

**Meadowridge School Society**  
**Financial Statements**  
*June 30, 2014*

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

*For the year ended June 30, 2014*

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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.

September 17, 2014

"Hugh Burke" (signed)  
CEO, Headmaster

"Don Hincks" (signed)  
CFO, Business Manager



## 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, 2014, 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, 2014, 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, 2014 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 17, 2014

  
Chartered Accountants

# Meadowridge School Society

## Statement of Financial Position

*As at June 30, 2014*

	<i>Education</i>	<i>Capital</i>	<b>2014</b>	<i>2013</i>
<b>Assets</b>				
<b>Current</b>				
Cash	3,994,334	23,226	4,017,560	3,828,832
Term deposits (Note 3)	1,039,271	307,222	1,346,493	231,147
Tuition fees receivable	159,439	-	159,439	190,129
Government remittances receivable	80,292	-	80,292	154,331
Other accounts receivable	46,762	-	46,762	19,446
Inventory	24,665	-	24,665	16,243
Prepaid expenses	114,383	-	114,383	318,663
Investments (Note 4)	-	1,959,899	1,959,899	1,611,329
	<b>5,459,146</b>	<b>2,290,347</b>	<b>7,749,493</b>	<b>6,370,120</b>
<b>Deferred financing costs</b>	-	19,575	19,575	7,690
<b>Capital assets (Note 5)</b>	-	18,063,680	18,063,680	18,305,128
<b>Due from Meadowridge Education Foundation (Note 6)</b>	-	20,134	20,134	18,007
	<b>5,459,146</b>	<b>20,393,736</b>	<b>25,852,882</b>	<b>24,700,945</b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities</b>				
Bank indebtedness (Note 7)	1,246,560	-	1,246,560	3,010,045
Accounts payable and accruals	190,424	-	190,424	431,510
Unearned tuition revenue	3,986,616	-	3,986,616	3,700,453
Current portion of long-term debt (Note 10)	-	1,881,110	1,881,110	1,801,090
	<b>5,423,600</b>	<b>1,881,110</b>	<b>7,304,710</b>	<b>8,943,098</b>
<b>Deposits (Note 8)</b>	-	3,665,500	3,665,500	3,751,250
<b>Deferred contributions (Note 9)</b>	-	328,566	328,566	386,048
<b>Long-term debt (Note 10)</b>	-	7,457,561	7,457,561	5,270,186
	<b>5,423,600</b>	<b>13,332,737</b>	<b>18,756,337</b>	<b>18,350,582</b>
<b>Subsequent event (Note 11)</b>				
<b>Net assets</b>	<b>35,546</b>	<b>7,060,999</b>	<b>7,096,545</b>	<b>6,350,363</b>
	<b>5,459,146</b>	<b>20,393,736</b>	<b>25,852,882</b>	<b>24,700,945</b>

Approved on behalf of the Board

"Daniel R. Gouws" (signed)  
Board Chair

"Kelly Fry" (signed)  
Treasurer

The accompanying notes are an integral part of these financial statements

**Meadowridge School Society**  
**Statement of Operations**  
*For the year ended June 30, 2014*

	<i>Education</i>	<i>Capital</i>	<i>2014</i>	<i>2013</i>
<b>Revenues</b>				
Tuition fees <i>(Note 12)</i>	7,477,971	1,148,862	8,626,833	8,145,366
Government grants	1,360,805	-	1,360,805	1,405,174
Field-trip revenue	480,010	-	480,010	467,975
Program revenue	204,386	-	204,386	203,746
Registration and assessments	218,875	-	218,875	231,650
Financing revenue	41,800	-	41,800	42,800
	<b>9,783,847</b>	<b>1,148,862</b>	<b>10,932,709</b>	10,496,711
<b>Expenses</b>				
<b>Instructional</b> <i>(Schedule 1)</i>	5,675,255	-	5,675,255	5,450,181
<b>Administration</b> <i>(Schedule 1)</i>	2,438,021	-	2,438,021	2,369,251
<b>Operating</b> <i>(Schedule 1)</i>	1,442,185	1,148,862	2,591,047	2,500,693
	<b>9,555,461</b>	<b>1,148,862</b>	<b>10,704,323</b>	10,320,125
<b>Excess of revenue over expenses from operations</b>	<b>228,386</b>	<b>-</b>	<b>228,386</b>	176,586
Donations <i>(Note 13)</i>	(1,500)	171,122	169,622	205,375
Gala fundraiser <i>(Note 14)</i>	-	68,277	68,277	82,742
Golf tournament fundraiser <i>(Note 15)</i>	-	30,098	30,098	36,140
Interest income	53,251	4,466	57,717	81,589
Loss on disposal of capital assets	-	(42,009)	(42,009)	(1,868)
Rentals	50,603	-	50,603	71,172
Uniform commissions	13,757	-	13,757	13,181
Unrealized gain on investments	169,731	-	169,731	16,964
	<b>285,842</b>	<b>231,954</b>	<b>517,796</b>	505,295
<b>Excess of revenues over expenses</b>	<b>514,228</b>	<b>231,954</b>	<b>746,182</b>	681,881

*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, 2014*

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	<i>Education</i>	<i>Capital</i>	<b>2014</b>	<b>2013</b>
<b>Net assets, beginning of year</b>	<b>(2,869,342)</b>	<b>9,219,705</b>	<b>6,350,363</b>	5,668,482
<b>Excess of revenues over expenses</b>	<b>514,228</b>	<b>231,954</b>	<b>746,182</b>	681,881
<b>Interfund transfers (Note 16)</b>	<b>2,390,660</b>	<b>(2,390,660)</b>	-	-

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<b>Net assets, end of year</b>	<b>35,546</b>	<b>7,060,999</b>	<b>7,096,545</b>	6,350,363
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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, 2014*

	<i>Education</i>	<i>Capital</i>	<b>2014</b>	<b>2013</b>
<b>Cash provided by (used for) the following activities</b>				
<b>Operating activities</b>				
Excess of revenues over expenses	524,588	221,594	746,182	681,881
Amortization	-	772,845	772,845	916,109
Loss on disposal of capital assets	-	42,009	42,009	1,868
	<b>524,588</b>	<b>1,036,448</b>	<b>1,561,036</b>	<b>1,599,858</b>
Changes in working capital accounts				
Tuition fees receivable	30,690	-	30,690	(128,552)
Government remittances receivable	74,039	-	74,039	34,630
Other accounts receivable	(27,431)	115	(27,316)	(4,750)
Inventory	(8,422)	-	(8,422)	(983)
Prepaid expenses	204,280	-	204,280	(193,649)
Accounts payable and accruals	(234,132)	-	(241,086)	109,773
Unearned tuition revenue	279,209	-	286,163	1,231,312
	<b>842,821</b>	<b>1,036,563</b>	<b>1,879,384</b>	<b>2,647,639</b>
<b>Financing activities</b>				
Advances of long-term debt	-	2,650,000	2,650,000	-
Repayment of long-term debt	-	(382,605)	(382,605)	(223,420)
Deferred contributions received	-	(57,482)	(57,482)	(71,313)
Deferred financing costs	-	(11,885)	(11,885)	13,828
Net deposits received	-	(54,000)	(54,000)	37,000
Educational investment deposits donated	-	(31,750)	(31,750)	(16,750)
Interfund transfers	2,380,300	(2,380,300)	-	-
	<b>2,380,300</b>	<b>(268,022)</b>	<b>2,112,278</b>	<b>(260,655)</b>
<b>Investing activities</b>				
Advances to Meadowridge Education Foundation	-	(2,125)	(2,125)	(18,005)
Purchase of capital assets	-	(575,558)	(575,558)	(3,163,203)
Proceeds on disposal of capital assets	-	2,150	2,150	520
	<b>-</b>	<b>(575,533)</b>	<b>(575,533)</b>	<b>(3,180,688)</b>
<b>Increase (decrease) in cash resources</b>	<b>3,223,121</b>	<b>193,008</b>	<b>3,416,129</b>	<b>(793,704)</b>
<b>Cash resources, beginning of year</b>	<b>563,924</b>	<b>2,097,339</b>	<b>2,661,263</b>	<b>3,454,967</b>
<b>Cash resources, end of year</b>	<b>3,787,045</b>	<b>2,290,347</b>	<b>6,077,392</b>	<b>2,661,263</b>
<b>Cash resources are composed of:</b>				
Cash	3,994,334	23,226	4,017,560	3,828,832
Term deposits (Note 3)	1,039,271	307,222	1,346,493	231,147
Investments (Note 4)	-	1,959,899	1,959,899	1,611,329
Bank indebtedness	(1,246,560)	-	(1,246,560)	(3,010,045)
	<b>3,787,045</b>	<b>2,290,347</b>	<b>6,077,392</b>	<b>2,661,263</b>

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



**1. Purpose of the Organization**

Meadowridge School 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**

***Fund accounting***

The Society uses fund accounting to record revenues and expenses. The funds used are as follows:

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

The Society follows the deferral method of accounting for contributions.

***Inventory***

Inventory is valued at the lower of cost and net realizable value.

***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><i>Method</i></b>	<b><i>Rate</i></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. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in excess of revenue over expenditure for the year. Prices for similar items are used to measure fair value of long-lived assets.

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

***Deferred Financing Costs***

Deferred financing costs are recorded when incurred and amortization is provided over the terms of the applicable financing arrangements, which, at the present time, vary from one year to three years.

***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.

***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***

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.

***Donated Capital Assets***

From time to time capital assets are donated to the Society for school use. Up to June 30, 2011, the value of these assets was not recorded. Commencing July 1, 2011, these donated capital assets are recorded at their fair values.

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

**Financial instruments**

The Organization recognizes its financial instruments when the Organization 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 CICA 3840 *Related Party Transactions*.

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

The Organization 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 Organization assesses impairment of all its financial assets, except those classified as held for trading. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization 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 excess of revenues over expenses in the year the reversal occurs.

**3. Term Deposits**

	<i>Education Fund</i>	<i>Capital Fund</i>	<b>2014</b>	<b>2013</b>
Term deposit maturing September 2014, interest at 1.50%, redeemable without penalty.	-	<b>206,313</b>	<b>206,313</b>	-
Term deposit maturing November 2014, interest at 1.40%, redeemable without penalty.	-	<b>100,909</b>	<b>100,909</b>	-
Term deposit maturing June 2015, interest rate escalating from 1.70% to 3.30% upon maturity, redeemable without penalty.	<b>26,500</b>	-	<b>26,500</b>	26,500
Term deposit maturing January 2015, interest at 1.40%, redeemable without penalty.	<b>1,012,771</b>	-	<b>1,012,771</b>	-
Term deposit matured April 2014, interest at 1.40%, redeemable without penalty.	-	-	-	204,647
	<b>1,039,271</b>	<b>307,222</b>	<b>1,346,493</b>	231,147

**Meadowridge School Society**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2014*

**4. Investments**

	2014	2013
<b>BMO Harris Private Investment account</b>		
Cash and cash equivalents - book value \$25,626	25,626	-
Fixed income bonds - book value \$1,092,070	1,089,593	881,525
Equity stocks - book value \$671,157	843,365	726,549
Accrued interest income	1,315	3,255
	1,959,899	1,611,329

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.

**5. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2014 Net book value</i>	<i>2013 Net book value</i>
Land	3,024,229	-	3,024,229	3,024,229
Buildings	19,682,199	7,014,156	12,668,043	12,851,772
Computer equipment	463,447	402,976	60,471	75,320
Computer software	294,843	292,671	2,172	-
Equipment and furniture	1,497,181	1,138,339	358,842	326,204
Fencing and lights	428,216	86,687	341,529	352,828
Irrigation system	268,924	58,009	210,915	221,672
Landscaping	1,373,986	261,055	1,112,931	1,142,388
Library books and textbooks	100,984	100,984	-	-
Playground structure	327,298	95,010	232,288	241,966
Portables	58,573	39,962	18,611	20,679
Vehicles	132,010	98,361	33,649	48,070
	27,651,890	9,588,210	18,063,680	18,305,128

**6. Due from Meadowridge Education Foundation**

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

**7. Bank indebtedness**

Bank indebtedness includes a Bank of Montreal demand revolving loan in the amount of \$1,246,560 (2013 - \$3,010,045), secured by a first charge on the Society's land and buildings with a net book value of \$15,692,272 (2013 - \$15,876,001), assignment of rents, and a general security agreement, bearing interest at prime plus 0.25%. Maximum amount approved \$3,500,000.

The total interest paid for cash flow purposes on the loan during the year was \$579 (2013 - \$28,852).

# Meadowridge School Society

## Notes to the Financial Statements

*For the year ended June 30, 2014*

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### 8. 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 \$690,000 (2013 - \$565,000), deposits were repaid in the amount of \$775,750 (2013 - \$544,750) of which \$31,750 was donated back to the school (2013 - \$16,750).

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.

### 9. Deferred contributions

The Society has deferred capital contributions in the following category: capital assets, \$328,566 (2013 - \$368,048). During the year, the capital campaign expenses netted against deferred revenue were \$0 (2013 - \$0).

The contributions for capital assets are being amortized on the same basis as the amortization rates disclosed in Note 2. The contributions for operating and other expenses are recognized at the same time as the corresponding expenses are incurred.

**Meadowridge School Society**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2014*

**10. Long-term debt**

	<b>2014</b>	<b>2013</b>
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 \$15,692,272 (2013 - \$15,876,001), assignment of rents, and a general security agreement, renewal date on October 31, 2014. Monthly blended payments of \$11,117 at prime plus 0.25% per annum. Initial loan approved for \$2,000,000.	<b>1,556,267</b>	1,648,765
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 \$15,692,272 (2013- \$15,876,001), 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>5,223,858</b>	5,422,511
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 \$15,692,272 (2012 - \$15,876,001), 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>2,558,546</b>	-
	<b>9,338,671</b>	7,071,276
Less: Current portion	<b>1,881,110</b>	1,801,090
	<b>7,457,561</b>	5,270,186

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:

	<b>Principal</b>
2015	408,913
2016	424,459
2017	440,611
2018	457,391
2019	474,825
	<b>2,206,199</b>

Long-term debt is subject to certain financial covenants with respect to debt service coverage and leverage ratios. As at June 30, 2014, 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, 2014, 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 \$362,947 (2013 - \$344,928).

**Meadowridge School Society**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2014*

**11. Subsequent event**

In July 2014 the Society began a building envelope restoration project on the gymnasium and MYP education sections of the building. It is estimated that the total cost of the project will be \$1,500,000.

**12. Tuition Fees**

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

	<b>2014</b>	<b>2013</b>
Gross tuition fees	<b>9,216,385</b>	8,865,756
Less: Discounts, bursaries and scholarships	<b>(589,552)</b>	(720,390)
	<b>8,626,833</b>	8,145,366

**13. 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:

	<b>2014</b>	<b>2013</b>
<b>Education Fund:</b>		
Donation revenue	<b>18,500</b>	21,500
Student award expenditures	<b>(20,000)</b>	(22,980)
Net Education Fund Donations	<b>(1,500)</b>	(1,480)
<b>Capital Fund:</b>		
Donation revenue	<b>281,432</b>	284,448
Expenditures: Educational, outreach and other	<b>(110,310)</b>	(77,593)
Net Capital Fund Donations	<b>171,122</b>	206,855
Total Net Donations	<b>169,622</b>	205,375

**14. Gala Fundraiser**

	<b>2014</b>	<b>2013</b>
<b>Capital fund:</b>		
Gross revenue	<b>171,700</b>	263,805
Expenditures	<b>(103,423)</b>	(181,063)
Net Gala Fundraiser revenue	<b>68,277</b>	82,742

**Meadowridge School Society**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2014*

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**15. Golf Tournament Fundraiser**

	<b>2014</b>	<b>2013</b>
<b>Capital fund:</b>		
Gross revenue	<b>64,740</b>	87,393
Expenditures	<b>(34,642)</b>	(51,253)
<hr/>		
Net Golf Tournament revenue	<b>30,098</b>	36,140

**16. Interfund Transfers**

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

**17. Economic dependence**

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

**18. 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, 2014.



**19. Financial instruments**

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

**Fair Value**

The carrying amount of cash, term deposits, tuition fees receivable, other accounts receivable, investments, bank indebtedness and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

The carrying value of the Society's long-term debt approximates its fair value, because interest charges under the terms of the debt are based upon current Canadian bank prime rates.

**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 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%.

**20. 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, 2014*

	<b>2014</b>	<b>2013</b>
<b>Expenses</b>		
<b>Instructional</b>		
Casual wages	52,513	74,973
Contract services	76,055	79,474
Field-trip expenses	439,766	408,464
Program expenses	294,415	285,974
Teachers' salaries and benefits	4,748,222	4,551,997
Teachers' training and development	64,284	49,299
	<b>5,675,255</b>	<b>5,450,181</b>
<b>Administration</b>		
Bad debt	18	-
Bank charges	71,988	90,971
Board of Governors	22,875	32,910
Consulting fees	11,621	29,131
Dues and subscriptions	63,610	57,459
Entertainment and staff room	37,907	38,466
Professional fees	56,159	54,095
Marketing and advancement	91,275	59,027
Office	87,555	93,732
Technology	152,557	108,108
Telephone	26,828	28,595
Training and education	30,898	43,399
Travel	7,494	3,840
Wages and benefits	1,777,236	1,729,518
	<b>2,438,021</b>	<b>2,369,251</b>
<b>Operating</b>		
Amortization	772,845	916,109
Insurance	76,288	71,835
Interest on long-term debt	376,017	387,608
Janitorial	268,463	276,738
Repairs and maintenance	955,577	697,083
Utilities	141,857	151,320
	<b>2,591,047</b>	<b>2,500,693</b>
	<b>10,704,323</b>	<b>10,320,125</b>