

VICTORIA CONSERVATORY OF MUSIC

Financial Statements

Year ended August 31, 2024

VICTORIA CONSERVATORY OF MUSIC
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Year Ended August 31, 2024

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Independent Auditors' Report

Grant Thornton LLP

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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, 2024, 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, 2024, 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 27, 2024


Chartered Professional Accountants

Victoria Conservatory of Music

Statements of Financial Position
August 31, 2024 and August 31, 2023

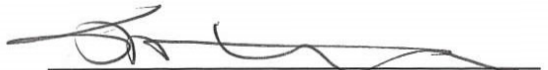
	Operating Fund	Internal Fund (note 15)	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2024 Total	Restated August 31 2023 (Note 18) Total
ASSETS							
CURRENT							
Cash & Cash Equivalents	\$ 1,054,185	\$ 85,444	\$ -	\$ 7,740	\$ 17,433	\$ 1,164,801	\$ 1,305,463
Accounts Receivable (note 3)	171,859	-	-	-	-	171,859	147,656
Prepaid Expenses & Deposits	93,717	-	9,762	-	-	103,479	181,528
Inventory	7,177	-	-	-	-	7,177	5,579
Short Term Investments	-	1,161,000	-	18,006	238,500	1,417,506	1,362,083
Due From (To) Other Funds (note 4)	(145,113)	8,816	144,767	(11,304)	2,833	-	-
	\$ 1,181,826	\$ 1,255,260	\$ 154,529	\$ 14,441	\$ 258,766	\$ 2,864,823	\$ 3,002,310
NON-CURRENT							
Long Term Investments (note 6)	\$ -	\$ -	\$ -	\$ 450,670	\$ -	\$ 450,670	\$ 652,782
Tangible Capital Assets (note 7)	-	-	3,047,511	-	-	3,047,511	2,998,634
Due From (To) Other Funds (note 4)	100,000	-	(100,000)	-	-	-	-
	\$ 1,281,826	\$ 1,255,260	\$ 3,102,040	\$ 465,112	\$ 258,766	\$ 6,363,004	\$ 6,653,726
LIABILITIES							
CURRENT							
Accounts Payable & Accrued Liabilities	\$ 257,279	\$ -	\$ -	\$ -	\$ -	\$ 257,279	\$ 250,050
Customer & Student Deposits Held	158,432	-	-	-	-	158,432	120,933
Deferred Revenue (note 8)	644,898	-	-	-	-	644,898	630,202
Debt (note 9)	-	-	116,223	-	-	116,223	131,112
	\$ 1,060,609	\$ -	\$ 116,223	\$ -	\$ -	\$ 1,176,832	1,132,298
FUND BALANCES							
Unrestricted	\$ 221,217	\$ -	\$ -	\$ -	\$ -	\$ 221,217	\$ 330,584
Internally Restricted	-	1,255,260	-	-	-	1,255,260	1,431,058
Invested in Capital Assets	-	-	2,985,817	-	-	2,985,817	2,890,262
Externally Restricted	-	-	-	465,112	258,766	723,878	869,525
	\$ 221,217	\$ 1,255,260	\$ 2,985,817	\$ 465,112	\$ 258,766	\$ 5,186,172	\$ 5,521,428
	\$ 1,281,826	\$ 1,255,260	\$ 3,102,040	\$ 465,112	\$ 258,766	\$ 6,363,004	\$ 6,653,726


FUNDS HELD IN TRUST (note 10)

COMMITMENTS (note 11)

See accompanying notes to financial statements

Approved on behalf of the Board


Director
SHELLEY WILLIAMS


Director
Alison McCleary

Victoria Conservatory of Music

Statements of Operations and Changes in Fund Balances
Years Ended August 31, 2024 and August 31, 2023

						August 31 2024	August 31 2023
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	Total	Total
REVENUE							
Tuitions (note 12)	\$ 3,111,447	\$ -	\$ -	\$ -	\$ -	\$ 3,111,447	\$ 3,107,069
Fees & Other Income	128,889	-	-	-	-	128,889	117,733
Investment Income	-	77,191	-	78,138	405	155,735	110,673
Facilities & Events	216,213	-	-	-	-	216,213	177,716
Total Earned Revenue	\$ 3,456,549	\$ 77,191	\$ -	\$ 78,138	\$ 405	\$ 3,612,283	\$ 3,513,191
Fundraising (note 13)	1,823,367	55	203,537	1,012,134	217,882	3,256,975	2,604,912
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	1,328
Unrealized Gain (Loss) on Investments	-	-	-	9,593	-	9,593	(16,826)
	\$ 5,279,916	\$ 77,246	\$ 203,537	\$ 1,099,865	\$ 218,288	\$ 6,878,852	\$ 6,102,604
EXPENSES							
Wages & Benefits	\$ 4,622,160	\$ -	\$ -	\$ -	\$ -	\$ 4,622,160	\$ 4,330,227
Program Costs	59,169	-	-	-	2,558	61,727	84,290
Administration	124,640	-	10,100	7,313	-	142,052	124,441
Marketing	57,385	-	-	-	-	57,385	56,501
Fundraising	37,925	-	-	-	-	37,925	51,973
Events	154,226	-	-	-	-	154,226	87,796
Facilities	405,199	-	-	-	-	405,199	367,209
Scholarships & Bursaries	-	-	-	134,367	164,248	298,614	297,338
Amortization	-	-	310,404	-	-	310,404	294,433
	\$ 5,460,704	\$ -	\$ 320,504	\$ 141,679	\$ 166,806	\$ 6,089,692	\$ 5,694,208
Excess (Deficiency) of Revenues over Expenses	(180,788)	77,246	(116,967)	958,186	51,482	789,160	408,396
Transfers to Third Party Endowment Funds (note 10)	-	-	-	(1,124,416)	-	(1,124,416)	(761,277)
Net Excess (Deficiency) of Revenues over Expenses	\$ (180,788)	\$ 77,246	\$ (116,967)	\$ (166,230)	\$ 51,482	\$ (335,257)	\$ (352,880)
Interfund Transfers (note 14)	71,420	(253,043)	212,522	(69,805)	38,906	-	-
Net Change For The Year	\$ (109,368)	\$ (175,797)	\$ 95,556	\$ (236,036)	\$ 90,389	\$ (335,257)	\$ (352,880)
Fund Balances, Beginning of Period	330,584	1,431,058	2,890,262	701,147	168,378	5,521,428	5,874,309
Fund Balances, End of Period	\$ 221,217	\$ 1,255,260	\$ 2,985,817	\$ 465,112	\$ 258,766	\$ 5,186,172	\$ 5,521,428

See accompanying notes to financial statements

Victoria Conservatory of Music

Statements of Cash Flow

Years Ended August 31, 2024 and August 31, 2023

	August 31 2024	August 31 2023
Cash Provided by (Used in):		
OPERATING ACTIVITIES		
Excess (Deficiency) of Revenues over Expenses	\$ 789,160	\$ 408,396
Items not involving cash:		
Amortization of Capital Assets	310,404	294,433
Donations of Capital Assets	(5,445)	(80,565)
Gain on Sale of Assets	-	(1,328)
Donations of Investments	(43,166)	(53,541)
Realized (Gain) Loss on Investments	(60,691)	(61,962)
Unrealized (Gain) Loss on Investments	(9,593)	16,826
Changes in Non-Cash Working Capital:		
Accounts Receivable	(24,203)	140,782
Prepaid Expenses	78,049	3,245
Inventory	(1,598)	(301)
Accounts Payable & Accrued Liabilities	7,229	(94,676)
Customer & Student Deposits Held	37,499	(3,383)
Deferred Revenue	14,696	(8,668)
Cash Flow from Operating Activities	\$ 1,092,340	\$ 559,259
INVESTING ACTIVITIES		
Purchase of Capital Assets	\$ (353,836)	\$ (115,040)
Sale of Capital Assets	-	1,660
Purchase of Investments	(1,722,212)	(1,630,362)
Sale of Investments	1,982,350	1,561,701
Transfers to Third Party Endowment Funds	(1,124,416)	(761,277)
Cash Flow from (used by) Investing Activities	\$ (1,218,114)	\$ (943,317)
FINANCING ACTIVITIES		
Repayment of Debt	\$ (14,889)	\$ (63,181)
Cash Flow from (used by) Financing Activities	\$ (14,889)	\$ (63,181)
INCREASE (DECREASE) IN CASH FLOW	\$ (140,662)	\$ (447,239)
Cash & Cash Equivalents - Beginning of Year	1,305,463	1,752,702
Cash & Cash Equivalents - End of Year	\$ 1,164,801	\$ 1,305,463
REPRESENTED BY:		
Cash in Operating & Chequing Accounts	\$ 940,014	\$ 1,069,008
Cash in Restricted Gaming Funds Bank Account	107,235	107,104
Cash in Investment Accounts	110,616	127,734
Funds on Hand / In Transit from Third Parties	6,936	1,618
	\$ 1,164,801	\$ 1,305,463
Supplemental Cash Flow Information		
Interest Paid During Year	\$ 10,100	\$ 11,808

See accompanying notes to financial statements

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2024 and August 31, 2023

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 develop creative potential and healthy communities through music education, wellness, and live performance.

2 SIGNIFICANT ACCOUNTING POLICIES

The VCM follows Canadian accounting standards for not-for-profit organizations (ASNPO), which are part of Canadian Generally Accepted Accounting Principles.

(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, and annual distributions received for, specific purposes which are restricted by the donor and/or external fund.

(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, 2024 and August 31, 2023

2 SIGNIFICANT ACCOUNTING POLICIES

(continued)

(C) Cash & Cash Equivalents

Cash and Cash Equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. They are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Investments such as GICs and bonds held at year-end with an investment term of 3 months or less are classified as Cash & Cash Equivalents.

(D) Financial Instruments

VCM considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. VCM accounts for the following as financial instruments: cash & cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, deferred revenue, and debt.

(i) Financial instruments in arm's length transactions

Initial Measurement

VCM initially measures financial assets and financial liabilities originating, acquired, issued or assumed in arm's length transactions at fair value.

Subsequent measurement

VCM subsequently measures these financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in financial instruments measured at fair value are recognized in net income.

Derecognition

VCM removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expired.

Impairment

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

(ii) Financial instruments in related party transactions

Initial Measurement

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

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2024 and August 31, 2023

2 SIGNIFICANT ACCOUNTING POLICIES

(continued)

Subsequent measurement

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how VCM initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value are subsequently measured at amortized cost, except for the following instruments which are subsequently measured at fair value: investments in equity instruments that are quoted in an active market, most derivative contracts, and certain debt instruments which VCM may irrevocably elect to measure at fair value. Changes in fair value are recognized in net income.

(iii) Financial instrument risks

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, 2024:

(a) 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 most 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.

(b) 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.

(c) 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, 2024, portfolio investments of \$90,726 (USD) and a USD bank account of \$21 (USD) are denominated in US dollars and converted into Canadian dollars. There was a decrease in exposure from the prior year as the VCM reduces its own investment holdings and transfers them to the Victoria Foundation.

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, 2024 and August 31, 2023

2 SIGNIFICANT ACCOUNTING POLICIES

(continued)

(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) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes indicate that the carrying amount of an asset may not be recoverable.

An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(G) 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 2024	August 31 2023
Student Tuitions	\$ 139,192	\$ 114,669
Events, Grants, Sponsorships, & Administrative	14,020	21,621
Federal GST Rebate	4,588	3,551
Third Party Payment Processor	25,559	19,314
Allowance for Doubtful Accounts	(11,500)	(11,500)
	\$ 171,859	\$ 147,656

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2024 and August 31, 2023

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 prior bulk mortgage payments.

In order to reduce mortgage interest, the Operating Fund transferred a total of \$100,000 to the Capital Fund to make bulk payments on the Debt in June 2022 (\$50,000), September 2022 (\$25,000), and June 2023 (\$25,000).

5 INTEREST IN TRUSTS

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 between \$25,000 and \$35,000 will be recorded as an asset upon receipt and is expected over the next fiscal year.

In June 2021, the VCM was established as a 33.33% beneficiary of a testamentary trust. In June 2023, all parties agreed to settle a claim against the Estate and VCM's revised interest is now as a 25% beneficiary of a testamentary trust. The VCM's initial distribution of \$345,186 was recorded as an asset upon receipt on November 29, 2023. The remaining interest of \$23,134 was recorded as an asset upon receipt on September 11, 2024.

In June 2021, the VCM was established as a 5% beneficiary of a testamentary trust. VCM's initial distribution of \$7,529 was recorded as an asset upon receipt on October 16, 2024. VCM's estimated remaining interest of \$350 or less will be recorded as an asset upon receipt and is expected over the next fiscal year.

In July 2024, the VCM was established as a beneficiary of a testamentary trust. The full interest of \$77,230 was recorded as an asset upon receipt on September 12, 2024.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2024 and August 31, 2023

6 LONG-TERM INVESTMENTS

	August 31 2024	August 31 2023
Internal Funds	-	-
Endowment Funds	450,670	652,782
Restricted Funds	-	-
Total at Fair Market Value	\$ 450,670	\$ 652,782

Investment by security type is as follows:

	Operating Fund	Internal Fund	Endowment Fund	Restricted Fund	August 31 2024 Total	
Fixed Income	\$ -	\$ -	\$ 140,738	\$ -	\$ 140,738	31.2%
Equity - Canadian	-	-	\$ 187,561	-	187,561	41.6%
Equity - Foreign	-	-	\$ 122,371	-	122,371	27.2%
	\$ -	\$ -	\$ 450,670	\$ -	\$ 450,670	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 2024 Net Book Value	August 31 2023 Net Book Value
Land	\$ 650,319	\$ -	\$ 650,319	\$ 650,319
Building	6,282,009	(4,372,059)	1,909,949	1,868,234
Musical instruments	1,627,043	(1,382,034)	245,009	301,446
Leasehold Improvements - Westhills location	373,516	(371,907)	1,610	2,817
Furniture & fixtures	740,587	(541,103)	199,484	100,554
Computer equipment & software	476,238	(435,573)	40,665	74,410
Library assets	66,482	(66,008)	475	854
	\$ 10,216,194	\$ (7,168,683)	\$ 3,047,511	\$ 2,998,634

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2024 and August 31, 2023

8 DEFERRED REVENUE

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

	August 31 2024	August 31 2023
BC Arts Council	\$ -	\$ 1,231
BC Gaming	106,800	106,600
Camosun Base Funding	185,000	185,000
Capital Region District	55,000	55,000
Student Tuitions	246,572	206,164
Postsecondary VCM Certificate Tuitions	-	-
Various Grants & Other Items	51,525	76,208
	<u>\$ 644,898</u>	<u>\$ 630,202</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, 2024 (August 31, 2023 - \$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 \$250,000 mortgage, of which \$116,223 is owing on August 31, 2024 (August 31, 2023: \$131,112). The mortgage is a demand loan and bears interest at at the bank prime lending rate plus 1% percent. The loan is due on demand or can be paid early, but is amortized to June 30, 2035.

Principal repayment terms are approximately:

2024-2025	\$ 116,223
	<u>\$ 116,223</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, 2024 and August 31, 2023

10 FUNDS HELD IN TRUST

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

	Share of Fund	<u>August 31, 2024</u>		<u>August 31, 2023</u>	
		Fund Balance Designated to VCM	Endowment Distributions Received	Fund Balance Designated to VCM	Endowment Distributions Received
Victoria Foundation					
Victoria Conservatory of Music Operating Fund	100%	\$ 5,043,966	\$ 161,222	\$ 3,897,830	\$ 129,984
Victoria Conservatory of Music Scholarships & Bursaries Fund	100%	4,081,874	118,766	2,620,937	108,778
Eric & Shirley Charman Young Musicians Bursary Fund	100%	1,878,474	78,943	1,732,009	70,065
Van Hall Fund for the Arts	100%	1,236,955	60,000	1,152,773	55,000
Roy Barnett VCM Fund	100%	681,230	19,910	413,004	-
Goolden Fund	100%	433,536	20,133	403,204	19,783
Victoria Conservatory of Music - Music Therapy Fund	100%	381,352	17,195	353,331	-
Frederick William Kischell Bursary Fund	100%	173,898	8,081	161,650	7,947
Deirdre Roberts and Ralph Huenemann Fund	100%	78,851	2,800	-	-
Richard Margison Fund for Opera Studio	100%	71,705	3,306	66,504	3,237
Annamaria Bamji Award for Emerging Musicians Fund	100%	30,964	935	-	-
Sisters of Saint Ann Young Musicians Fund	100%	28,154	1,308	26,185	1,286
Joan C. McCarter Foundation	Partial %	3,810,242	167,733	3,545,288	155,814
John and Carole MacDonald Legacy Fund	Partial %	562,528	12,150	-	-
Aline and Norman Fowlow Fund	Partial %	216,188	10,050	201,251	19,080
Thomas Mayne Fund	Partial %	128,543	5,949	119,531	5,630
Sandra and David Goodwin Fund	Partial %	79,724	3,348	73,819	2,566
Elizabeth McPherson Fund for the Arts	Partial %	48,028	2,071	44,572	1,927
Norval Schroeder Fund	Partial %	39,505	1,835	36,741	1,805
Bayberry Fund	Partial %	65,285	2,545	52,629	2,109
Dree Thomson Fund	Partial %	-	258	5,520	240
Michael & Anne Tyler Fund	Partial %	N/A	1,161	N/A	1,161
		\$ 19,071,002	\$ 699,698	\$ 14,906,776	\$ 586,410
Vancouver Foundation (FMV as at June 30th)					
Victoria Conservatory of Music Endowment Fund	100%	291,724	13,528	276,913	12,952
		\$ 19,362,726	\$ 713,227	\$ 15,183,690	\$ 599,362

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, 2024 and August 31, 2023

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 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
2024-2025	\$ 75,971	\$ 23,729	99,700
2025-2026	32,214	9,887	42,101
	<u>\$ 108,185</u>	<u>\$ 33,616</u>	<u>\$ 141,801</u>

12 TUITIONS REVENUE

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

	August 31 2024	August 31 2023
Collegium Program	\$ 100,770	\$ 158,002
Community Programs	1,979,638	1,928,494
Music Therapy & Wellness Programs	447,986	424,475
Postsecondary Programs - Camosun	550,573	596,099
Postsecondary Programs - VCM	32,482	-
	<u>\$ 3,111,447</u>	<u>\$ 3,107,069</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 Certificate in Advanced Independent Music Studies Program is the VCM's own unique one-year program designed to provide advanced music students a program of intensive and project-based practical training in select areas of the music profession.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2024 and August 31, 2023

13 FUNDRAISING INCOME

Fundraising income represents contributed funding from various sources and account for 47% (2023 - 43%) of total revenues. All other revenues are considered earned income and represent 53% (2023 - 57%) of total revenues.

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2024	August 31 2023
Individual Donors	\$ 616,736	\$ 55	\$ 33,645	\$ 878,060	\$ 9,407	\$ 1,537,903	\$ 619,944
Fundraising Events	67,255	-	-	-	2,970	70,225	72,987
Foundations/Grants	378,873	-	80,807	14,000	11,750	485,430	358,289
Endowment Distributions	414,623	-	-	120,074	178,530	713,227	599,362
Corporate Donors & Sponsors	55,785	-	-	-	15,225	71,010	101,848
Government Grants							
Federal - Festival Grant	5,500	-	-	-	-	5,500	6,200
Provincial - BC Arts Council - Operating Grants	94,500	-	-	-	-	94,500	592,448
Provincial - BC Arts Council - Project Grants	1,231	-	40,000	-	-	41,231	26,263
Provincial - BC Gaming	106,600	-	-	-	-	106,600	96,100
Provincial - Other	9,900	-	7,521	-	-	17,421	35,986
Municipal - CRD	55,000	-	-	-	-	55,000	55,000
Municipal - City of Victoria	15,158	-	41,563	-	-	56,721	40,485
Donations In-kind	2,207	-	-	-	-	2,207	-
	\$ 1,823,367	\$ 55	\$ 203,537	\$ 1,012,134	\$ 217,882	\$ 3,256,975	\$ 2,604,912

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Notes to Financial Statements

August 31, 2024 and August 31, 2023

14 INTERFUND TRANSFERS

August 31, 2024

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund
Debt Payments	\$ (24,989)	\$ -	\$ 24,989	\$ -	\$ -
Donor Directed Funding	81,820	(81,820)	-	-	-
Capital Asset Purchases	(16,613)	(171,223)	187,836	-	-
Scholarship & Bursary Funds Administration Fees	29,712	-	-	(20,812)	(8,900)
Other Transfers	1,490	-	(303)	(48,993)	47,806
	\$ 71,420	\$ (253,043)	\$ 212,522	\$ (69,805)	\$ 38,906

August 31, 2023

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund
Debt Payments	\$ (24,989)	\$ -	\$ 24,989	\$ -	\$ -
Donor Directed Funding	(16,137)	16,137	-	-	-
Capital Asset Purchases	(22,027)	-	22,027	-	-
Endowment Fund Administration Fees	26,246	-	-	(26,246)	-
Other Transfers	2,000	-	-	-	(2,000)
	\$ (34,906)	\$ 16,137	\$ 47,015	\$ (26,246)	\$ (2,000)

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Notes to Financial Statements

August 31, 2024 and August 31, 2023

15 INTERNAL FUND

	August 31 2024	August 31 2023
Working Capital	\$ 618,433	\$ 669,944
Building	636,827	\$ 761,113
	\$ 1,255,260	\$ 1,431,058

The Working Capital fund was drawn down in 2023-2024 to fund the School of Contemporary Music, Music Wellness programs, a concert, a redevelopment feasibility study, and the new VCM Postsecondary AIMS certificate program. Additional contributions of \$13,300 were set aside from concert proceeds for future ChoirKids initiatives and additional funds were added to the fund due to accumulating interest on investments.

The August 31, 2024 balance of the Working Capital fund includes funds set aside as general working capital to buffer cash flow needs or cover future deficits, to fund future School of Contemporary Music initiatives, Music Outreach & Wellness funds held to run these programs in upcoming academic years, as well as funds to carryforward to the 2025 Pacific Baroque Festival.

The Building fund was drawn down in 2023-2024 to fund the South Wing roof replacement, to cover the unfunded portion of the Alix Goolden Performance Hall house lighting replacement project, and some unfunded planning costs for the Pandora/Quadra exterior fencing project. Additional funds were added to the fund due to accumulating interest on investments.

The August 31, 2024 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, 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 \$1,533,426 in remuneration to 13 persons who are employees or contractors whose remuneration during the applicable period was \$75,000 or more.

Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2024 and August 31, 2023

17 SUBSEQUENT EVENTS

Subsequent to year-end, the VCM received an \$80,000 donation on September 10, 2024 to pay down VCM's mortgages. These funds were used to pay down the Interfund mortgage loan and the Bank of Montreal mortgage.

Subsequent to year-end, the VCM transferred \$150,000 from the Endowment Fund to Victoria Foundation on September 26, 2024, as a contribution to the Victoria Conservatory of Music Scholarships & Bursaries Fund at the Victoria Foundation.

18 COMPARATIVE FIGURES

The 2023 comparative column has been restated from last year's Audited Financial Statements. Firstly, Long Term Investments were split into Short Term Investments and Long Term Investments. Secondly, the Cash & Cash Equivalents policy was changed to recognize investments with a three month term as cash equivalents rather than investments maturing within three months of the fiscal year-end. This resulted in GICs with a one year term being removed from Cash & Cash Equivalents and reported on the Short Term Investments line instead.
