

**Meadowridge School Society**  
**Financial Statements**  
*June 30, 2015*

**Meadowridge School Society**  
**Contents**

*For the year ended June 30, 2015*

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## Management's Responsibility

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To the Members of Meadowridge School Society:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

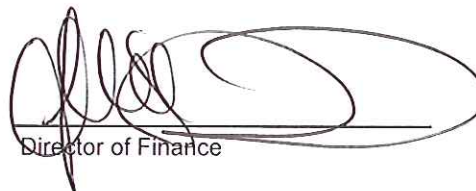
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Governors is composed primarily of members who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Society's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



CEO, Headmaster



Director of Finance

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## Independent Auditors' Report

To the Members of Meadowridge School Society:

We have audited the accompanying financial statements of Meadowridge School Society, which comprise the statement of financial position as at June 30, 2015, and the statements of operations, changes in net assets and cash flows and supporting schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Basis for Qualified Opinion*

In common with many charitable organizations, Meadowridge School Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Meadowridge School Society and we were not able to determine whether as at or for the year ended June 30, 2015, any adjustments might be necessary to donation revenues and excess of revenue over expenses, assets and net assets.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Meadowridge School Society as at June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Report on Other Legal and Regulatory Requirements*

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Maple Ridge, British Columbia

September 12, 2015



Chartered Professional Accountants

**Meadowridge School Society**  
**Statement of Financial Position**

*As at June 30, 2015*

	<i>Education</i>	<i>Capital</i>	<i>2015</i>	<i>2014</i>
<b>Assets</b>				
<b>Current</b>				
Cash	5,219,276	184,851	5,404,127	4,043,186
Term deposits (Note 3)	26,500	309,118	335,618	1,346,493
Tuition fees receivable (Note 4)	174,210	-	174,210	159,439
Government remittances receivable	194,428	-	194,428	87,078
Other accounts receivable	8,416	-	8,416	46,762
Inventory	21,878	-	21,878	24,665
Prepaid expenses	263,105	-	263,105	114,383
Investments (Note 5)	-	2,772,424	2,772,424	1,934,273
	5,907,813	3,266,393	9,174,206	7,756,279
Capital assets (Note 6)	-	20,439,680	20,439,680	18,063,680
Due from Meadowridge Education Foundation (Note 7)	-	21,419	21,419	20,134
Long-term deposits	58,678	63,609	122,287	-
	5,966,491	23,791,101	29,757,592	25,840,093
<b>Liabilities and Net Assets</b>				
<b>Current liabilities</b>				
Bank indebtedness (Note 8)	3,148,215	-	3,148,215	1,246,560
Accounts payable and accruals	704,171	-	704,170	190,424
Unearned tuition revenue	5,217,575	-	5,217,575	3,986,616
Government remittances payable	14,269	-	14,269	6,786
Current portion of long-term debt (Note 12)	-	337,614	337,616	324,843
	9,084,230	337,614	9,421,845	5,755,229
Term loan due on demand (Note 9)	-	1,471,251	1,471,251	1,556,267
	9,084,230	1,808,865	10,893,096	7,311,496
Deposits (Note 10)	-	4,164,650	4,164,650	3,665,500
Deferred contributions (Note 11)	-	282,172	282,172	328,566
Long-term debt (Note 12)	-	7,119,687	7,119,686	7,437,986
	9,084,230	13,375,374	22,459,604	18,743,548
Subsequent event (Note 13)				
<b>Net Assets</b>				
Net assets, end of year	(3,117,739)	10,415,727	7,297,988	7,096,545
	5,966,491	23,791,101	29,757,592	25,840,093

Approved on behalf of the Board

  
Board Chair

  
Treasurer

The accompanying notes are an integral part of these financial statements

## Meadowridge School Society Statement of Operations

*For the year ended June 30, 2015*

	<i>Education</i>	<i>Capital</i>	<b>2015</b>	<i>2014</i>
<b>Revenues</b>				
Tuition fees <i>(Note 14)</i>	8,043,709	1,154,760	9,198,469	8,626,833
Government grants	1,372,032	-	1,372,032	1,360,805
Field-trip revenue	238,732	-	238,732	480,010
Program revenue	202,898	-	202,898	204,386
Registration and assessments	311,350	-	311,350	218,875
Financing revenue	38,200	-	38,200	41,800
	<b>10,206,921</b>	<b>1,154,760</b>	<b>11,361,681</b>	10,932,709
<b>Expenses</b>				
<b>Instructional</b> <i>(Schedule 1)</i>	5,926,205	-	5,926,205	5,675,255
<b>Administration</b> <i>(Schedule 1)</i>	2,766,144	-	2,766,144	2,438,019
<b>Operating</b> <i>(Schedule 1)</i>	1,099,455	1,154,760	2,254,215	2,591,047
	<b>9,791,804</b>	<b>1,154,760</b>	<b>10,946,564</b>	10,704,321
<b>Excess of revenue over expenses from operations</b>	<b>415,117</b>	<b>-</b>	<b>415,117</b>	228,388
Donations <i>(Note 15)</i>	500	149,274	149,774	169,622
Gala fundraiser <i>(Note 16)</i>	(824)	71,700	70,876	68,277
Golf tournament fundraiser <i>(Note 17)</i>	-	41,272	41,272	30,098
Investment income	153,625	4,270	157,895	227,448
Loss on disposal of capital assets <i>(Note 18)</i>	-	(685,368)	(685,368)	(42,009)
Rentals	36,039	-	36,039	50,603
Uniform commissions	15,838	-	15,838	13,757
	<b>205,178</b>	<b>(418,852)</b>	<b>(213,674)</b>	517,796
<b>Excess (deficiency) of revenue over expenses</b>	<b>620,295</b>	<b>(418,852)</b>	<b>201,443</b>	746,184

*The accompanying notes are an integral part of these financial statements*

**Meadowridge School Society**  
**Statement of Changes in Net Assets**

*For the year ended June 30, 2015*

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	<i>Education</i>	<i>Capital</i>	<b>2015</b>	<b>2014</b>
<b>Net assets, beginning of year</b>	<b>35,546</b>	<b>7,060,999</b>	<b>7,096,545</b>	6,350,361
<b>Excess (deficiency) of revenue over expenses</b>	<b>620,295</b>	<b>(418,852)</b>	<b>201,443</b>	746,184
<b>Interfund transfers</b> <i>(Note 19)</i>	<b>(3,773,580)</b>	<b>3,773,580</b>	-	-
<b>Net assets, end of year</b>	<b>(3,117,739)</b>	<b>10,415,727</b>	<b>7,297,988</b>	7,096,545

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*The accompanying notes are an integral part of these financial statements*

# Meadowridge School Society

## Statement of Cash Flows

For the year ended June 30, 2015

	2015	2014
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	201,443	746,184
Amortization	780,797	772,845
Loss on disposal of capital assets	685,368	42,009
	<b>1,667,608</b>	1,561,038
Changes in working capital accounts		
Tuition fees receivable	(14,771)	30,690
Government remittances receivable	(107,350)	88,321
Other accounts receivable	38,346	(27,316)
Inventory	2,787	(8,422)
Prepaid expenses	(148,722)	204,280
Accounts payable and accruals	513,746	(241,086)
Government remittances payable	7,483	(14,282)
Unearned tuition revenue	1,230,959	286,163
	<b>3,190,086</b>	1,879,386
<b>Financing activities</b>		
Advances of long-term debt	-	2,650,000
Repayment of long-term debt	(390,544)	(394,490)
Deferred contributions received	(46,394)	(57,482)
Net Educational Investment Fund deposits received (reimbursed)	520,900	(54,000)
Educational Investment Fund deposits donated	(21,750)	(31,750)
Payments of long-term deposits	(122,287)	-
	<b>(60,075)</b>	2,112,278
<b>Investing activities</b>		
Advances to Meadowridge Education Foundation	(1,287)	(2,125)
Purchase of term deposits	(1,896)	(1,319,993)
Proceeds on disposal of term deposits	1,012,771	204,647
Purchase of capital assets	(3,842,163)	(575,558)
Proceeds on disposal of capital assets	-	2,150
Net purchase of investments	(838,150)	(322,946)
	<b>(3,670,725)</b>	(2,013,825)
<b>Increase (decrease) in cash resources</b>	<b>(540,714)</b>	1,977,839
<b>Cash resources, beginning of year</b>	<b>2,796,626</b>	818,787
<b>Cash resources, end of year</b>	<b>2,255,912</b>	2,796,626
<b>Cash resources are composed of:</b>		
Cash	5,404,127	4,043,186
Bank indebtedness	(3,148,215)	(1,246,560)
	<b>2,255,912</b>	2,796,626

The accompanying notes are an integral part of these financial statements



## 1. Purpose of the Organization

Meadowridge School Society (the "Society") is a provincial society operating a school that is non-denominational, co-educational and available to all members of the community. Meadowridge School Society is incorporated under the Society Act (British Columbia) as a not-for-profit organization, is a registered charity under the Canadian Income Tax Act (the "Act") and, as such, is exempt from income taxes. In order to maintain its status as a registered not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

### **Fund accounting**

The Society follows the deferral method of accounting for contributions and reports using fund accounting, and maintains the following funds:

- a) Education - accounts for the Society's curriculum program delivery and administrative activities related to student education.
- b) Capital - reports the assets, liabilities, revenues and expenses related to the Society's capital and investment assets.

### **Revenue recognition**

(a) Tuition Fees - The Society recognizes its revenue from tuition fees as earned over the school year. Tuition fees received in advance for the subsequent school year are recorded as unearned tuition revenue in the current year.

(b) Government Grants - The Society recognizes its revenue from a government grant over a ten-month period commencing September 1st of each school year. The grant is for operating expenses of the school and is equal to 35% of the local public school district per-student operating costs.

(c) Other Revenue - The Society recognizes its field trip, program, and registration and assessment fees when the service is rendered.

The Society follows the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are deferred and matched with related expenses as incurred. Contributions restricted for the purchase of capital assets are amortized into revenue at a rate corresponding with the amortization rate for the related capital asset. Unrestricted contributions are recognized as revenues when received. Contributions are recorded as receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business.

**2. Significant accounting policies** *(Continued from previous page)*

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is based on the estimated useful lives of the capital assets as follows:

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	4 %
Computer equipment	straight-line	3 years
Computer software	straight-line	2 years
Equipment and furniture	straight line	5 years
Fencing and lights	straight line	25 years
Irrigation system	straight line	25 years
Landscaping	straight line	40 years
Library books and textbooks	straight line	5 years
Playground structure	declining balance	4 %
Portables	declining balance	10 %
Vehicles	declining balance	30 %

**Long-lived assets**

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Society performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in excess of revenue over expenditure for the year.

**Contributed services**

Volunteers contribute an unknown number of hours per year to assist the Society in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts 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 reporting period.

Tuition fees receivable and other accounts receivable are stated after valuation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the periods in which they become known.

# Meadowridge School Society Notes to the Financial Statements

*For the year ended June 30, 2015*

## 2. Significant accounting policies *(Continued from previous page)*

### **Financial instruments**

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by quoted market prices. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

### **Financial asset impairment:**

The Society assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

### **Investments**

Investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market.

## 3. Term Deposits

	<i>Education Fund</i>	<i>Capital Fund</i>	<b>2015</b>	2014
Term deposit maturing September 2015, interest at 1.40%, redeemable without penalty.	-	<b>208,213</b>	<b>208,213</b>	206,313
Term deposit maturing November 2015, interest at 1.40%, redeemable without penalty.	-	<b>100,905</b>	<b>100,905</b>	100,909
Term deposit maturing June 2018, interest rate escalating from 1.25% to 2.65% upon maturity, redeemable without penalty.	<b>26,500</b>	-	<b>26,500</b>	26,500
Term deposit matured January 2015.	-	-	-	1,012,771
	<b>26,500</b>	<b>309,118</b>	<b>335,618</b>	1,346,493

# Meadowridge School Society

## Notes to the Financial Statements

*For the year ended June 30, 2015*

#### 4. Tuition fees receivable

	2015	2014
Tuition fees receivable	183,450	159,439
Allowance for doubtful accounts	(9,240)	-
	174,210	159,439

#### 5. Investments

	2015	2014
<b>BMO Harris Private Investment account</b>		
Fixed income bonds - book value \$1,596,518	1,590,011	1,089,593
Equity stocks - book value \$990,969	1,180,808	843,365
Accrued interest income	1,605	1,315
	2,772,424	1,934,273

Fixed income bonds with various interest rates ranging from 1.90% to 5.60% and various maturity dates ranging from August 2015 to June 2022.

#### 6. Capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	3,050,276	-	3,050,276	3,024,229
Buildings	21,684,233	6,713,267	14,970,966	12,668,043
Computer equipment	581,387	459,777	121,610	60,471
Computer software	234,125	233,690	435	2,172
Equipment and furniture	1,540,709	1,261,885	278,824	358,842
Fencing and lights	450,643	100,805	349,838	341,529
Irrigation system	268,924	68,766	200,158	210,915
Landscaping	1,373,986	289,813	1,084,173	1,112,931
Library books and textbooks	100,984	100,984	-	-
Playground structure	327,298	104,302	222,996	232,288
Portables	181,218	44,368	136,850	18,611
Vehicles	132,010	108,456	23,554	33,649
	29,925,793	9,486,113	20,439,680	18,063,680

#### 7. Due from Meadowridge Education Foundation

Amounts due from Meadowridge Education Foundation are unsecured, non-interest bearing with no set repayment terms.

#### 8. Bank indebtedness

Bank indebtedness includes a Bank of Montreal demand revolving loan in the amount of \$3,148,215 (2014 - \$1,246,560), secured by a first charge on the Society's land and buildings with a net book value of \$18,021,242 (2014 - \$15,692,272), assignment of rents, and a general security agreement, bearing interest at prime plus 0.25%. Maximum amount approved \$3,500,000.

# Meadowridge School Society Notes to the Financial Statements

*For the year ended June 30, 2015*

**9. Term loan due on demand**

**2015**                      **2014**

Bank of Montreal demand non-revolving loan, secured by a first charge on the Society's land and buildings with a net book value of \$18,021,242 (2014 - \$15,692,272), assignment of rents, and a general security agreement, renewed annually on October 31. Payable in monthly blended payments of \$11,117 at prime plus 0.25% per annum. Initial loan approved for \$2,000,000.

**1,471,251**                      1,556,267

Principal repayments on the term loan due on demand in each of the next five years are estimated as follows:

2016	86,844
2017	89,708
2018	92,668
2019	95,725
2020	98,883
	<hr style="border-top: 1px solid black;"/>
	463,828

Term loan due on demand is subject to certain financial covenants with respect to debt service coverage and leverage ratios. As at June 30, 2015, the Society is in compliance with all such covenants. It is management's opinion that the Society is likely to remain in compliance with all long-term debt covenants throughout the next 12 months.

**10. Deposits**

The deposits represent the sum of Education Investment Fund deposits in the amount of \$10,000 each from families with children currently enrolled in Meadowridge School. These deposits are non-interest bearing loans that are repaid to a family within 30-days upon receiving written notice from a parent confirming that the family no longer has any children enrolled in Meadowridge School.

The total amount of deposits will fluctuate from year-to-year as new families enroll at the school, families leave or families have their youngest child graduate. The fluctuation in the number of families does not necessarily correlate with the fluctuation in the actual student enrolment as some families have one child compared to others with two or more children. During the year there were new deposits of \$1,087,650 (2014 - \$690,000), deposits were repaid in the amount of \$588,500 (2014 - \$775,750) of which \$21,750 was donated back to the school (2014 - \$31,750).

The Society has determined that it is unlikely that the majority of families would request repayment of these deposits within the next fiscal year, consequently, the deposits have been classified as a non-current liability in the accompanying financial statements.

# Meadowridge School Society Notes to the Financial Statements

*For the year ended June 30, 2015*

## 11. Deferred contributions

Deferred contributions related to capital assets represents the funded portion of capital assets that will be recognized as revenue in future periods and matched against the applicable amortization charged in that period. The changes in the deferred contributions balance for the year are as follows:

	<b>2015</b>	<b>2014</b>
	<i>Capital fund</i>	<i>Capital fund</i>
Balance, beginning of the year	<b>328,566</b>	386,048
Contributions received	<b>10,000</b>	10,000
Amount recognized as revenue	<b>(56,394)</b>	(67,482)
	<b>282,172</b>	328,566

## 12. Long-term debt

	<b>2015</b>	<b>2014</b>
Bank of Montreal fixed rate term loan, secured by a first charge on the Society's land and buildings with a net book value of \$18,021,242 (2014- \$15,692,272), assignment of rents, and a general security agreement, renewal date on October 31, 2018. Monthly blended payments of \$33,424 at 4.38% per annum. Initial loan approved for \$6,000,000.	<b>5,037,189</b>	5,204,283
Bank of Montreal fixed rate term loan, secured by a first charge on the Society's land and buildings with a net book value of \$18,021,242 (2014- \$15,692,272), assignment of rents, and a general security agreement, renewal date on October 31, 2016. Monthly blended payments of \$19,166 at 3.67% per annum. Initial loan approved for \$2,650,000.	<b>2,420,113</b>	2,558,546
	<b>7,457,302</b>	7,762,829
Less: Current portion	<b>337,616</b>	324,843
	<b>7,119,686</b>	7,437,986

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed and all term debt is subject to contractual terms of repayment are estimated as follows:

2016	337,616
2017	350,902
2018	364,723
2019	379,100
2020	394,056
	1,826,397

Long-term debt is subject to certain financial covenants with respect to debt service coverage and leverage ratios. As at June 30, 2015, the Society is in compliance with all such covenants. It is management's opinion that the Society is likely to remain in compliance with all long-term debt covenants throughout the next 12 months.

The Society is subject to a capital requirement imposed by the Bank of Montreal with regard to maintaining a debt service coverage ratio of no less than 1.25:1 and a debt-to-net assets ratio not greater than 2.5:1. As at June 30, 2015, the Society is in compliance with these capital requirements.

The total interest paid for cash flow purposes on long-term debt during the year was \$365,207 (2014 - \$362,947).

**Meadowridge School Society**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2015*

**13. Subsequent event**

In July 2015 the Society began a building envelope restoration project on the library and PYP education sections of the building. At the same time, the Society began facility additions including an Early Learning Centre, two modular classrooms, a field house and exterior colonnade walkway along the PYP education section of the building. It is estimated that the total cost of the projects will be \$5,700,000.

**14. Tuition Fees**

The Society reports tuition fees on a net basis as follows:

	2015	2014
Gross tuition fees	9,772,369	9,216,385
Less: Discounts, bursaries and scholarships	(573,901)	(589,552)
	9,198,468	8,626,833

**15. Donations**

During the year, the Society received donations to be used by the School. Donations have been reported net of expenditures for school programs and activities:

	2015	2014
<b>Education Fund:</b>		
Donation revenue	21,500	18,500
Student award expenditures	(21,000)	(20,000)
Net Education Fund Donations	500	(1,500)
<b>Capital Fund:</b>		
Donation revenue	253,159	281,432
Expenditures: Educational, outreach and other	(103,885)	(110,310)
Net Capital Fund Donations	149,274	171,122
Total Net Donations	149,774	169,622

**16. Gala Fundraiser**

	2015	2014
<b>Capital fund:</b>		
Gross revenue	167,938	171,700
Expenditures	(97,062)	(103,423)
Net Gala Fundraiser revenue	70,876	68,277

**Meadowridge School Society**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2015*

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**17. Golf Tournament Fundraiser**

	2015	2014
<b>Capital fund:</b>		
Gross revenue	98,534	64,740
Expenditures	(57,262)	(34,642)
Net Golf Tournament revenue	41,272	30,098

**18. Loss on disposal of capital assets**

During the year, the Society completed major renovations to the gymnasium and the MYP Educational sections of the facility. The extent of the work was substantial, and a decision was made to reduce the net book value of the original structures renovated. Additionally, the former structure housing the Uniform Shop and Child Care Centre was demolished to provide space for the construction of a new Early Learning Centre. These transactions resulted in the provision of a loss on disposal of capital assets.

**19. Interfund Transfers**

Transfers were made from the Education Fund to the Capital Fund in order to cover purchases of capital assets, interest on long-term debt and amortization of capital assets during the year.

**20. Economic dependence**

The Society is dependent on the British Columbia provincial government for funding under the Independent School Act.

**21. Capital Management**

The Society's objective when managing capital is to safeguard the entity's ability to continue as a going concern so that it can continue to provide educational services to members of the community; and to provide an adequate debt service coverage ratio and an adequate debt-to-net assets ratio, to ensure continued loan facilities from the bank.

The Society sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as the consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Society may increase tuition fees and various other fees to members or reduce capital asset expenditures.

There has been no change from the overall capital management strategy employed during the year ended June 30, 2015.



**22. Financial instruments**

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities.

The Society is exposed to interest rate risk primarily through its bank indebtedness, as described in Note 8, and long-term debt, as described in Note 11. The Society is also exposed to interest rate risk with respect to investments, which partially consists of corporate and government bonds and equities subject to interest rates ranging from 1.90% to 5.60%. The risk has not changed from the prior period.

***Liquidity risk***

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society enters into transactions to purchase goods and services on credit; borrow funds from financial institutions; lease computer software, for which repayment is required at various maturity dates. The risk has not changed from the prior period.

**23. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

# Meadowridge School Society

## Schedule 1 - Schedule of Meadowridge School Society Expenses

*For the year ended June 30, 2015*

	<b>2015</b>	<b>2014</b>
<b>Expenses</b>		
<b>Instructional</b>		
Casual wages	61,939	52,513
Contract services	69,449	76,055
Field-trip expenses	213,839	439,766
Program expenses	308,478	294,415
Teachers' salaries and benefits	5,159,585	4,748,222
Teachers' training and development	112,915	64,284
	<b>5,926,205</b>	<b>5,675,255</b>
<b>Administration</b>		
Bad debt	10,225	18
Bank charges	115,058	71,988
Board of Governors	82,247	22,875
Consulting fees	21,409	11,621
Dues and subscriptions	68,599	63,610
Entertainment and staff room	33,320	37,907
Professional fees	75,328	56,159
Marketing and advancement	142,763	91,275
Office	104,841	87,553
Technology	217,498	152,557
Telephone	25,651	26,828
Training and education	42,855	30,898
Travel	2,755	7,494
Wages and benefits	1,823,595	1,777,236
	<b>2,766,144</b>	<b>2,438,019</b>
<b>Operating</b>		
Amortization	780,797	772,845
Insurance	81,667	76,288
Interest on long-term debt	373,963	376,017
Janitorial	199,490	268,463
Repairs and maintenance	662,942	955,577
Utilities	155,356	141,857
	<b>2,254,215</b>	<b>2,591,047</b>
	<b>10,946,564</b>	<b>10,704,321</b>