

Financial Statements of

**COLLINGWOOD SCHOOL
SOCIETY**

And Independent Auditor's Report thereon

Year ended June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Collingwood School Society

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Collingwood School Society (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada
September 25, 2023

COLLINGWOOD SCHOOL SOCIETY

Statement of Financial Position

June 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,296,332	\$ 29,489,623
Short term investments (note 3)	5,206,168	7,633,748
Accounts receivable (notes 4 and 10)	444,243	249,697
Prepaid expenses	405,693	299,284
	<u>28,352,436</u>	<u>37,672,352</u>
Long-term investments (note 3)	17,119,889	4,607,058
Capital assets (note 5)	65,624,403	66,568,380
Long-term prepaid lease (note 6)	55,579	64,841
	<u>\$ 111,152,307</u>	<u>\$ 108,912,631</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 10)	\$ 1,097,488	\$ 754,101
Accrued salaries and benefits (notes 7 and 8)	5,021,588	4,589,633
Tuition and other fees received in advance	30,127,608	29,320,950
Current portion of long-term debt (note 9)	1,941,116	1,837,545
	<u>38,187,800</u>	<u>36,502,229</u>
Long-term debt (note 9)	4,742,612	6,683,720
Net assets:		
Unrestricted:		
Operating reserve	7,951,867	7,138,340
Internally restricted:		
Capital reserve	722,592	-
Parents' council	180,236	118,632
Externally restricted	426,525	422,595
Invested in capital assets (note 12)	58,940,675	58,047,115
	<u>68,221,895</u>	<u>65,726,682</u>
Commitments (note 14)		
	<u>\$ 111,152,307</u>	<u>\$ 108,912,631</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Dave Smith, Governor



Nicolas Jimenez, Governor

COLLINGWOOD SCHOOL SOCIETY

Statement of Operations

Year ended June 30, 2023, with comparative information for 2022

	Unrestricted operating reserve	Internally restricted	Externally restricted	Invested in capital assets	2023 Total	2022 Total
Revenue:						
Tuition fees	\$ 33,407,236	\$ -	\$ -	\$ -	\$ 33,407,236	\$ 32,175,871
Less: Financial assistance	(806,300)	-	(353,690)	-	(1,159,990)	(1,346,251)
	32,600,936	-	(353,690)	-	32,247,246	30,829,620
Government grants (note 11)	4,240,965	-	-	-	4,240,965	4,080,514
New student admission fees	721,850	-	-	-	721,850	679,400
Transportation revenue	179,183	-	-	-	179,183	190,668
Investment income	1,005,953	-	-	-	1,005,953	184,053
Other (notes 13 and 17)	2,835,383	61,604	-	-	2,896,987	1,319,070
	41,584,270	61,604	(353,690)	-	41,292,184	37,283,325
Expenses:						
Salaries and benefits	28,868,676	-	-	-	28,868,676	26,667,581
Professional development	483,931	-	178	-	484,109	263,548
Curricular expense	3,445,812	-	196,246	-	3,642,058	1,748,630
Facilities	1,937,492	-	-	-	1,937,492	1,771,761
Transportation expense	403,001	-	-	-	403,001	568,516
Information technology	863,615	-	-	-	863,615	796,495
Parent, alumni and community relations	1,506,342	-	-	-	1,506,342	1,271,248
General and administrative	965,275	-	-	-	965,275	752,665
Amortization	-	-	-	2,451,170	2,451,170	2,276,504
Interest	109,859	-	-	-	109,859	143,009
	38,584,003	-	196,424	2,451,170	41,231,597	36,259,957
Excess (deficiency) of revenue over expenses before other items	3,000,267	61,604	(550,114)	(2,451,170)	60,587	1,023,368
Other:						
Fundraising (note 17)	1,048,899	-	554,044	-	1,602,943	1,483,169
Gift to Collingwood School Foundation (note 17)	(19,519)	-	-	-	(19,519)	(19,500)
Gain on sale of investments	146,291	-	-	-	146,291	-
Fair value adjustment of investments	599,218	-	-	-	599,218	-
Fair value adjustment of interest rate swap (note 10)	105,693	-	-	-	105,693	(76,386)
	1,880,582	-	554,044	-	2,434,626	1,387,283
Excess (deficiency) of revenue over expenses	\$ 4,880,849	\$ 61,604	\$ 3,930	\$ (2,451,170)	\$ 2,495,213	\$ 2,410,651

See accompanying notes to financial statements.

COLLINGWOOD SCHOOL SOCIETY

Statement of Changes in Net Assets

Year ended June 30, 2023, with comparative information for 2022

	Unrestricted operating reserve	Internally restricted			Externally restricted	Invested in capital assets	2023 Total	2022 Total
		Capital reserve	Parents' council					
Net assets, beginning of year	\$ 7,138,340	\$ -	\$ 118,632	\$ 422,595	\$ 58,047,115	\$ 65,726,682	\$ 63,316,031	
Excess (deficiency) of revenue over expenses	4,880,849	-	61,604	3,930	(2,451,170)	2,495,213	2,410,651	
Net change in invested in capital assets (note 12(b))	(3,344,730)	-	-	-	3,344,730	-	-	
Interfund transfer	(722,592)	722,592	-	-	-	-	-	
Net assets, end of year	\$ 7,951,867	\$ 722,592	\$ 180,236	\$ 426,525	\$ 58,940,675	\$ 68,221,895	\$ 65,726,682	

See accompanying notes to financial statements.

COLLINGWOOD SCHOOL SOCIETY

Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating:		
Net excess of revenue over expenses	\$ 2,495,213	\$ 2,410,651
Items not involving cash:		
Amortization	2,451,170	2,276,504
Amortization of prepaid lease	9,262	9,265
Loss (gain) on disposal of capital assets	1,184	(11,303)
Gain on sale of investments	(146,291)	-
Fair value adjustments on investments	(599,218)	-
Changes in non-cash operating working capital:		
Accounts receivable	(194,546)	(7,757)
Accrued interest on investments	(580,548)	(40,416)
Prepaid expenses	(106,409)	(61,719)
Accounts payable and accrued liabilities	343,387	(236,723)
Accrued salaries and benefits	431,955	250,558
Tuition and other fees received in advance	806,658	1,484,913
	4,911,817	6,073,973
Investments:		
Purchase of investments	(21,000,000)	(9,200,000)
Proceeds from sale of investments	12,240,806	15,013,778
Additions to capital assets	(1,529,698)	(1,050,904)
Proceeds from disposal of capital assets	21,321	30,331
	(10,267,571)	4,793,205
Financing:		
Repayment of long-term debt	(1,837,537)	(1,784,080)
Increase (decrease) in cash and cash equivalents	(7,193,291)	9,083,098
Cash and cash equivalents, beginning of year	29,489,623	20,406,525
Cash and cash equivalents, end of year	\$ 22,296,332	\$ 29,489,623

See accompanying notes to financial statements.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements

Year ended June 30, 2023

1. Operations:

Collingwood School Society (the "Society") was incorporated on December 8, 1983 and is registered under the *Societies Act* (British Columbia). The Society is a registered charity under the *Income Tax Act* and is therefore exempt from the payment of income tax.

The Society operates Collingwood School (the "School") at the Morven Campus (600-students; grades 8 - 12) and the Wentworth Campus (650-students; junior kindergarten - grade 7), both in West Vancouver. The School is classified as a Group 2 independent school under the *Independent School Act*.

The School is non-denominational and co-educational. The School's personalized and inclusive approach fosters academic excellence and wellbeing as the students explore opportunities across academics, arts, athletics and service learning. With an emphasis on experiential learning, collaboration, character development, and problem solving across disciplines, the School aims to prepare graduates to join the global community as critical thinkers who are resilient, socially conscious and prepared to make the most of their opportunities.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and include the following significant accounting policies:

(a) Fund accounting:

The resources and operations of the Society have been segregated for accounting purposes into the following funds:

(i) Unrestricted:

The Operating Reserve fund accounts for the Society's program delivery, support and administrative activities. Amortization charges relating to these activities are accounted for in the invested in capital assets fund other than the amortization of the prepaid lease which is recorded as an expense of the operating reserve fund as incurred (notes 2(e) and 6).

(ii) Restricted funds:

Internally restricted:

The Capital Reserve fund represents amounts earmarked for capital projects as approved by the Board of Directors (the "Board") on an annual basis.

The Parents' Council fund represents contributions received from the Parents' Council fundraising to be used for the benefit of the School.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

(ii) Restricted funds (continued):

Externally restricted:

The externally restricted fund accounts for funds derived from donations and fundraising efforts which the purposes have been specifically designated by donors.

(iii) Invested in capital assets:

The amortization of capital assets used in operations of the Society, as well as, the Society's investment in capital assets and related long-term debt are accounted for as part of invested in capital assets.

Interfund transfers to fund capital asset acquisitions and long-term debt repayments related to capital assets and other transfers of funds as approved by the Board are presented in the statement of changes in net assets.

(b) Revenue recognition:

The Society follows the restricted fund method of accounting for contributions.

(i) Unrestricted contributions:

Unrestricted contributions, including government grants, are recognized as revenue of the Operating Fund in the period in which the entitlement is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(ii) Restricted contributions:

Restricted contributions, including capital fundraising, received for future capital acquisitions are recorded in the restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(iii) Parents' Council contributions that are for specific purposes are recognized in the internally restricted fund when received.

(iv) In-kind and service contributions:

Donations and contributions in kind are recorded at fair value at the time of receipt when and if such a value can be reasonably determined.

Volunteers contribute a significant amount of time each year to assist the Society in fundraising and carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not recognized in these financial statements.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

(v) Tuition fees received prior to June 30 for the upcoming year are deferred as tuition fees received in advance and recognized as revenue in the period to which the fees relate. New student admission fees are recognized as fully earned when the applicant is accepted for admission to the school. The school grants financial assistance for students of the faculty and other students who apply for financial aid. The financial assistance is recorded as a reduction of revenues when granted.

(vi) Other fees are recorded as revenue when the related services are provided.

(c) Capital assets:

Capital assets are recorded at cost and are amortized over the estimated useful lives of the assets on a straight-line basis using the following annual rates:

Assets	Rates
Morven Campus:	
Buildings	20 - 50 years
Turf Field	15 years
Wentworth Campus:	
Buildings	20 - 50 years
Turf Field	15 years
Furniture, fixtures and other	4 - 10 years

School development costs are capitalized as capital assets once there is certainty as to the future benefit being realized on the project. Once projects are complete, they are transferred to the appropriate capital asset category for amortization which begins when assets are in put in use.

(d) Impairment of capital assets:

The Society reviews its capital assets for impairment which are held and in use whenever events or changes in circumstances indicate that the assets no longer contributes to the Society's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the Statement of Operations at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

(e) Prepaid lease:

The components of the prepaid lease are amortized on a straight-line basis over the term of the arrangement.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

2. Significant accounting policies (continued):

(f) Employee future benefits:

The Society provides extended health benefits to retired employees with a combination of 85-points based on age and service at the time of retirement. There are currently 31 (2022 - 32) retired employees receiving extended health benefits. These amounts are recorded as a liability on an unfunded basis based on the estimated present value of expected future payments to existing retired employees and management's estimate of current employees who are expected to meet the eligibility criteria upon retirement.

(g) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Areas requiring management estimates include the useful lives of capital assets for amortization, and provisions for employee future benefits. Actual results could differ from these estimates.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

2. Significant accounting policies (continued):

(i) Economic interest:

The Collingwood School Foundation (the "Foundation") was established to raise funds for the ultimate benefit of the Society. The endowment funds are maintained in perpetuity by the Foundation, with earnings from the funds being available for distribution to the Society to provide financial aid and program funding to benefit the Society and its students. The Foundation was incorporated under the *Societies Act* of British Columbia. The Foundation is designated as a public foundation, is a registered charity under the *Income Tax Act* and is therefore exempt from the payment of income tax. The Society and the Foundation are separate legal entities having separate board of governors and directors and independently make all decisions affecting their funds. These financial statements do not reflect the accounts of the Foundation.

3. Investments:

Guaranteed investment certificates which are held at a Canadian chartered bank, earning interest ranging from 5.12% to 5.61% (2022 - 0.95% to 3.5%) with maturities ranging from June 2024 to November 2024 (2022 - December 2022 to June 2024). Any investments with maturities beyond the next fiscal year are classified as long-term.

Investments held at fair value consist of equity and fixed income pooled funds invested with Connor, Clark & Lunn.

	2023	2022
Connor, Clark & Lunn funds held at fair value:		
Canadian Equity Fund	\$ 3,536,963	\$ -
Global Equity Fund	3,396,521	-
Fixed Income Fund	3,939,644	-
Alternate Investments Fund	1,493,189	-
	12,366,317	-
Canaccord Genuity:		
Guaranteed investment certificates at amortized cost	9,959,740	12,240,806
	22,326,057	12,240,806
Current portion	(5,206,168)	(7,633,748)
Long term investments	\$ 17,119,889	\$ 4,607,058
	2023	2022
Unrealized gains, beginning of year	\$ -	\$ -
Change in unrealized gains	599,218	-
Unrealized gains, end of year	\$ 599,218	\$ -

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

4. Accounts receivable:

	2023	2022
Trade and other receivables	\$ 298,928	\$ 126,425
Commodity sales tax	145,315	123,272
	<u>\$ 444,243</u>	<u>\$ 249,697</u>

5. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Morven Campus:				
Land	\$ 4,244,532	\$ -	\$ 4,244,532	\$ 4,244,532
Buildings	49,773,508	12,511,823	37,261,685	38,245,897
Turf Field	1,145,814	646,518	499,296	597,469
Wentworth Campus:				
Land	4,404,621	-	4,404,621	4,404,621
Buildings	24,067,035	8,566,624	15,500,411	15,876,381
Turf Field	544,453	435,563	108,890	145,187
Furniture, fixtures and other	13,075,201	9,470,233	3,604,968	3,054,293
	<u>\$ 97,255,164</u>	<u>\$ 31,630,761</u>	<u>\$ 65,624,403</u>	<u>\$ 66,568,380</u>

Included in Morven Campus land and buildings are four strata units rented to school faculty. The purchases are financed by a bank term loan (note 9).

6. Prepaid lease:

On December 18, 2008, the Society entered into an agreement with the Capilano Rugby Club (the "Club") for the use of the Club's field and facilities until December 31, 2031 for consideration of \$200,000. The lease is amortized on a straight-line basis over the usage term. Prepaid lease amortization included in curriculum expenses for the year ended June 30, 2023 is \$9,262 (2022 - \$9,264).

7. Accrued salaries and wages:

Included in accrued salaries and benefits liabilities are government remittances of \$232,349 (2022 - \$299,684) related to workers compensation and employer health tax remittances.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

8. Post-retirement benefits:

Included in accrued salaries and benefits is the Society's post-retirement health benefit plan liability as follows:

	2023	2022
Retired employees	\$ 753,929	\$ 542,410
Eligible employees	406,301	263,075
	<u>\$ 1,160,230</u>	<u>\$ 805,485</u>

The significant assumptions adopted in measuring the post-retirement benefits include using a discount rate of 4.81% (2022 - 4.24%) and the estimated life expectancy from Statistics Canada for 65-year-olds in British Columbia.

9. Long-term debt:

	2023	2022
Term loan:		
Royal Bank term loan bearing interest of prime plus 0.30% repayable quarterly in equal installments over 20 years	\$ 3,900,000	\$ 5,600,000
Royal Bank term loan bearing interest of 2.64% repayable monthly in equal installments of \$4,809 due July 3, 2024	752,620	789,927
Royal Bank term loan bearing interest of 2.64% repayable monthly in equal installments of \$4,723 due June 27, 2024	739,137	775,774
Royal Bank term loan bearing interest of 2.42% repayable monthly in equal installments of \$3,998 due March 3, 2025	657,477	689,127
Royal Bank term loan bearing interest of 2.54% repayable monthly in equal installments of \$4,042 due June 6, 2024	634,494	666,437
	<u>6,683,728</u>	<u>8,521,265</u>
Less current portion of long-term debt	(1,941,116)	(1,837,545)
	<u>\$ 4,742,612</u>	<u>\$ 6,683,720</u>

The Society has entered into a Credit Agreement with the Royal Bank of Canada to finance the operations of the School. The facility permits total borrowing of \$16,950,000 (2022 - \$18,450,000). The facility includes a revolving loan of up to \$3,500,000; a revolving loan of up to \$5,000,000, a non-revolving 20-year term facility of \$8,050,000, and a Visa credit limit of \$400,000. This facility is secured by a general security agreement covering all property of the Society, a first charge of \$7,500,000 on the Morven Campus land and buildings, a first charge of \$15,000,000 on the Wentworth Campus land and buildings and a certificate of insurance over buildings and equipment with a loss payable to the Royal Bank.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

9. Long-term debt (continued):

The Society has financed construction of the Morven Campus under the non-revolving term facility consisting of Bankers' Acceptances bearing acceptance fees of 1.50% per annum. The non-revolving term facility is amortized over 20-years. As of June 30, 2023, \$3,900,000 (2022 - \$5,600,000) was remaining on this facility. The facility matures November 30, 2023 pursuant to an amended agreement entered into with Royal Bank of Canada.

The annual principal repayments on long-term debt required for the next 5-years and thereafter are as follows, assuming all loans are renewed on maturity at similar terms:

2024	\$ 1,941,116
2025	1,994,780
2026	398,540
2027	152,397
2028	156,355
Thereafter	2,040,540
	<hr/>
	\$ 6,683,728

10. Interest rate swap liability:

The Society has one outstanding interest rate swap contract currently totaling \$3,900,000. The balance of the swap amortizes in parallel with the expected debt amortization. The agreement swaps floating interest rates to a fixed rate of 2.86%, which includes Bankers' Acceptance fees of 1.50%, and expires on July 31, 2025. Quarterly, the Society uses excess cash to reduce the obligation and therefore the interest cost to the Society. The amount of excess cash available to apply varies from quarter to quarter.

The swap contract is recorded at fair value and included in accounts receivable of \$58,546 (2022 - \$47,147 in accrued liabilities) at June 30, 2023 on the Statement of Financial Position. This fair value adjustment has been reflected in the Statement of Operations as a \$105,693 gain in the current year (2022 - \$76,386 loss). The quarterly payments under the agreement are recorded as interest expense.

11. Government grants:

The Society receives an Independent School Act grant based on the number of eligible students. In order for students to be eligible, the following conditions must hold:

- (a) the student must be enrolled in an independent school for at least 600-hours between July 1 and May 15 in a school year;
- (b) the student must be five years or older; and
- (c) the student's parent or guardian must be a citizen of Canada or a landed immigrant and they must reside in British Columbia.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

11. Government grants (continued):

The School receives 35% of the amount the government funds the West Vancouver School Board receives for operating costs per eligible student. During 2023, there were 1,212 (2022 - 1,206) eligible students.

12. Invested in capital assets:

(a) Invested in capital assets is comprised of the following:

	2023	2022
Capital assets	\$ 65,624,403	\$ 66,568,380
Amounts financed by long-term debt	(6,683,728)	(8,521,265)
	<u>\$ 58,940,675</u>	<u>\$ 58,047,115</u>

(b) Change in net assets invested in capital assets is comprised of the following:

	2023	2022
Excess of revenue over expenses:		
Amortization of capital assets	\$ (2,451,170)	\$ (2,276,504)
Net change in invested in capital assets:		
Additions to capital assets	1,529,698	1,050,904
Disposal of capital assets	(22,505)	(19,028)
Repayment of long-term debt	1,837,537	1,784,080
	<u>3,344,730</u>	<u>2,815,956</u>
	<u>\$ 893,560</u>	<u>\$ 539,452</u>

13. Other revenue:

Other revenue consists of the following:

	2023	2022
Wentworth lunch program	\$ 543,128	\$ 468,293
Registration fees	1,702,903	229,338
Summer Institute	137,150	170,520
Event ticket sales	87,793	104,091
Equipment and gear	106,055	133,157
Cafeteria	35,687	33,289
Daycare	65,404	55,250
Rentals	129,060	100,400
Miscellaneous	89,807	24,732
	<u>\$ 2,896,987</u>	<u>\$ 1,319,070</u>

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

14. Commitments:

The Society has commitments under various operating leases for equipment. Future payments under such lease obligations are due as follows:

2024	\$	50,042
2025		50,042
2026		50,042
2027		50,042
2028		37,531

15. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements and obtaining appropriate financing as required. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The Society is not subject to any significant credit risks associated with its cash deposits and investments as they are placed with reputable financial institutions.

(c) Market price risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Society's income or the value of its holdings of financial instruments.

(i) Interest rate risk:

The Society is exposed to interest rate risk on its fixed rate and floating interest rate financial instruments. Fixed rate instruments subject the Society to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Society is exposed to this type of risk, as a result of fixed rate investments in guaranteed investment certificates and fixed income funds. The Society is also exposed to interest rate risks related to its long-term debt, which is subject to floating rates of interest, and has entered into an interest rate swap arrangement to manage the interest rate risk (notes 9 and 10).

(ii) Currency risk:

The Society is exposed to currency risks as a result of investments in global equity funds.

COLLINGWOOD SCHOOL SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2023

15. Financial risks (continued):

(c) Market price risk (continued):

(iii) Other price risks:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Society is exposed to equity price risk on its investments in its equity fund holdings. The objective of the Society's investment policy is to manage equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors. The performance of the Society's investments is monitored by measuring against a benchmark consisting of relative weightings of various stock indices.

The Society manages its investment portfolio to earn investment income and invests according to its Investment Policy as approved by the Board.

16. Collingwood School Scholarship Fund:

The Society has established the Collingwood School Scholarship Fund (the "Fund") with the Vancouver Foundation to provide scholarship awards and bursaries to students of Collingwood School. The assets in the fund of \$448,750 (2022 - \$424,164) are administered by and remain with the Vancouver Foundation in perpetuity. As such, the Scholarship Fund is not recorded in these financial statements. The interest and return of capital received on this Fund during the year of \$19,819 (2022 - \$16,940) has been included in fundraising revenue.

17. Collingwood School Foundation:

During the year, the Society received \$1,391,743 (2022 - \$463,106) from the general, restricted and endowment fund of the Foundation towards educational programs, school awards and financial assistance. The Society also received \$19,519 (2022 - \$19,500) in payment for services it provided for the Foundation. This amount has been included in other revenue. The Society in turn gifted the equivalent amount to the Foundation.

The net assets of the Foundation consist of a restricted fund of \$238,265 (2022 - \$227,878), endowment fund - principal of \$11,409,192 (2022 - \$11,363,592) and endowment fund - distributable of \$2,392,071 (2022 - \$1,507,560) as at June 30, 2023.

18. Remuneration disclosure under the *Societies Act* (British Columbia):

For the year ended June 30, 2023, the Society paid total remuneration of \$2,264,523 (2022 - \$2,164,724) to the top 10 (2022 - 10) employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

No remuneration was paid to any member of Board of Directors.