 30th)					
Victoria Conservatory of Music Endowment Fund	100%	293,437	10,453	257,667	10,323
		\$ 14,059,496	\$ 413,580	10,914,582	\$ 314,911

Permanent Endowment Funds have been established at the Victoria Foundation and the Vancouver Foundation, 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.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

11 COMMITMENTS

The VCM has entered into various operating leases for office equipment, of which the annual payments individually and in total are immaterial.

The VCM renewed its lease upon expiry in January 2021 and entered into a new five year lease agreement for 3,000 sq feet of space in the YM/YWCA building in Langford beginning February 2021 and terminating at the end of January 2026. Lease payments, operating costs, and tax under the current lease are approximately:

	Base Rent	Operating Costs	Total Payments
2021-2022	\$ 66,307	\$ 19,965	\$ 86,272
2022-2023	69,529	19,965	89,494
2023-2024	72,750	19,965	92,715
2024-2025	75,971	19,965	95,936
2025-2026	32,214	19,965	52,179
	<u>\$ 316,771</u>	<u>\$ 99,825</u>	<u>\$ 416,596</u>

12 TUITIONS REVENUE

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

	August 31 2021	August 31 2020
Collegium Program	\$ 70,862	\$ 116,706
Community Programs	1,839,093	1,972,508
Music Therapy & Wellness Programs	455,513	426,253
Postsecondary Programs - Camosun	523,455	536,094
Postsecondary Programs - Teaching Certificate	-	1,376
	<u>\$ 2,888,924</u>	<u>\$ 3,052,936</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 or in various organizations in the community.

The Postsecondary Programs consist firstly of the Camosun music certification and diploma programs delivered in partnership with Camosun College. Secondly, the Teaching Certificate Program is the VCM's own unique one or two-year program resulting in a Certificate of and/or Advanced Certificate of Music Teaching designed to help aspiring and practicing music teachers to develop the professional skills necessary to teach.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

13 FUNDRAISING INCOME

Fundraising income represents contributed funding from various sources. These revenues account for 58% (2020 - 33%) of total revenues. All other revenues are considered earned income and represent 42% (2020 - 67%) of total revenues.

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2021	August 31 2020
Individual Donors	\$ 3,077,055	\$ -	\$ 119,950	\$ 213,744	\$ 17,022	\$ 3,427,771	\$ 1,031,883
Fundraising Events	-	-	-	-	-	-	11,169
Foundations/Grants	221,843	-	66,179	4,000	32,484	324,506	182,664
Endowment Distributions	238,506	-	-	128,625	46,450	413,580	369,253
Corporate Donors & Sponsors	52,375	-	-	125	-	52,500	61,347
Government Grants							
Federal - Festival Grant	11,900	-	-	-	-	11,900	6,500
Provincial - BC Arts Council - Operating Grants	426,500	-	-	-	-	426,500	134,200
Provincial - BC Arts Council - Project Grants	44,001	-	-	-	-	44,001	7,443
Provincial - BC Gaming	71,500	-	-	-	-	71,500	71,500
Provincial - Other	5,162	-	-	-	-	5,162	-
Municipal - CRD	55,000	-	-	-	-	55,000	55,000
Municipal - City of Victoria	12,175	-	-	-	-	12,175	6,000
50th Anniversary Campaign	-	-	-	-	-	-	5,500
	\$ 4,216,017	\$ -	\$ 186,129	\$ 346,494	\$ 95,956	\$ 4,844,596	\$ 1,942,459

14 TRANSFERS

	August 31, 2021				
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund
Debt Payments	\$ (42,326)	\$ -	\$ 42,326	\$ -	\$ -
Donor Directed Funding	(1,226,829)	1,226,829	-	-	-
Capital Asset Purchases	(42,078)	-	49,078	-	(7,000)
Endowment Fund Administration Fees	27,839	-	-	(27,839)	-
Bequest Revenue contributed to Endowment Funds	(800,000)			800,000	
Settle Interfund Mortgage Loan	(81,700)		81,700		
Other Transfers	7,000	-	-	-	(7,000)
	\$ (2,158,093)	\$ 1,226,829	\$ 173,103	\$ 772,161	\$ (14,000)

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

14 TRANSFERS

(continued)

	August 31, 2020				
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund
Debt Payments	\$ (44,855)	\$ -	\$ 44,855	\$ -	\$ -
Donor Directed Funding	40,882	(40,882)	-	-	-
Capital Asset Purchases	(12,920)	-	31,938	-	(19,018)
Endowment Fund Administration Fees	20,973	-	-	(20,973)	-
Other Transfers	-	-	-	-	-
	\$ 4,079	\$ (40,882)	\$ 76,793	\$ (20,973)	\$ (19,018)

15 INTERNAL FUND

	August 31 2021	August 31 2020
Working Capital	\$ 533,425	\$ 55,254
Building	750,000	-
	\$ 1,283,425	\$ 55,254

The Working Capital internal funds were drawn down in 2020-2021 to use 50th campaign funds to cover the Westhills deficit, to fund Music Wellness start-up costs, and to fund Music Outreach programs. Additional contributions of \$470,000 were allocated from a Bequest gift in the Operating revenues.

The August 31, 2021 balance of the Working Capital fund includes funds set aside as general working capital to buffer cash flow needs or cover future deficits, remaining 50th campaign funds held to cover Westhills deficits, Music Outreach funds held to run these programs in upcoming academic years, as well as funds to carryforward to the 2021 Pacific Baroque Festival.

The August 31, 2021 balance of the Building fund includes funds set aside for major future capital projects.

16 REMUNERATION DISCLOSURE

The British Columbia Societies Act includes a requirement, under section 36, to disclose the remuneration paid to all directors, the ten highest paid employees, and all contractors who are paid at least \$75,000 annually.

During the year, the VCM did not pay any remuneration to directors.

During the year, the VCM paid \$1,221,130 in remuneration to the ten top remunerated persons who are employees or contractors, whose remuneration, during the applicable period, was at least \$75,000.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2021 and August 31, 2020

17 COVID-19 IMPACT ON OPERATIONS

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

Management has responded to the pandemic through applying for various government wage and rent subsidies, implementing working from home arrangements for some administrative staff, restricting building access to the public, and adopting a digital delivery model for some classes in order to prevent the spread of COVID-19. In-person board and management meetings have also been changed to online meetings. Management believes that the pandemic has had a material negative effect on the VCM's revenues, however the loss has been supplemented by government subsidies received.

The financial position and results of operations as of, and for the years ended, August 31, 2021 and August 31, 2020 have captured the impact of these events. 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 the VCM for future periods.

The 2020-2021 academic year, as we know, was spent from start to finish in a global pandemic. From an artistic and academic point of view, the VCM fared surprisingly well. The year tested our ability as creative thinkers and innovators; it heightened our need for understanding, compassion and patience with one another, and through music, we were able to offer hope and support to our community at a time when it was most needed. The year has revealed a number of new perspectives about the importance of having a meaningful relationship with music.

As of September 2020, many of our school-age students and their families were still hesitant about resuming lessons in person, and there was subsequently a noticeable dip in the flow of registrations while families waited to see how the start of the new school year with the updated COVID restrictions was panning out. Ultimately, VCM enrolment did experience a drop in a few areas, some much harder hit than others due to the nature of the program (such as singing or playing winds/brass instruments), Early Childhood Music programs in community sites, and Music Therapy offered in the community. The Collegium Voice program had already been put on hiatus for the year as of that May, due there being almost no applicants – a direct result of the pandemic.

Moving all instruction online as we had done in March 2020, worked very well as a temporary measure, however we could already see by the start of our new year that we were going to lose students in some areas if we were not able to resume in-person learning at the VCM locations somehow. Ensembles were the greatest challenge as they do not work well at all online. Activities that involve singing or playing of winds and brass instruments could not take place in the usual studio or classroom spaces. Managing space due to COVID restrictions meant having to “up-size” the space needs for most activities. Our facilities bookings staff did a heroic job solving a myriad of scheduling puzzles, and ultimately, singing lessons could take place in classrooms, small ensemble classes were moved to Wood Hall or Metro, and larger ensembles normally in Wood Hall were moved to the AGPH. Because most of the postsecondary classes and all of our community music theory and history classes continued online, this freed up more classroom space and allowed even the Collegium program to continue in person.

The best news of the year came in the summer as we saw a resurgence of interest to attend programs in person. The music theory classes continued online along with the postsecondary spring term theory classes, and with an unusually high enrolment, set the stage for a summer enrollment boom, that helped us achieve the most successful summer ever, including a significant rebound in music therapy camps.

Some examples of the innovative and creative thinking we saw among our faculty during this COVID year, included some of our winds/brass and voice faculty finding solutions that allowed their students to continue learning in person. One instructor hosted their ensemble rehearsals in their back yard, another taught singing outdoors at their home under their raised deck, while another hosted their brass student recital in the forest next to their home. Almost all of the regularly scheduled academic end of term concerts went ahead in some form as either a live streamed event, or pre-recorded and released through social media.

On a similar note, probably our most challenging innovation this year was creating music videos of Daniel Lapp's Joy of Life and Home for Christmas concerts, concerts that traditionally take place in front of large audiences in the AGPH. The Joy of Life concert had been postponed from May 2020 to late September as a live in-person show, and so it became our guinea pig music video production. It was our first attempt ever at taking on such a large production with its many moving parts, while navigating ever-changing COVID restrictions. Recording the audio of the choir members in the AGPH while masked, and then filming them as they lip-synced to their recordings outdoors without masks, brought a new and exciting dimension to the show. The Joy of Life video premiered on Thanksgiving Sunday, and similarly, Daniel Lapp's Home for Christmas, also produced as a music video, premiered on the Sunday before Christmas. Being music video productions, we were also able to include performances by special guests from across Canada, and even all the way from Nashville Tennessee. Both videos had great reach, right across the country, and provided viewers with a much-needed escape from the stress of the pandemic.

A challenge for us was not being able to presell tickets, and instead we relied on donations. Thankfully, through the great generosity of many individuals and through the great work of our heroic Development staff, these two productions broke even. The thousands of viewers also gave the VCM's YouTube channel a much welcome boost!

In spite of the pandemic we were able to go ahead with livestreaming the 2021 Spark to Flame concert, with a small string ensemble to accompany the 5 wonderful soloists chosen to perform. The technical challenges that we had at times with live streaming however, led to the decision that going forward we would focus on premiering music videos instead. The Opera Studio production of Xerxes could not go ahead in person as planned, and so we produced instead a lovely selection of opera duets filmed in April 2021, including two filmed on a lovely Beach Drive ocean property. These students also had to develop their lip-syncing skills, and in the process, discovered much hidden acting talent for film! Finally, the Creative Innovations concert with VCM alum Jonathan Crow and the VCM's newly launched Chamber Orchestra was recorded and premiered in late May, wrapping up what otherwise would have been a sad year with a cancelled VCM Presents season.

Departments:

The 2020-2021 year saw the appointment of more faculty, in some cases to cover where we had lost a few due to moving out of province, out of country, or just deciding to wait until the pandemic ended. Teaching online is not for everyone! In addition, we were very excited at the appointment of the first Artistic Director for the School of Music Technology and Creativity. Daniel Brandes was chosen for this role and brings a much-welcomed surge of creativity to the department, that immediately had a positive impact with much dialogue happening between him and SMTC faculty members about new music technology, creative, and writing programs. We look forward to seeing these emerge over the coming year.

At the end of the year, we bid farewell to Ingrid Attrot as Department Head for Voice, after 14 years of inspired and dedicated leadership, including the Opera Studio program, that Ingrid led after Selena James. A search for a new Head of Voice began mid-year and continued into the late spring. Unfortunately, at the conclusion of this year, we did not yet have a new incumbent in place and will be relaunching the search in the Fall 2021.

I once again asked the members of the Artistic Directorate Committee to reflect on the past year and share highlights and/or challenges they encountered, as related to their respective departments/schools. Here are a few of their contributions:

- School of Music Technology and Creativity saw a marked increase in students from across Canada enrolling in the quickly growing Composition Clubs. Four young composers had their new works premiered as part of the Creative Innovations concert with Jonathan Crow in May 2021. One of these students, a 14-year-old has recently written his first full symphony!
- The Music Therapy camps held during the summer had a hugely positive impact on the families as they overcame their anxiety to be in a group situation again. For many critically ill children, this was the first time they had socialized in over 17 months.
- The Keyboard, Strings, and Winds-Brass departments under the Ann & George Nation Conservatory School of Classical Music, along with the Young Artist Collegium program, had one of the most successful years yet in the local, provincial, and national festivals. It's important to note that the festival was held entirely online with all participating having to submit videos of their performances. Our Winds and Brass students were Provincial Competitor or Provincial Merited Participant in the Junior, Intermediate, and Senior categories, as well as in chamber music. Our Collegium chamber ensembles made us very proud as they devoured the festival once again. , Cellist Lexie Karkowski was named Grand Champion in the Nationals, Pianist Jonathan (Jono) Devey won the National Competition of the Canadian Federation of Music Teachers 'Association (CFMTA) where he was named Most Promising Artist.

Thank the Board of Governors, Jane, Chris, Martin, Terri, Tereza, and all our staff, our Artistic Directorate and supporting artistic staff, and our wonderful faculty, for making this year as successful as it was, in light of the huge challenges we had in front of us. Music can conquer all!

Stephen Green

Dean and Chief Artistic & Academic Officer

I am sitting here attending my very last AGM for the Victoria Conservatory of Music! I honestly cannot believe that I have been doing this for 13 years especially when I thought I would only be doing it for three!! It has been “one heck of a ride” and one that I will treasure forever...quite honestly, I have loved every minute of it (good and bad) and would not change or alter the many courses we chose to take during that time. We have ended up in a very good place with the best team of people anyone could ever imagine and a community that has supported us through every up and down...even through COVID! But...I am not going to get all maudlin here...I am still here and as you heard from Shannon we still have a way to go before we select a new CEO. So, what I will do now is begin my annual “year in review” highlighting we have been able to achieve and some of the challenges we faced along the way.

We all know the tremendous pressure that COVID has placed on every organization including ours. Just when we thought things were moving in the right direction there were three more active waves and then the Delta variant hit and every time this happened we had to quickly adapt to new protocols and restrictions. Martin, Chris, Stephen, and I formed our Health and Safety office and we collectively made decisions to ensure compliance with every mandate to ensure the safety of our students, staff, and faculty. We could never have managed through these times without Martin, Chris and Stephen and I just want to take a moment to thank them for their commitment, tenacity, and determination. While we have re-opened the building with protocols in place, we also continue to see a hybrid model of teaching on-line.

So, what else have we done to continue to weather the COVID storm and continue to move this organization forward - let me tell you and let me start with Development:

Development: Given the pandemic closures and the inability to host events and meet in-person, our Development Team consisting of **Terri Myhr**, Director of Development, **Judi James**, Manager of Donor Relations and **Joan Milley**, Development Officer, Special Events and Sponsorships, had to work hard to keep in touch with our donors and supporters. They have done a fabulous job this past year focusing on positive messages highlighting our students, sharing their inspiring stories and performances through virtual concerts, student features, and monthly e-newsletters. It was a year of navigating the online world with virtual events and producing videos. We were most fortunate to receive financial help from Federal and Provincial Governments' COVID resilience grants (\$321,500) and wage subsidy programs (\$336,077), which have made a huge difference in helping us to maintain our staff and put safety protocols in place.

The highlights for the year:

- Raised a total of \$1,489,465 in operating funds and were the grateful recipients of the largest bequest ever received from the estate of Lois Voight Stockey in the amount of \$2,726,552 for a total of **\$4,216,017**. We will be recognizing Lois and her late husband, Charles Stockey, by naming our Garden Courtyard in their honor and along with Pacific Opera Victoria, Victoria Symphony, and the Greater Victoria Youth Orchestra will be hosting a special event to commemorate their legacy and generosity.
- Other funds raised:
 - **\$626,578** in capital, endowment and restricted funds.
 - **\$307,445** endowment matching funds from the Canadian Cultural Endowment Incentive Program, through the Victoria Foundation.
 - **\$364,452** grant for building infrastructure upgrades and equipment for COVID-19 resilience.
 - **\$80,000** payment of a \$200,000 legacy pledge for the mortgage debt.
 - **\$336,077** in Federal Government Wage Subsidy.
- As part of our efforts to keep connected to our donors through the pandemic we created **4 spotlight videos** highlighting VCM students and various emails with links to student performances, generating \$13,000 in immediate response.

- Our first ever **Virtual Garden Tour** for our 39th Annual **Mother's Day Musical Garden Tour**, raised a total of **\$70,590 (90%** of the last in-person F18-19 tour's net income).
- Raised just over **\$25,000** for the VCM's fourth GivingTuesday campaign in 2020. Thanks to our wonderful sponsors Cameron Izard Snell and Odium Brown Limited's Brian Howe and Gareth Dickson for providing \$5,000 each in matching funds.
- Gained **525** new donors through our online concerts (76.5%) and Garden Tour (12.5%).

Marketing: This past year was also a spectacular year for Marketing and we could not be happier with the great work that **Tereza Anderson**, Director of Marketing, and **Erin Fraser**, Marketing Coordinator, are doing to constantly raise our profile, build awareness, sell tickets, manage public relations, and generally to help us communicate far more effectively than ever before. Here are some overall highlights from Marketing last year.

- We now have 4,135 Facebook followers, 673 Instagram followers, 2,836 twitter followers, 55K users of our VCM website and 3,322 newsletter recipients including 2975 families.
- We received 17 free media editorial features.
- Postsecondary student recruitment campaign generated an 85% increase in applicants.
- The Summer Intensive Program promotion supported 95% of SIP programs to exceed our registration goals. The SIP webpage was the #1 viewed webpage for the 2020/21 school year.
- Placed #1 in the Best of the Westshore category of "Best Place to Develop your Childs Potential"
- Having had to move all our VCM performances/concerts online, we successfully engaged audiences with over 10,178 total views for our Joy of Life, Home for Christmas, Spark to Flame, and Creative Innovations concerts.
- Our online Mother's Day Garden Tour had an organic promo reach of 13,000 and 674 online reach in paid advertising, while our GivingTuesday campaign had 8000 promo reach and 315 webpage views.
- But perhaps one of the most exciting things to happen in Marketing this past year was the ability to begin planning for a brand-new website. With financial support from Robert and Devi Jawl Foundation we were able to engage Trapeze Communications to help us build a much-needed website that will be much easier to navigate and more readily able to showcase everything the VCM has to offer. It is expected that the new website will be launched in summer 2022. I wish to acknowledge the great work of Tereza Anderson, Erin Fraser, and Trapeze Communications.

Facilities: **Martin Borg**, Chief Facilities Officer, as always, achieves so much in any given year and this past year was no exception. While typically managing our 55,000 sq. ft. facility with an excellent facilities team (which is no easy feat in a 125-year-old heritage building), this year again he had to pivot to adjust to the impact COVID had on all of our performance activities and the health restrictions imposed on building operations. While the building was re-opened this past September we have still had to adapt to ever changing restrictions and protocols. However, through all of this he also found time to tackle the following:

- Capital projects include awarding contracts for new automatic sliding main entrance doors and a main entrance canopy, installation of site wide touchless bathroom faucets, replacement of failing segment of the heritage roof, completion of phase 2 of the VCM IT Upgrade, restoration of the AGPH turret Plasterwork, and restoration of the window sashes on the parling lot side of the building.
- Venue operations were significantly impacted as we have been forced to move from mini concerts of under 50 people to 50% capacity to full capacity and back to 50% capacity because of security challenges on Pandora Ave.
- And finally, on the Human Resource front, we are most happy to welcome **Bruce Craigie** to the new position of Maintenance Manager, welcome back **JayR Biggley** to the position of Building Maintenance, and **Michael Rissling** to the newly created position of Security Officer.
- And, of course, my facilities/building report would not be complete without the mention of the state of emergency that is occurring on Pandora Avenue. You have all heard me talk endlessly about the continued severity of the situation and the alarming rise in violence, anarchy, lawlessness, and crime and its impact on our operations. As you also know we are now limiting the capacity of AGPH to 300 people which is the number that can safely enter and exit through our Johnson Street entrance. You are also aware that we have erected temporary fending along both the Pandora and Quadra sides of our building until such time that we can erect permanent fencing or the situation changes on Pandora. Also, as a result of our letter writing campaign and

article in the Times Colonist, Mayor Lisa helps has reached out directly to me to offer her support and I am meeting with her next Wednesday at 7:30am.

Conclusion:

As I conclude my report I want to acknowledge and thank some very important people!

While I have already acknowledged the great work of most of our management team **Terri Myhr, Tereza Anderson** and **Martin Borg**, I cannot close today without also recognizing the stellar work of **Chris Kask** and **Stephen Green**. You heard from both of them earlier but I want to make it very clear that our transition through COVID would never have occurred as successfully and seamlessly as it did without the extraordinary hard work, effort, commitment, and dedication of these two outstanding leaders. I just hope you both know how much we value the enormous contributions you have made and continue to make to this organization.

I also want to take a moment to thank **Erin Fraser** who, like a champion, has stepped in for Kelsey Gilker who is off on medical leave and who has had to negotiate her way through executing this AGM on Zoom and getting all the materials ready for this annual event...plus supporting me for my last AGM! We can't thank you enough Erin.

And finally, in advance of the vote, I want to welcome both **Marci Hotsenpiller** and **Paul Nursey** to our Board of Governors. I am so enthused and excited about the expertise and experience you bring to the Board and greatly look forward to working with you as I finish my time at the VCM!

And speaking of being greatly valued. I also want to extend my enormous gratitude to **Roy Cullen, Claudia Blum**, and **Bryan Wilson** who, as you have heard, are leaving our Board after completing their terms and after making such invaluable contributions over that period of time. I get pretty attached to these people so it always breaks my heart when it is time to say good-bye. These are great people who volunteer their time and share their expertise to help us achieve so much more than we could ever do without them.

I think of **Roy** who has served for 10 years on our Board - 6 of them as Board Chair - and I simply cannot imagine our Board meetings or Finance committee meeting without him at the table. He has pretty much been around almost as long as I have and it is just so important for you to know Roy...how very much I have valued and appreciated everything you have done for this organization and what a distinct honor it has been for me to work with you.

Claudia, what a treasure you have been to this Board! You became the first Chair of our Board Marketing Committee and brought it to life! Under your and Tereza's leadership our Marketing efforts have escalated to levels never seen before with results that are making a huge difference to VCM's visibility, presence, and stature in our community. It is amazing what happens when you have the right people, in the right positions doing everything right for an organization, and certainly our Marketing department is a great example of that. Thank you Claudia.

And finally, but certainly not least, we are saying good-bye to **Bryan Wilson** who has so effectively and respectfully chaired both our Building and Property Development committees for the last 6 years. Brian has done a masterful job of guiding and leading us through some very complex and challenging building projects – more than have ever occurred before – and always with a sharp eye on expenses!! It is quite amazing to look back and see everything that has been done during your tenure Brian...and you should feel very proud of what you have helped us accomplish. We have a momento of our appreciation for each of you but it is pretty hard to present them to you over Zoom so I will ensure you receive them in person over the next couple of weeks.

And, now as I sign off from my very last VCM AGM, I want to thank every Board member, every management team member, every staff member, every faculty member, and every donor for your extraordinary support through the years. We would not be where we are today without the enormous contribution you have each made to this organization. It has been my honor and privilege to serve as your CEO and, as I look back, I think we can all be very proud of what we have accomplished together.

Jane Butler McGregor
CEO

8. Election of Governors and Officers

a. Election of incoming Board Nominees

Marci Hotsenpiller, ZINC Communications Founder and Principal, is an award-winning communications consultant with 15+ years of experience. Marci has held senior management positions in government and now is one of the top communications and public engagement strategists for local government projects in western Canada. Marci speaks regularly about how government can work more effectively with media, is a member of IAP2 and the Canadian Public Relations Society and holds a BA in Communications from McGill University and Simon Fraser University, plus a certificate in Local Government Administration from Capilano University in Vancouver. Marci also served as the Marketing and Development Manager of the Vancouver International Writer's Festival, a non-profit arts organization that featured several streams of programming in schools, with public events, plus bringing in international artists/writers each year. Prior to developing her focus on infrastructure projects she enjoyed a decade in high-tech PR. Leading a team at sister company, ZINC Public Relations, Marci helped innovative Canadian and US startups earn standout media coverage and coached founders on telling their disruption stories to the world. She serves on the BC board of the International Association of Public Participation (IAP2) and is a founding member of the Women's Equity Lab, a Victoria-based group that aims to introduce more women to angel investing. Marci splits her time between Victoria and the Comox Valley.

Paul Nursey, CEO of Destination Greater Victoria, is an experienced and respected senior tourism leader and progressive tourism marketing, strategy, and branding expert with 25 years of tourism-related leadership and management experience. He has held leadership positions with the Canadian Tourism Commission, Rocky Mountaineer Rail Tours, Mount Seymour Resorts and Tourism Vancouver – the Greater Vancouver Convention and Visitors Bureau. Widely regarded as one of Canada's top tourism policy minds, Paul serves on the board of Destinations International and the Tourism Industry Association of Canada as the Advocacy Committee Chair.

b. Re-election of current Governors to a second term

Susan Snell, Treasurer, is a founding partner of the firm Cameron IZard Snell Chartered Professional Accountants where her practice includes tax planning for individuals, professionals and owner-managed businesses, with a focus on corporate reorganizations, estate and will planning. A graduate of the University of Western Ontario, Susan received her CA designation while working for Ernst & Young. Susan has completed the Canadian Securities Course as well as the Canadian Institute of Chartered Accountants In-Depth Tax Course. Previously a senior manager in tax at an international accounting firm, Susan brings years of experience and knowledge to her clients and volunteer positions. Susan is a proud supporter of the Victoria arts community and is studying piano at the VCM.

Geraldine Hinton's focus, following graduation in 1961 as a nurse clinician, was geriatric practice, and the teaching and mentoring of nursing students in the care of older persons. As a volunteer with St John Ambulance, in 1976, she developed a revolutionary health care program for seniors living in the downtown core of Vancouver who were facing loneliness and poverty. It spread throughout communities in BC and became a National Program for St John Ambulance with funding from the McConnell Foundation. With her leadership skills and experience she was chosen in 1992 as the Co-Chair of the "Acute to Community Shift" in the BC Government Response Office for the Seaton Royal Commission on Health Care and Costs, and in 1994 as the Executive Director of the BC Government's Office for Seniors; there, she led the initiative for the 1999 United Nations International Year of the Older Person in BC. While in her role with the Office for Seniors, Geri represented the provinces as the Co-Chair for the F/P/T National Committee for the Ministers' Responsible for Seniors that developed a National Framework for Aging Policy and a Strategic Plan for Later Life that recognized the demographics of a growing and diverse population. She was instrumental in a partnership in 2000 with the Ministry of Housing to develop the first policy framework on Supportive Housing for Seniors in BC which has been adopted by several provinces. Geri has been recognized for her contributions: in 2002 she was awarded the YM/YWCA Women of Distinction Lifetime Achievement Award and in

2008 she received the University of Victoria, School of Nursing Alumnae Award of Excellence. She received the Queen's Golden Jubilee Medal in 2002 and the Queen's Diamond Jubilee Medal in 2012. In 2003 Geri was promoted to Dame of Grace in the Venerable Order of St John of Jerusalem recognizing her lifetime commitment to St John Ambulance Association.

c. Election of non-voting Representatives

Staff Representative:

Kelsey Gilker is an arts administrator, graphic designer and actor living in Victoria, British Columbia. Prior to moving to Victoria, Kelsey worked as Marketing & Membership Coordinator for the Kamloops Arts Council. She received her Bachelor of Arts in Theatre from Thompson Rivers University and worked professionally across the country at Thousand Islands Playhouse, Theatre Calgary and Western Canada Theatre. Kelsey has been with the VCM since November 2017, first at Reception & Registration before moving into her current position of Executive Assistant & Assistant to the Registrar. When not at the VCM Kelsey works freelance as a graphic designer and enjoys all things arts and culture.

No Faculty or Student Representatives are up for election at this time.