



Meadowridge School Society
Audited Financial Statements
June 30, 2019

Meadowridge School Society
Financial Statements
June 30, 2019

Meadowridge School Society
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For the year ended June 30, 2019

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Management's Responsibility

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 entirely 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.

"Hugh Burke" (signed)
CEO, Headmaster

"Julie Bournival" (signed)
Director of Finance

Independent Auditor's Report

To the Members of Meadowridge School Society:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Meadowridge School Society (the "Society"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net assets, cash flows and the supporting schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter(s) described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2019, 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.

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, 2019, any adjustments might be necessary to donation revenues and excess of revenue over expenses, assets and net assets. Our audit opinion on the financial statements for the year ended June 30, 2018 was also qualified accordingly because of the possible effects of this limitation in scope.

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 Society 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Maple Ridge, British Columbia

September 24, 2019

MNP LLP

Chartered Professional Accountants

Meadowridge School Society

Statement of Financial Position

As at June 30, 2019

| | <i>Education</i> | <i>Capital</i> | 2019 | <i>2018</i> |
|--|-------------------|-------------------|-------------------|-------------|
| Assets | | | | |
| Current | | | | |
| Cash | 9,861,936 | 563,094 | 10,425,030 | 9,191,483 |
| Term deposits (Note 3) | 26,500 | 203,393 | 229,893 | 331,033 |
| Tuition fees receivable (Note 4) | 218,656 | - | 218,656 | 231,121 |
| Government remittances receivable | 191,087 | - | 191,087 | 152,871 |
| Other accounts receivable | 34,775 | - | 34,775 | 34,032 |
| Inventory | 341,640 | - | 341,640 | 425,847 |
| Prepaid expenses | 351,479 | - | 351,479 | 181,994 |
| Investments (Note 5) | - | 3,083,810 | 3,083,810 | 2,432,209 |
| | 11,026,073 | 3,850,297 | 14,876,370 | 12,980,590 |
| Capital assets (Note 6) | - | 28,104,057 | 28,104,057 | 25,586,932 |
| Long-term deposits | 8,553 | - | 8,553 | 50,841 |
| | 11,034,626 | 31,954,354 | 42,988,980 | 38,618,363 |
| Liabilities | | | | |
| Current | | | | |
| Bank indebtedness (Note 7) | 85,242 | - | 85,242 | 1,109,231 |
| Accounts payable and accruals | 1,483,111 | - | 1,483,111 | 741,422 |
| Unearned tuition revenue (Note 8) | 9,841,531 | - | 9,841,531 | 8,964,336 |
| Government remittances payable | 6,872 | - | 6,872 | 3,227 |
| Current portion of term loans due on demand (Note 9) | - | 373,916 | 373,916 | 760,342 |
| | 11,416,756 | 373,916 | 11,790,672 | 11,578,558 |
| Term loans due on demand (Note 9) | - | 12,921,185 | 12,921,185 | 11,220,050 |
| Educational Investment Fund deposits (Note 10) | - | 5,313,611 | 5,313,611 | 4,991,800 |
| | 11,416,756 | 18,608,712 | 30,025,468 | 27,790,408 |
| Deferred contributions (Note 11) | - | 365,607 | 365,607 | 301,739 |
| | 11,416,756 | 18,974,319 | 30,391,075 | 28,092,147 |
| Net Assets | (382,130) | 12,980,035 | 12,597,905 | 10,526,216 |
| | 11,034,626 | 31,954,354 | 42,988,980 | 38,618,363 |

Approved on behalf of the Board

"Lance Lezer" (signed)
Board Chair

"Craig Gunning" (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, 2019

| | <i>Education</i> | <i>Capital</i> | 2019 | 2018 |
|---|-------------------|--------------------|-------------------|-------------------|
| Revenues | | | | |
| Tuition fees <i>(Note 12)</i> | 13,551,867 | - | 13,551,867 | 12,218,325 |
| Government grants <i>(Note 13)</i> | 1,742,417 | - | 1,742,417 | 1,654,758 |
| Field-trip revenue | 737,960 | - | 737,960 | 725,674 |
| Program revenue | 310,243 | - | 310,243 | 295,199 |
| Registration and assessments | 452,200 | - | 452,200 | 446,800 |
| | 16,794,687 | - | 16,794,687 | 15,340,756 |
| Expenses | | | | |
| Instructional <i>(Schedule 1)</i> | 8,448,410 | - | 8,448,410 | 7,678,962 |
| Administration <i>(Schedule 1)</i> | 3,795,393 | - | 3,795,393 | 3,349,787 |
| Operating <i>(Schedule 1)</i> | 1,387,227 | 1,613,934 | 3,001,161 | 2,877,403 |
| | 13,631,030 | 1,613,934 | 15,244,964 | 13,906,152 |
| Excess of revenues over expenses from operations | 3,163,657 | (1,613,934) | 1,549,723 | 1,434,604 |
| Other revenues (expenses) | | | | |
| Amortization of deferred contributions | - | 50,672 | 50,672 | 35,129 |
| Auxiliary services | (174,412) | - | (174,412) | (28,441) |
| Donations <i>(Note 14)</i> | 1,600 | 297,491 | 299,091 | 172,975 |
| Gain (loss) on disposal of capital assets | - | (5,336) | (5,336) | 2,607 |
| Gala fundraiser <i>(Note 15)</i> | - | (772) | (772) | 49,763 |
| Golf tournament fundraiser <i>(Note 16)</i> | - | 63,473 | 63,473 | 42,531 |
| Investment income | 400 | 230,625 | 231,025 | 114,660 |
| Rentals | 58,225 | - | 58,225 | 49,938 |
| | (114,187) | 636,153 | 521,966 | 439,162 |
| Excess of revenues over expenses | 3,049,470 | (977,781) | 2,071,689 | 1,873,766 |

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, 2019

| | <i>Education</i> | <i>Capital</i> | 2019 | 2018 |
|---|--------------------|-------------------|-------------------|-------------|
| Net assets, beginning of year | (756,533) | 11,282,749 | 10,526,216 | 8,652,450 |
| Excess of revenues over expenses | 3,049,470 | (977,781) | 2,071,689 | 1,873,766 |
| Interfund transfers | (2,675,067) | 2,675,067 | - | - |
| Net assets, end of year | (382,130) | 12,980,035 | 12,597,905 | 10,526,216 |

The accompanying notes are an integral part of these financial statements

Meadowridge School Society

Statement of Cash Flows

For the year ended June 30, 2019

| | 2019 | 2018 |
|--|--------------------|--------------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Excess of revenues over expenses | 2,071,689 | 1,873,766 |
| Amortization | 1,102,332 | 1,129,339 |
| Amortization of deferred capital contributions recognized in revenue | (50,672) | (35,129) |
| Loss (gain) on disposal of capital assets | 5,336 | (2,607) |
| | 3,128,685 | 2,965,369 |
| Changes in working capital accounts | | |
| Tuition fees receivable | 12,465 | (51,176) |
| Government remittances receivable | (38,216) | (47,486) |
| Other accounts receivable | (743) | 10,819 |
| Inventory | 84,207 | (339,970) |
| Prepaid expenses | (169,485) | 223,967 |
| Accounts payable and accruals | 741,689 | (325,297) |
| Government remittances payable | 3,645 | 1,038 |
| Unearned tuition revenue | 877,195 | 1,492,213 |
| | 4,639,442 | 3,929,477 |
| Financing activities | | |
| Advances of bank indebtedness | - | 82,936 |
| Repayments of bank indebtedness | (1,023,989) | - |
| Advances of term loans due on demand | 13,359,525 | - |
| Repayment of term loans due on demand | (12,044,815) | (685,668) |
| Deferred contributions received | 114,540 | 133,000 |
| Educational Investment Fund deposits received | 1,052,111 | 1,007,850 |
| Educational Investment Fund deposits reimbursed | (730,300) | (610,000) |
| Reimbursement of long-term deposits | 42,288 | 117,261 |
| | 769,360 | 45,379 |
| Investing activities | | |
| Purchase of term deposits | (203,393) | (304,533) |
| Proceeds on disposal of term deposits | 304,533 | 303,479 |
| Advances to Meadowridge Education Foundation | - | (3,853) |
| Repayment of advances to Meadowridge Education Foundation | - | 30,523 |
| Purchase of capital assets | (3,624,794) | (1,982,474) |
| Proceeds on disposal of capital assets | - | 3,974 |
| Net purchase of investments | (651,601) | (514,057) |
| | (4,175,255) | (2,466,941) |
| Increase in cash resources | 1,233,547 | 1,507,915 |
| Cash resources, beginning of year | 9,191,483 | 7,683,568 |
| Cash resources, end of year | 10,425,030 | 9,191,483 |

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:

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

Revenue recognition

The Society uses the deferral method of accounting for contributions and reports on a fund accounting basis.

- Revenue from tuition fees is recognized 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.
- Revenue from government grants is recognized 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. Only full time equivalent Canadian and Permanent Resident students from grades kindergarten to grade 12 are eligible for government funding. Kindergarten to grade 12 full time equivalent students having a parent with a valid Canadian Work Permit are also eligible for funding.
- Field trip, program, registration and assessment, and fundraising revenue is recognized when the service is rendered.
- 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.
- Investment income is recognized as revenue when earned.
- Rental income is recognized, pursuant to rental agreements, when occupancy occurs.

Revenues are recognized when received or 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, less estimated costs of completion and selling costs.

The cost of inventories recognized as an expense and included in other revenues (expenses) - auxiliary services amounted to \$216,696 (2018 - \$21,759).

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

Investments

Investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Changes in fair value are recorded immediately in the excess of revenues over expenses.

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 provided using the following methods at rates/terms intended to amortize the cost of assets over their estimated useful lives.

| | Method | Rate/Term |
|-----------------------------|-------------------|------------------|
| 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 % |

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 evaluation as to their collectability 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.

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 the CPA Canada Handbook 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.

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

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.

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.

3. Term deposits

| | <i>Education Fund</i> | <i>Capital Fund</i> | 2019 | <i>2018</i> |
|---|---------------------------|-------------------------|----------------|-------------|
| Cashable term deposit maturing June 2021, interest rate escalating from 1.50% to 3.15% upon maturity, redeemable without penalty. | 26,500 | - | 26,500 | 26,500 |
| Term deposit maturing October 2019, interest at 2.40%, redeemable without penalty. | - | 203,393 | 203,393 | 203,393 |
| Term deposit matured December 2018. | - | - | - | 101,140 |
| | 26,500 | 203,393 | 229,893 | 331,033 |

4. Tuition fees receivable

| | | 2019 | <i>2018</i> |
|---------------------------------|--|-----------------|-------------|
| Tuition fees receivable | | 242,907 | 243,882 |
| Allowance for doubtful accounts | | (24,251) | (12,761) |
| | | 218,656 | 231,121 |

Meadowridge School Society
Notes to the Financial Statements
For the year ended June 30, 2019

5. Investments

| | 2019 | 2018 |
|--|------------------|------------------|
| BMO Harris Private Investment account | | |
| Fixed income bonds - cost \$1,891,668 | 1,886,424 | 1,463,196 |
| Equity stocks - cost \$1,011,459 | 1,195,468 | 967,598 |
| Accrued interest income | 1,918 | 1,415 |
| | 3,083,810 | 2,432,209 |

Fixed income bonds with various interest rates ranging from 1.80% to 5.60% and various maturity dates ranging from October 2019 to June 2023.

6. Capital assets

| | Cost | Accumulated amortization | 2019 Net book value | 2018 Net book value |
|-----------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Land | 3,321,831 | - | 3,321,831 | 3,321,831 |
| Buildings | 29,876,498 | 8,381,424 | 21,495,074 | 18,873,124 |
| Computer equipment | 793,848 | 666,131 | 127,717 | 111,854 |
| Computer software | 223,928 | 223,928 | - | - |
| Equipment and furniture | 2,042,568 | 1,684,347 | 358,221 | 319,159 |
| Fencing and lights | 470,920 | 161,505 | 309,415 | 324,958 |
| Irrigation system | 268,924 | 111,794 | 157,130 | 167,887 |
| Landscaping | 1,822,539 | 425,021 | 1,397,518 | 1,434,877 |
| Library books and textbooks | 100,984 | 100,984 | - | - |
| Playground structure | 425,039 | 145,875 | 279,164 | 290,796 |
| Portables | 922,086 | 283,066 | 639,020 | 715,350 |
| Vehicles | 134,975 | 116,008 | 18,967 | 27,096 |
| | 40,404,140 | 12,300,083 | 28,104,057 | 25,586,932 |

7. Bank indebtedness

Bank indebtedness includes a Bank of Montreal demand revolving loan in the amount of \$85,242 (2018 - \$1,109,231), bearing interest at Bank of Montreal prime lending rate plus 0.25% per annum. Assets pledged as collateral and financial covenants are described in Note 9. Maximum amount approved \$3,500,000.

8. Unearned tuition revenue

Tuition fees received in advance for the subsequent school year are recorded as unearned tuition revenue in the current year. Tuition fees received in advance are \$9,841,531 (2018 - \$8,964,336). Prior year unearned tuition revenue is recognized as earned over the current school year.

Meadowridge School Society
Notes to the Financial Statements
For the year ended June 30, 2019

9. Term loans due on demand

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Bank of Montreal - Facility 2 - Non-revolving demand loan bearing interest at 4.50% per annum amortized over 20 years; repayable in monthly blended payments of \$74,589. The loan is due for renewal June 1, 2024. | 11,725,576 | - |
| Bank of Montreal - Facility 3 - Non-revolving demand loan bearing interest at Bank of Montreal prime lending rate plus 1.00% per annum; interest payable only. The loan is due for repayment by December 31, 2019. | 1,569,525 | - |
| Bank of Montreal - Non-revolving demand loan bearing interest at Bank of Montreal prime lending rate plus 0.25% per annum; repayable in monthly blended payments of \$11,117. The loan was consolidated October 31, 2018. | - | 1,195,964 |
| Bank of Montreal - Non-revolving demand loan bearing interest at 4.38% per annum; repayable in monthly blended payments of \$33,424. The loan was consolidated October 31, 2018. | - | 4,468,645 |
| Bank of Montreal - Non-revolving demand loan bearing interest at 2.85% per annum; repayable in monthly blended payments of \$19,166. The loan was consolidated October 31, 2018. | - | 1,980,514 |
| Bank of Montreal - Non-revolving demand loan bearing interest at Bank of Montreal prime lending rate plus 0.25% per annum; repayable in monthly blended payments of \$34,409. The loan was consolidated October 31, 2018. | - | 4,335,269 |
| Current portion | (373,916) | (760,342) |
| | 12,921,185 | 11,220,050 |

Canadian accounting standards for not-for-profit organizations require that loans that the lender can require to be repaid on demand be classified as current liabilities.

Management does not believe that the demand features of the demand loans will be exercised in the current period. Therefore, assuming payment of the demand loans is not demanded, and assuming term loans subject to refinancing are renewed under similar terms, regular principal payments required on all demand loans for the next five years are due as follows:

| | |
|------|-----------|
| 2020 | 373,916 |
| 2021 | 391,094 |
| 2022 | 409,060 |
| 2023 | 427,852 |
| 2024 | 447,508 |
| | 2,049,430 |

Meadowridge School Society Notes to the Financial Statements

For the year ended June 30, 2019

9. Term loans due on demand *(Continued from previous page)*

It is management's intention to refinance the principal in the Bank of Montreal - Facility 3 loan upon the date of repayment. Therefore the principal balance on the loan which would be payable by December 2019 has been excluded from the above schedule.

In October 2018, management refinanced the previous existing four Bank of Montreal demand loans into the new Bank of Montreal - Facility 2 - demand loan outlined in the updated BMO credit facility dated October 24, 2018.

Term loans due on demand are subject to certain financial covenants with respect to debt service coverage and leverage ratios. As at June 30, 2019, 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.

Term loans due on demand are secured by a first charge over the Society's land and buildings in the amount of \$25,000,000, a general security agreement over all the assets of the Society, subrogation agreement with respect to Educational Investment Fund deposits, and assignment of insurance coverage.

10. Educational Investment Fund deposits

The deposits represent the sum of Education Investment Fund deposits 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 \$1,052,111 (2018 - \$1,007,850), deposits were repaid in the amount of \$730,300 (2018 - \$610,000) of which \$61,500 was donated back to the school (2018 - \$24,000).

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:

| | 2019 | <i>2018</i> |
|--------------------------------|----------------------------|---------------------|
| | <i>Capital fund</i> | <i>Capital fund</i> |
| Balance, beginning of the year | 301,739 | 203,868 |
| Contributions received | 114,540 | 133,000 |
| Amount recognized as revenue | (50,672) | (35,129) |
| | 365,607 | 301,739 |

12. Tuition fees

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

| | 2019 | <i>2018</i> |
|---|-------------------|-------------|
| Gross tuition fees | 14,343,430 | 12,969,897 |
| Less: Discounts, bursaries and scholarships | (791,563) | (751,572) |
| | 13,551,867 | 12,218,325 |

Meadowridge School Society Notes to the Financial Statements

For the year ended June 30, 2019

13. Government grants

The Society operates under the terms of the Independent School Act and is entitled to receive annual government grants. The majority of grant revenue consists of an operating grant equal to 35% of the local school district's per-student grant amount for each eligible student enrolled.

Grant revenue can only be used to pay for operating expenses and may not exceed the operating costs of the School.

14. 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:

| | 2019 | 2018 |
|---|----------|----------|
| Education Fund: | | |
| Donation revenue | 17,300 | 24,430 |
| Expenditures: Student awards | (15,700) | (18,400) |
| Net Education Fund Donations | 1,600 | 6,030 |
| Capital Fund: | | |
| Donation revenue | 394,673 | 257,927 |
| Expenditures: Educational, outreach and other | (97,182) | (90,982) |
| Net Capital Fund Donations | 297,491 | 166,945 |
| | 299,091 | 172,975 |

15. Gala Fundraiser

| | 2019 | 2018 |
|----------------------|-------|----------|
| Capital fund: | | |
| Gross revenue | - | 121,236 |
| Expenditures | (772) | (71,473) |
| | (772) | 49,763 |
| | | |

The School did not hold a Gala in 2018-2019 due to staffing changes but this event will resume in 2019-2020.

16. Golf Tournament Fundraiser

| | 2019 | 2018 |
|----------------------|----------|----------|
| Capital fund: | | |
| Gross revenue | 135,515 | 90,616 |
| Expenditures | (72,042) | (48,085) |
| | 63,473 | 42,531 |
| | | |

Meadowridge School Society Notes to the Financial Statements

For the year ended June 30, 2019

17. Society remunerations

In accordance with British Columbia's new Societies Act, the Society is required to disclose any remuneration paid to directors as well as remuneration paid to employees or contractors in excess of \$75,000.

For the year ended June 30, 2019, the Society paid total remuneration of \$8,546,595 to 119 employees. Of this amount, there were 51 employees with remuneration in excess of \$75,000 which totalled \$5,068,748.

There were also 5 contractors with remuneration in excess of \$75,000 which totalled \$3,691,777. One of the contractors who received remuneration of \$331,015 is related to a Board member.

18. 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, 2019

| | 2019 | 2018 |
|--------------------------------------|-------------------|-------------------|
| Expenses | | |
| Instructional | | |
| Casual wages | 50,164 | 38,561 |
| Contract services | 101,917 | 93,626 |
| Field-trip expenses | 582,621 | 602,180 |
| Program expenses | 573,134 | 457,562 |
| Teachers' salaries and benefits | 7,031,488 | 6,378,372 |
| Teachers' training and development | 109,086 | 108,661 |
| | 8,448,410 | 7,678,962 |
| Administration | | |
| Bad debt | 15,113 | 31,672 |
| Bank charges | 221,542 | 172,895 |
| Board of Governors | 42,274 | 39,165 |
| Consulting fees | 114,234 | 48,823 |
| Dues and subscriptions | 94,448 | 106,357 |
| Entertainment and staff room | 65,759 | 52,532 |
| Marketing and advancement | 168,920 | 164,679 |
| Office | 95,086 | 94,230 |
| Professional fees | 60,474 | 54,748 |
| Technological support | 433,491 | 340,679 |
| Telephone | 35,523 | 32,829 |
| Training and education | 48,188 | 51,894 |
| Travel | 1,547 | 2,880 |
| Wages and benefits | 2,398,794 | 2,156,404 |
| | 3,795,393 | 3,349,787 |
| Operating | | |
| Amortization | 1,102,332 | 1,129,339 |
| Insurance | 113,798 | 100,087 |
| Interest on term loans due on demand | 511,602 | 462,853 |
| Janitorial | 48,151 | 48,027 |
| Repairs and maintenance | 1,061,847 | 950,307 |
| Utilities | 163,431 | 186,790 |
| | 3,001,161 | 2,877,403 |
| | 15,244,964 | 13,906,152 |