

**VICTORIA CONSERVATORY OF MUSIC**

**Financial Statements**

**Year ended August 31, 2025**

**VICTORIA CONSERVATORY OF MUSIC**  
**Index to Financial Statements**  
**Year Ended August 31, 2025**

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# Independent auditor's report

## To the Members of the 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, 2025, and the statements of operations and change in fund balances, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2025, and its results of operations and its 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 Organization 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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:

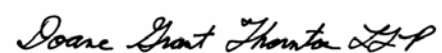
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Organization'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 Organization'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 Organization 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 with that of the preceding year.

Victoria, Canada  
November 26, 2025



Chartered Professional Accountants

# Victoria Conservatory of Music

Statements of Financial Position  
August 31, 2025 and August 31, 2024

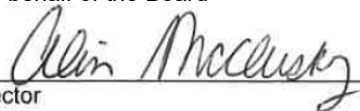
	Operating Fund	Internal Fund (note 15)	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2025 Total	August 31 2024 Total
<b>ASSETS</b>							
<b>CURRENT</b>							
Cash & Cash Equivalents	\$ 994,210	\$ 52,318	\$ -	\$ 15,951	\$ 47,363	\$ 1,109,842	\$ 1,164,801
Accounts Receivable (note 3)	74,991	-	-	-	-	74,991	171,859
Prepaid Expenses & Deposits	98,517	-	16,337	-	-	114,854	103,479
Inventory	6,300	-	-	-	-	6,300	7,177
Short Term Investments	-	1,163,806	-	26,981	210,000	1,400,787	1,417,506
Due From (To) Other Funds (note 4)	154,686	(277,734)	46,258	(15,398)	92,188	-	-
	\$ 1,328,704	\$ 938,390	\$ 62,595	\$ 27,534	\$ 349,551	\$ 2,706,774	\$ 2,864,823
<b>NON-CURRENT</b>							
Long Term Investments (note 6)	\$ -	\$ -	\$ -	\$ 304,341	\$ -	\$ 304,341	\$ 450,670
Tangible Capital Assets (note 7)	-	-	3,227,411	-	-	3,227,411	3,047,511
	\$ 1,328,704	\$ 938,390	\$ 3,290,006	\$ 331,875	\$ 349,551	\$ 6,238,526	\$ 6,363,004
<b>LIABILITIES</b>							
<b>CURRENT</b>							
Accounts Payable & Accrued Liabilities	\$ 281,575	\$ -	\$ -	\$ -	\$ -	\$ 281,575	\$ 257,279
Customer & Student Deposits Held	172,946	-	-	-	-	172,946	158,432
Deferred Revenue (note 8)	579,576	-	-	-	-	579,576	644,898
Debt (note 9)	-	-	77,686	-	-	77,686	116,223
	\$ 1,034,097	\$ -	\$ 77,686	\$ -	\$ -	\$ 1,111,783	1,176,832
<b>FUND BALANCES</b>							
Unrestricted	\$ 294,607	\$ -	\$ -	\$ -	\$ -	\$ 294,607	\$ 221,217
Internally Restricted	-	938,390	-	-	-	938,390	1,255,260
Invested in Capital Assets	-	-	3,212,320	-	-	3,212,320	2,985,817
Externally Restricted	-	-	-	331,875	349,551	681,426	723,878
	\$ 294,607	\$ 938,390	\$ 3,212,320	\$ 331,875	\$ 349,551	\$ 5,126,743	\$ 5,186,172
	\$ 1,328,704	\$ 938,390	\$ 3,290,006	\$ 331,875	\$ 349,551	\$ 6,238,526	\$ 6,363,004


## 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, 2025 and August 31, 2024

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2025 Total	August 31 2024 Total
<b>REVENUE</b>							
Tuitions (note 12)	\$ 3,218,664	\$ -	\$ -	\$ -	\$ -	\$ 3,218,664	\$ 3,111,447
Fees & Other Income	138,180	-	-	-	-	138,180	128,889
Investment Income	-	60,449	-	80,245	-	140,694	155,735
Facilities & Events	258,457	-	-	-	-	258,457	216,213
<b>Total Earned Revenue</b>	<b>\$ 3,615,301</b>	<b>\$ 60,449</b>	<b>\$ -</b>	<b>\$ 80,245</b>	<b>\$ -</b>	<b>\$ 3,755,995</b>	<b>\$ 3,612,283</b>
Fundraising (note 13)	1,351,654	-	555,372	10,200	41,132	1,958,358	2,543,748
Endowment Disbursements (note 13)	460,000	-	-	148,339	185,444	793,783	713,227
Unrealized Gain (Loss) on Investments	-	-	-	(53,280)	-	(53,280)	9,593
	<b>\$ 5,426,955</b>	<b>\$ 60,449</b>	<b>\$ 555,372</b>	<b>\$ 185,504</b>	<b>\$ 226,576</b>	<b>\$ 6,454,856</b>	<b>\$ 6,878,852</b>
<b>EXPENSES</b>							
Wages & Benefits	\$ 4,788,310	\$ -	\$ -	\$ -	\$ -	\$ 4,788,310	\$ 4,622,160
Program Costs	79,257	-	-	-	5,124	84,381	61,727
Administration	185,678	-	6,452	3,523	-	195,653	142,052
Marketing	61,246	-	-	-	-	61,246	57,385
Fundraising	44,249	-	-	-	-	44,249	37,925
Events	168,882	-	-	-	-	168,882	154,226
Facilities	377,067	-	-	-	-	377,067	405,199
Scholarships & Bursaries	-	-	-	141,029	155,412	296,441	298,614
Amortization	-	-	347,556	-	-	347,556	310,404
	<b>\$ 5,704,689</b>	<b>\$ -</b>	<b>\$ 354,008</b>	<b>\$ 144,552</b>	<b>\$ 160,536</b>	<b>\$ 6,363,785</b>	<b>\$ 6,089,692</b>
Excess (Deficiency) of Revenues over Expenses	(277,734)	60,449	201,364	40,952	66,040	91,071	789,160
Transfers to Third Party Endowment Funds (note 10)	-	-	-	(150,500)	-	(150,500)	(1,124,416)
Net Excess (Deficiency) of Revenues over Expenses	\$ (277,734)	\$ 60,449	\$ 201,364	\$ (109,548)	\$ 66,040	\$ (59,429)	\$ (335,257)
Interfund Transfers (note 14)	351,124	(377,319)	25,139	(23,689)	24,745	-	-
Net Change For The Year	\$ 73,390	\$ (316,870)	\$ 226,503	\$ (133,237)	\$ 90,785	\$ (59,429)	\$ (335,257)
Fund Balances, Beginning of Period	221,217	1,255,260	2,985,817	465,112	258,766	5,186,172	5,521,428
Fund Balances, End of Period	\$ 294,607	\$ 938,390	\$ 3,212,320	\$ 331,875	\$ 349,551	\$ 5,126,743	\$ 5,186,172

See accompanying notes to financial statements

# Victoria Conservatory of Music

Statements of Cash Flow

Years Ended August 31, 2025 and August 31, 2024

	<b>August 31 2025</b>	<b>August 31 2024</b>
Cash Provided by (Used in):		
<b>OPERATING ACTIVITIES</b>		
Excess of Revenues over Expenses	\$ 91,071	\$ 789,160
Items not involving cash:		
Amortization of Capital Assets	347,556	310,404
Donations of Capital Assets	(77,222)	(5,445)
Donations of Investments	(180,529)	(43,166)
Realized Gain on Investments	(47,396)	(60,691)
Unrealized (Gain) Loss on Investments	53,280	(9,593)
Changes in Non-Cash Working Capital:		
Accounts Receivable	96,868	(24,203)
Prepaid Expenses	(11,374)	78,049
Inventory	877	(1,598)
Accounts Payable & Accrued Liabilities	24,296	7,229
Customer & Student Deposits Held	14,514	37,499
Deferred Revenue	(65,322)	14,696
<b>Cash Flow from Operating Activities</b>	<b>\$ 246,619</b>	<b>\$ 1,092,340</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Capital Assets	\$ (450,234)	\$ (353,836)
Purchase of Investments	(1,522,542)	(1,722,212)
Sale of Investments	1,860,235	1,982,350
Transfers to Third Party Endowment Funds	(150,500)	(1,124,416)
<b>Cash Flow used by Investing Activities</b>	<b>\$ (263,041)</b>	<b>\$ (1,218,114)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of Debt	\$ (38,537)	\$ (14,889)
<b>Cash Flow used by Financing Activities</b>	<b>\$ (38,537)</b>	<b>\$ (14,889)</b>
<b>DECREASE IN CASH FLOW</b>	<b>\$ (54,959)</b>	<b>\$ (140,662)</b>
Cash & Cash Equivalents - Beginning of Year	1,164,801	1,305,463
<b>Cash &amp; Cash Equivalents - End of Year</b>	<b>\$ 1,109,842</b>	<b>\$ 1,164,801</b>
REPRESENTED BY:		
Cash in Operating & Chequing Accounts	\$ 855,319	\$ 940,014
Cash in Restricted Gaming Funds Bank Account	107,109	107,235
Cash in Investment Accounts	115,632	110,616
Funds on Hand / In Transit from Third Parties	31,782	6,936
	<u>\$ 1,109,842</u>	<u>\$ 1,164,801</u>
Supplemental Cash Flow Information		
Interest Paid During Year	<u>\$ 6,452</u>	<u>\$ 10,100</u>

See accompanying notes to financial statements

# Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2025 and August 31, 2024

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## 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.

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## 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, 2025 and August 31, 2024

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## 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.

##### *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.

# Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2025 and August 31, 2024

## 2 SIGNIFICANT ACCOUNTING POLICIES

(continued)

### (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, 2025:

(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, 2025, portfolio investments of \$40,922 (USD) and a USD bank account of \$1 (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.

### (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.

# Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2025 and August 31, 2024

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## 2 SIGNIFICANT ACCOUNTING POLICIES

(continued)

### (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.

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## 3 ACCOUNTS RECEIVABLE

	August 31 2025	August 31 2024
Student Tuitions	\$ 77,848	\$ 139,192
Events, Grants, Sponsorships, & Administrative	4,060	14,020
Federal GST Rebate	4,583	4,588
Third Party Payment Processor	-	25,559
Allowance for Doubtful Accounts	(11,500)	(11,500)
	<u>\$ 74,991</u>	<u>\$ 171,859</u>

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## 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). These amounts have been repaid in full as of August 31, 2025.

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## 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, 2025 and August 31, 2024

### 5 INTEREST IN TRUSTS

(continued)

In December 2024, the VCM was established as a beneficiary of a testamentary trust. The full interest of \$10,000 was recorded as an asset upon receipt on August 28, 2025.

In December 2024, the VCM was established as a beneficiary of a testamentary trust. The full interest of \$420,000 was recorded as an asset upon receipt on September 1, 2025.

### 6 LONG-TERM INVESTMENTS

Investment by security type is as follows:

	Operating Fund	Internal Fund	Endowment Fund	Restricted Fund	August 31 2025 Total	Share of Fund	August 31 2024 Total
Fixed Income	\$ -	\$ -	\$ 82,542	\$ -	\$ 82,542	27.1%	\$ 140,738
Equity - Canadian	-	-	165,616	-	165,616	54.4%	187,561
Equity - Foreign	-	-	56,183	-	56,183	18.5%	122,371
	\$ -	\$ -	\$ 304,341	\$ -	\$ 304,341	100%	\$ 450,670

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 2025 Net Book Value	August 31 2024 Net Book Value
Land	\$ 650,319	\$ -	\$ 650,319	\$ 650,319
Building	6,508,456	(4,531,940)	1,976,516	1,909,949
Musical instruments	1,703,438	(1,442,577)	260,861	245,009
Leasehold Improvements - Westhills location	373,516	(373,114)	402	1,610
Furniture & fixtures	963,386	(639,562)	323,824	199,484
Computer equipment & software	477,525	(462,624)	14,901	40,665
Library assets	67,009	(66,421)	588	475
	\$ 10,743,649	\$ (7,516,238)	\$ 3,227,411	\$ 3,047,511

# Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2025 and August 31, 2024

## 8 DEFERRED REVENUE

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

	August 31 2025	August 31 2024
BC Gaming	106,800	106,800
Camosun Base Funding	185,000	185,000
Capital Region District	55,000	55,000
Student Tuitions	164,026	246,572
Postsecondary VCM Certificate Tuitions	-	-
Various Grants & Other Items	68,750	51,525
	<u>\$ 579,576</u>	<u>\$ 644,898</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, 2025 (August 31, 2024: \$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 \$250,000 mortgage, of which \$77,686 is owing on August 31, 2025 (August 31, 2024: \$116,223). The mortgage is a demand loan and bears interest 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:

2025-2026	\$ 77,686
	<u>\$ 77,686</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, 2025 and August 31, 2024

## 10 FUNDS HELD IN TRUST

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

	Share of Fund	August 31, 2025		August 31, 2024	
		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%	\$ 5,628,972	\$ 194,498	\$ 5,043,966	\$ 161,222
Victoria Conservatory of Music Scholarships & Bursaries Fund	100%	4,556,908	147,021	4,081,874	118,766
Eric & Shirley Charman Young Musicians Bursary Fund	100%	2,013,624	85,672	1,878,474	78,943
Van Hall Fund for the Arts	100%	1,316,559	55,000	1,236,955	60,000
Roy Barnett VCM Fund	100%	730,733	25,226	681,230	19,910
Goolden Fund	100%	460,639	20,302	433,536	20,133
Victoria Conservatory of Music - Music Therapy Fund	100%	405,690	18,379	381,352	17,195
Frederick William Kischell Bursary Fund	100%	184,894	8,143	173,898	8,081
Deirdre Roberts and Ralph Huenemann Fund	100%	92,674	3,324	78,851	2,800
Richard Margison Fund for Opera Studio	100%	76,395	3,346	71,705	3,306
Annamaria Bamji Award for Emerging Musicians Fund	100%	35,849	1,169	30,964	935
Sisters of Saint Ann Young Musicians Fund	100%	29,914	1,318	28,154	1,308
Joan C. McCarter Foundation	Partial %	4,052,749	170,864	3,810,242	167,733
John and Carole MacDonald Legacy Fund	Partial %	647,427	19,780	562,528	12,150
Aline and Norman Fowlow Fund	Partial %	213,392	9,407	216,188	10,050
Thomas Mayne Fund	Partial %	136,587	6,012	128,543	5,949
Sandra and David Goodwin Fund	Partial %	84,772	3,672	79,724	3,348
Elizabeth McPherson Fund for the Arts	Partial %	51,212	2,114	48,028	2,071
Norval Schroeder Fund	Partial %	41,974	1,850	39,505	1,835
Bayberry Fund	Partial %	83,767	2,686	65,285	2,545
Dree Thomson Fund	Partial %	-	-	-	258
Michael & Anne Tyler Fund	Partial %	-	-	-	1,161
		\$ 20,844,731	\$ 779,783	\$ 19,071,002	\$ 699,698
Vancouver Foundation (FMV as at June 30th)					
Victoria Conservatory of Music Endowment Fund	100%	307,097	14,000	291,724	13,528
		\$ 21,151,828	\$ 793,783	\$ 19,362,726	\$ 713,227

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.

During the year, the VCM transferred \$150,500 (2024: \$1,124,416) from the Endowment Fund to the Victoria Foundation.

# Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2025 and August 31, 2024

## 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
2025-2026	\$ 32,214	\$ 9,827	42,041
	\$ 32,214	\$ 9,827	\$ 42,041

## 12 TUITIONS REVENUE

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

	August 31 2025	August 31 2024
Collegium Program	\$ 126,850	\$ 100,770
Community Programs	2,111,386	1,979,638
Music Therapy & Wellness Programs	400,154	447,986
Postsecondary Programs - Camosun	556,908	550,573
Postsecondary Programs - VCM	23,366	32,482
	\$ 3,218,664	\$ 3,111,447

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, 2025 and August 31, 2024

### 13 FUNDRAISING INCOME

Fundraising income represents contributed funding from various sources and account for 43% (2024: 47%) of total revenues. All other revenues are considered earned income and represent 57% (2024: 53%) of total revenues.

	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund	August 31 2025	August 31 2024
Individual Donors	\$ 429,249	\$ -	\$ 227,222	\$ 6,200	\$ 14,280	\$ 676,951	\$ 1,537,903
Fundraising Events	78,106	-	-	-	3,377	81,483	70,225
Foundations/Grants	396,162	-	-	4,000	8,250	408,412	485,430
Endowment Disbursements	460,000	-	-	148,339	185,444	793,783	713,227
Corporate Donors & Sponsors	180,902	-	-	-	15,225	196,127	71,010
Government Grants							
Federal - Festival Grant	-	-	-	-	-	-	5,500
Provincial - BC Arts Council - Operating Grants	94,500	-	-	-	-	94,500	94,500
Provincial - BC Arts Council - Project Grants	-	-	-	-	-	-	41,231
Provincial - BC Gaming	106,800	-	99,502	-	-	206,302	106,600
Provincial - Other	3,500	-	123,848	-	-	127,348	17,421
Municipal - CRD	55,000	-	-	-	-	55,000	55,000
Municipal - City of Victoria	6,088	-	104,800	-	-	110,888	56,721
Donations In-kind	1,347	-	-	-	-	1,347	2,207
	\$ 1,811,654	\$ -	\$ 555,372	\$ 158,539	\$ 226,576	\$ 2,752,141	\$ 3,256,975

# Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2025 and August 31, 2024

## 14 INTERFUND TRANSFERS

	<b>August 31, 2025</b>				
	Operating Fund	Internal Fund	Capital Asset Fund	Endowment Fund	Restricted Fund
Debt Payments	\$ (24,989)	\$ -	\$ 24,989	\$ -	\$ -
Donor Directed Funding	57,967	(92,997)	-	-	35,030
Capital Asset Purchases	6,438	(6,588)	150	-	-
Scholarship & Bursary Funds Administration Fees	33,474	-	-	(23,689)	(9,785)
Operational Deficit Transfer	277,734	\$ (277,734)	-	-	-
Other Transfers	500	-	-	-	(500)
	<b>\$ 351,124</b>	<b>\$ (377,319)</b>	<b>\$ 25,139</b>	<b>\$ (23,689)</b>	<b>\$ 24,745</b>

	<b>August 31, 2024</b>				
	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	-	-
Endowment Fund Administration Fees	29,712	-	-	(20,812)	(8,900)
Other Transfers	1,490	-	(303)	(48,993)	47,806
	<b>\$ 71,420</b>	<b>\$ (253,043)</b>	<b>\$ 212,522</b>	<b>\$ (69,805)</b>	<b>\$ 38,906</b>

## 15 INTERNAL FUND

	<b>August 31 2025</b>	<b>August 31 2024</b>
Working Capital	\$ 273,891	\$ 618,433
Building	664,499	\$ 636,827
	<b>\$ 938,390</b>	<b>\$ 1,255,260</b>

The August 31, 2025 balance of the Working Capital fund includes funds set aside as general working capital to buffer cash flow needs or cover future deficits, or to fund future academic initiatives in upcoming years. During the year, \$277,734 was transferred from the Working Capital Internal Fund to cover the current year operational deficit.

The August 31, 2025 balance of the Building fund includes funds set aside for major future capital projects.

# Victoria Conservatory of Music

Notes to Financial Statements

August 31, 2025 and August 31, 2024

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## 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 (2024: nil).

During the year, the VCM paid \$1,591,645 (2024: \$1,533,426) in remuneration to 14 (2024: 13) persons who are employees or contractors, whose remuneration, during the applicable period, was \$75,000 or more.

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## 17 SUBSEQUENT EVENTS

Subsequent to year-end, the VCM transferred \$100,000 from the Endowment Fund to Victoria Foundation on September 22, 2025, as a contribution to the Victoria Conservatory of Music Scholarships & Bursaries Fund at the Victoria Foundation.