

Financial Statements of

**CAMOSUN COLLEGE**

Year ended March 31, 2016

# CAMOSUN COLLEGE

## Statement of Management Responsibility

The financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. The integrity and objectivity of these statements is management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. The significant accounting policies are summarized in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Camosun College Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Audit and Finance committees. The Audit Committee reviews the external audited financial statements yearly and the Finance Committee reviews internal financial reports on a quarterly basis. The external auditor has full access to the Audit Committee, with and without management present.

KPMG conducts an independent examination, in accordance with Canadian auditing standards, and expresses an opinion on the financial statements. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of the examination and their opinion on the financial statements.

On behalf of Camosun College



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Sherri Bell  
President



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Deborah Huelscher  
Chief Financial Officer

# INDEPENDENT AUDITORS' REPORT

*To the Board of Governors of Camosun College, and  
To the Minister of Advanced Education, Province of British Columbia*

We have audited the accompanying financial statements of Camosun College, which comprise the statement of financial position as at March 31, 2016, the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes, comprising 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 the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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 our 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, we consider 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.

## *Opinion*

In our opinion, the financial statements of Camosun College, as at March 31, 2016, are prepared in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

## *Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

## *Comparative Information*

The financial statements of Camosun College as at and for the year ended March 31, 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 19, 2015.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

	2016	2015
<b>Financial assets</b>		
Cash and cash equivalents (note 3)	\$ 28,558,283	\$ 37,126,453
Accounts receivable (note 4)		
Due from Government and other government organizations	1,679,564	1,870,118
Other	3,305,118	2,805,503
Inventories for resale (note 5)	1,190,563	1,245,063
	<u>34,733,528</u>	<u>43,047,137</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 6):		
Due to government and other government organizations	1,513,824	1,760,087
Other	17,268,745	18,762,577
Employee future benefits (note 7)	1,751,715	1,899,976
Deferred contributions (note 8)	4,702,894	7,274,853
Deferred revenue (note 9)	4,992,522	4,191,909
Deferred capital contributions (note 10)	76,830,521	73,353,210
Obligations under capital lease (note 11)	151,727	373,410
	<u>107,211,948</u>	<u>107,616,022</u>
Net debt	(72,478,420)	(64,568,885)
<b>Non-financial assets</b>		
Tangible capital assets (note 12)	90,953,210	81,640,245
Prepaid expenses	674,515	509,679
	<u>91,627,725</u>	<u>82,149,924</u>
Accumulated surplus	<u>\$ 19,149,305</u>	<u>\$ 17,581,039</u>

Contractual obligations (note 13)

Contingent liabilities (note 14)

See accompanying notes to financial statements.

On behalf of the Board:



Chair



Chief Financial Officer

# CAMOSUN COLLEGE

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2016, with comparative figures for 2015

	Budget (note 18)	2016	2015
Revenue:			
Provincial grants:			
Ministry of Advanced Education	\$ 49,306,928	\$ 55,702,992	\$ 52,974,647
Other	5,630,489	5,910,130	5,412,174
Federal grants	1,011,237	680,309	819,283
Other grants	138,375	157,167	211,569
Tuition	37,893,512	38,412,174	35,038,669
Fees (other)	1,031,000	912,083	875,998
Other revenue	1,275,905	1,082,451	1,001,547
Amortization of deferred capital contributions	5,626,065	5,062,797	4,551,422
Rentals and leases	133,806	110,265	102,200
Investment income	465,000	309,590	439,680
Sales of goods and services:			
To the Province of BC	663,398	909,161	800,809
To Crown Corporations or government organizations	1,310,000	2,296,785	1,914,309
To other entities	11,561,469	11,702,466	11,785,575
	116,047,184	123,248,370	115,927,882
Expenses (note 15):			
Instruction and support	107,290,030	113,281,161	106,370,836
Ancillary operations	7,253,569	7,113,959	7,025,319
Applied research	1,503,585	1,284,984	1,707,727
	116,047,184	121,680,104	115,103,882
Annual surplus	-	1,568,266	824,000
Accumulated surplus, beginning of year	17,581,039	17,581,039	16,757,039
Accumulated surplus, end of year	\$ 17,581,039	\$ 19,149,305	\$ 17,581,039

See accompanying notes to financial statements.

# CAMOSUN COLLEGE

## Statement of Changes in Net Debt

Year ended March 31, 2016, with comparative figures for 2015

	Budget (note 18)	2016	2015
Annual surplus	\$ -	\$ 1,568,266	\$ 824,000
Acquisition of tangible capital assets	(13,000,000)	(16,186,798)	(19,213,866)
Amortization of tangible capital assets	6,534,753	6,873,833	6,236,158
	(6,465,247)	(9,312,965)	(12,977,708)
Use of prepaid expenses	-	(164,836)	(55,966)
Increase in net debt	(6,465,247)	(7,909,535)	(12,209,674)
Net debt, beginning of year	(64,568,885)	(64,568,885)	(52,359,211)
Net debt, end of year	\$ (71,034,132)	\$ (72,478,420)	\$ (64,568,885)

See accompanying notes to financial statements.

# CAMOSUN COLLEGE

## Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,568,266	\$ 824,000
Items not involving cash:		
Amortization of tangible capital assets	6,873,833	6,236,158
Revenue recognized from deferred capital contributions	(5,062,797)	(4,551,422)
Change in employee future benefits	(148,261)	282,280
Change in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(309,061)	1,011,438
Increase in prepaid expenses	(164,836)	(55,966)
Decrease (increase) in inventories for resale	54,500	(410,658)
Increase (decrease) in accounts payable and accrued liabilities	(1,740,095)	2,839,494
Decrease in deferred revenue	(1,771,346)	(20,407)
Net change in cash from operating activities	(699,797)	6,154,917
Capital activities:		
Cash used to acquire tangible capital assets	(16,186,798)	(19,375,427)
Net change in cash from capital activities	(16,186,798)	(19,375,427)
Financing activities:		
Capital contributions received	8,540,108	15,862,762
Principal payments on capital lease obligations	(221,683)	(415,066)
Net change in cash from financing activities	8,318,425	15,447,696
Net change in cash	(8,568,170)	2,227,186
Cash and cash equivalents, beginning of year	37,126,453	34,899,267
Cash and cash equivalents, end of year	\$ 28,558,283	\$ 37,126,453

See accompanying notes to financial statements.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

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## 1. Nature of operations:

Camosun College (the "College") is a post-secondary educational institution funded by the Province of British Columbia (the "Province") and incorporated under the College and Institute Act of British Columbia. The British Columbia Ministry of Advanced Education (the "Ministry") provides the principal source of funding. The College is governed by a Board of Governors, the majority of which are appointed by the provincial government of British Columbia. The College is a registered charity and is therefore exempt from income taxes under section 149 of the *Income Tax Act*.

## 2. Significant accounting policies:

### (a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410 Government Transfers; and



# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

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## 2. Significant accounting policies:

### (a) Basis of accounting (continued):

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100 Restricted Assets and Revenues; and
- deferred contributions met the liability criteria in accordance with PS3200 Liabilities.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

### (b) Inventories for resale:

Inventories held for resale, comprised of bookstore inventory, is recorded at the lower of average cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

### (c) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Category	Period
Buildings	20 to 40 years
Furniture, fixtures, equipment	5 years
Computers, software	3 years

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Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

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## 2. Significant accounting policies (continued):

### (c) Tangible capital assets (continued):

On July 14, 1983 certain land was transferred to the College by order of the Lieutenant-Governor in Council. These assets have been recorded at a nominal value of \$1. Title to the assets is transferred subject to their continued use for educational purposes.

Works of art and historic assets are not recognized in these financial statements.

Leases which transfer substantially all of the benefit and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executory costs. The discount rate used to determine the present value of the lease payments is the lower of the College's rate for incremental borrowing or the interest rate implicit in the lease. The maximum recorded value of the leased assets cannot exceed the leased property's fair value when determining the discount rate to be used. See Note 12 for a schedule of repayments and amount of interest on the leases.

### (d) Employee future benefits:

(i) The College and its employees contribute to the College Pension Plan and the Municipal Pension Plan, which are multi-employer joint trustee plans. The plans are defined benefit plans providing a pension on retirement based on the member's age at retirement, length of service and earnings. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions of the College to the plans are expensed as incurred.

(ii) Sick leave benefits are also available to certain College employees. The costs of these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service life of the employees. Similarly, the cost and obligation of non-vesting sick leave benefits is actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

(iii) Certain College employees are entitled to the continuation of health and dental benefits while on disability leave. The accrued benefit obligation for currently disabled employees was estimated by an actuarial valuation for accounting purposes at March 31, 2016.

(iv) The costs of insured benefits reflected in these statements are the employer's portion of the insurance premiums owed for coverage of employees during the period.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

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## 2. Significant accounting policies (continued):

### (e) Prepaid expenses:

Prepaid expenses include lease and contract payments that will be charged to expense over the periods the College is expected to benefit from them.

### (f) Revenue recognition:

Tuition and student fees and sales of inventory are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured. Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

Fee for services revenues and expenditures are recognized as activities are performed, using the percentage of completion method. Provision for all anticipated losses is made in the period in which they become evident.

Unrestricted contributions, donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors. Under Restricted Contributions Regulation 198/2011, government transfers are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

### (g) Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2016

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### 2. Significant accounting policies (continued):

#### (h) Financial instruments:

Financial assets and financial liabilities are measured at cost or amortized cost, less any permanent impairment in value. The College does not hold any derivatives or equity investments that require fair value reporting and has not elected to record any other financial instruments at fair value.

A statement of remeasurement gains and losses is not presented as the College did not have remeasurement transactions to report.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

#### (i) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of change in value. These short term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short term cash commitments rather than investing.

#### (j) Measurement uncertainty:

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Key areas where management has made estimates and assumptions include those related to the determination of the useful lives of capital assets, amortization of related deferred capital contributions, determination of employee future benefits, and provisions for accounts receivable and contingencies. Where actual results differ from these estimates and assumptions, the impact is recorded in future periods when the differences become known.

### 3. Cash and cash equivalents:

Cash and cash equivalents includes cash and cash equivalents on deposit and amounts held under the Province of BC Central Deposit Program which pays interest at prime minus 1.5% and are refundable on 3 days notice.

# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2016

### 4. Accounts receivable:

(a) Due from government and other government organizations:

	2016	2015
Federal government	\$ 926,520	\$ 1,478,902
Provincial government	225,510	357,149
Other government organizations	527,534	434,067
Allowance for doubtful accounts	-	(400,000)
	<u>\$ 1,679,564</u>	<u>\$ 1,870,118</u>

(b) Due from other:

	2016	2015
Revenues receivable	\$ 3,829,881	\$ 3,227,917
Accrued interest	11,930	31,780
Allowance for doubtful accounts	(536,693)	(454,194)
	<u>\$ 3,305,118</u>	<u>\$ 2,805,503</u>

### 5. Inventories for resale:

Inventory is comprised of bookstore inventory for resale. During the year ended March 31, 2016 the College recognized \$3,271,255 (2015 - \$3,302,240) of expenses related to inventories in the statement of operations. This includes an amount of \$59,768 (2015 - \$19,278) resulting from the write-down of inventories.

### 6. Accounts payable and accrued liabilities:

(a) Due to government and other government organizations:

	2016	2015
Federal government	\$ 611,007	\$ 990,448
Provincial government	388,135	63,055
Other government organizations	514,682	706,584
	<u>\$ 1,513,824</u>	<u>\$ 1,760,087</u>

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

## 6. Accounts payable and accrued liabilities (continued):

(b) Due to other:

	2016	2015
Trade payables and accrued liabilities	\$ 12,842,779	\$ 14,314,667
Accrued vacation pay and earned time off	3,901,818	3,818,128
Professional development	524,148	629,782
	<u>\$ 17,268,745</u>	<u>\$ 18,762,577</u>

## 7. Employee future benefits:

(a) Employee future benefits:

	2016	2015
Sick leave	\$ 1,455,429	\$ 1,429,189
Long-term disability health & dental benefits	296,286	470,787
Accrued benefit liability, end of year	<u>\$ 1,751,715</u>	<u>\$ 1,899,976</u>

(i) Certain employees of the College are entitled to sick leave benefits in accordance with the terms and conditions of their employment contracts. These include post-retirement benefits, benefits that are expected to be provided after employment but prior to retirement and which vest or accumulate during service; and compensated absence benefits, benefits paid during employment, including sick pay benefits that accumulate and are payable upon a future illness or injury-related absence. The benefit expense associated with the covered benefits attributed to the accounting period is included in the College's statement of operations and the accrued benefit liability for the benefits attributed to employee service to the accounting date are included in the College's statement of financial position. The accrued benefit obligation and the net periodic benefit costs were estimated by an actuarial valuation completed in March 2016.

	2016	2015
Accrued benefit obligation:		
Balance, beginning of the year	\$ 1,429,189	\$ 1,207,000
Current benefit cost	329,400	557,250
Benefits paid	(303,160)	(335,061)
Accrued benefit liability, end of year	<u>1,455,429</u>	<u>1,429,189</u>
Unamortized actuarial losses	241,600	402,750
Accrued benefit obligation, end of year	<u>\$ 1,697,029</u>	<u>\$ 1,831,939</u>

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

## 7. Employee future benefits (continued):

The components of the net benefit expense for this item are as follows:

	2016	2015
Projected service cost	\$ 110,100	\$ 107,600
Interest expense	58,200	46,900
Recognition of net actuarial losses	161,100	402,750
	<u>\$ 329,400</u>	<u>\$ 557,250</u>

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligations are as follows:

	2016	2015
Discount rates	3.00%	3.90%
Expected future inflation rates	2.00%	2.00%
Expected wage and salary increases	2.75%	2.75%

- (ii) Certain employees of the College are entitled to the continuation of extended health, dental and Medical Services Plan (MSP) benefits in accordance with the terms and conditions of their employment contracts. Coverage is extended to disabled employees, their spouses and dependent children while on disability. Faculty and Exempt employees receive these benefits from their date of disability to the earlier of recovery from disability and return to work or age 65. Support staff receive these benefits from their date of disability to the earlier of recovery from disability and return to work or two years. The accrued benefit obligation for currently disabled employees was estimated by an actuarial valuation for accounting purposes as at March 31, 2016.

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligations are as follows:

	2016	2015
Discount rates	3.35%	3.35%
Medical trend	7.50%	7.75%
Dental trend	5.79%	5.89%
MSP trend	4.50%	4.50%

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

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## 7. Employee future benefits (continued):

### (b) Pension plans:

The college and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The board of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2015, the College Pension Plan has about 14,000 active members from college senior administration and instructional staff and approximately 6,500 retired members. As at December 31, 2014, the Municipal Pension Plan has about 185,000 active members, with approximately 5,800 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2012 indicated a \$105 million funding deficit for basic pension benefits. The next valuation will be August 31, 2015, with results available in 2016. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be December 31, 2015, with results available in 2016.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for the plans in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The College paid \$4,518,173 (2015 – \$4,397,823) for employer contributions for the College Pension Plan and \$1,685,655 (2015 - \$1,597,353) for the Municipal Pension Plan in fiscal 2016.

## 8. Deferred contributions:

Deferred contributions are comprised of funds restricted by the following sources:

	April 1, 2015	Receipts during year	Transferred to revenue	March 31, 2016
Provincial	\$ 7,139,764	\$ 11,282,349	\$ (13,856,878)	\$ 4,565,235
Federal	135,089	615,800	(613,230)	137,659
	<u>\$ 7,274,853</u>	<u>\$ 11,898,149</u>	<u>\$ (14,470,108)</u>	<u>\$ 4,702,894</u>



# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2016

### 9. Deferred revenue:

Deferred revenue includes tuition and contract fees received in advance of the related activity performed:

	2016	2015
Tuition fees	\$ 4,441,546	\$ 3,445,471
Contract fees	550,976	746,438
	<u>\$ 4,992,522</u>	<u>\$ 4,191,909</u>

### 10. Deferred capital contributions:

Continuity of deferred capital contributions is as follows:

March 31, 2016	Deferred	Unamortized	Total
Opening balance	\$ 8,716,025	\$ 64,637,185	\$ 73,353,210
Restricted contributions received	12,188,371	-	12,188,371
Contributions spent	(17,158,790)	17,158,790	-
Disposals / write downs	-	(28,006)	(28,006)
Amounts amortized to revenue	-	(5,062,797)	(5,062,797)
Amounts recognized as revenue	-	(3,620,257)	(3,620,257)
	<u>\$ 3,745,606</u>	<u>\$ 73,084,915</u>	<u>\$ 76,830,521</u>

March 31, 2015	Deferred	Unamortized	Total
Opening balance	\$ 10,517,587	\$ 52,454,441	\$ 62,972,028
Restricted contributions received	17,053,509	-	17,053,509
Contributions spent	(18,855,071)	18,855,071	-
Disposals / write downs	-	(930,158)	(930,158)
Amounts amortized to revenue	-	(4,551,422)	(5,742,169)
Amounts recognized as revenue	-	(1,190,747)	(1,190,747)
	<u>\$ 8,716,025</u>	<u>\$ 64,637,185</u>	<u>\$ 73,353,210</u>

The March 31, 2015 comparative figures include a reclassification of \$2,751,652 from unamortized contributions spent to deferred contributions spent related to internally funded equipment purchases.

# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2016

### 11. Obligations under capital lease:

The College has entered into capital leases expiring March 31, 2017 for computer equipment requiring future minimum lease payments as follows, calculated using a discount rate of 3.70%:

	2016	2015
2016	\$ -	\$ 235,859
2017	155,290	155,290
Minimum lease payments	155,290	391,149
Less amount representing interest	(3,563)	(17,739)
<b>Present value of net minimum capital lease payments</b>	<b>\$ 151,727</b>	<b>\$ 373,410</b>

Interest of \$14,176 (2015 - \$29,519) relating to the capital lease obligation has been expensed.

### 12. Tangible capital assets:

Cost	March 31, 2015	Additions	Transfers/ Disposals	March 31, 2016
Land	\$ 14,484,612	\$ -	\$ -	\$ 14,484,612
Buildings	93,681,381	-	30,773,316	124,454,697
Assets under construction	20,900,307	10,469,949	(30,773,316)	596,940
Furniture, fixtures and equipment	13,942,322	4,285,182	(2,035,670)	16,191,834
Computers and software	3,306,266	1,431,667	(688,229)	4,049,704
Equipment under capital lease	927,222	-	-	927,222
	<b>\$ 147,242,110</b>	<b>\$ 16,186,798</b>	<b>\$ (2,723,899)</b>	<b>\$ 160,705,009</b>

Accumulated amortization	March 31, 2015	Disposals	Amortization Expense	March 31, 2016
Land	\$ -	\$ -	\$ -	\$ -
Buildings	54,654,502	-	3,147,622	57,802,124
Assets under construction	-	-	-	-
Furniture, fixtures and equipment	8,693,706	(2,035,670)	1,938,874	8,596,910
Computers and software	1,765,241	(688,229)	1,439,337	2,516,349
Equipment under capital lease	488,416	-	348,000	836,416
	<b>\$ 65,601,865</b>	<b>\$ (2,723,899)</b>	<b>\$ 6,873,833</b>	<b>\$ 69,751,799</b>

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

## 12. Tangible capital assets (continued):

	Net book value March 31, 2015	Net book value March 31, 2016
Land	\$ 14,484,612	\$ 14,484,612
Buildings	39,026,879	66,652,573
Assets under construction	20,900,307	596,940
Furniture, fixtures and equipment	5,248,616	7,594,924
Computers and software	1,541,025	1,533,355
Equipment under capital lease	438,806	90,806
	<u>\$ 81,640,245</u>	<u>\$ 90,953,210</u>

### (a) Assets under construction:

During the year the College completed the Centre for Trades Education and Innovation building project at the Interurban Campus. Project costs during the year of \$9,873,009 were included in the total amount of \$30,773,316 transferred to completed projects. The remaining balance of assets under construction include upgrade and expansion of the Jack White and John Drysdale buildings and the Technology Access Centre (TAC), including acquisition and installation of equipment. The project will be completed by February 2017 and amortization of these assets will commence when they are put into service.

### (b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$619,766 (2015 - \$nil).

## 13. Contractual obligations:

### Operating leases:

The College is committed to minimum annual lease payments under various operating leases. The future minimum annual payments over the next five years are as follows:

	Facilities
2017	\$ 596,000
2018	597,000
2019	598,084
2020	598,084
2021	598,084
	<u>\$ 2,987,252</u>

# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2016

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### 14. Contingent liabilities:

The College may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. At March 31, 2016, there are claims outstanding and management has determined the outcome to be undeterminable and thus no accrual has been recorded. It is considered that the potential claims would not materially affect the College's financial statements and any amounts ultimately settled will be recorded in the period in which the claim is resolved.

### 15. Expenses by object:

The following is a summary of expenses by object:

	2016	2015
Salaries and benefits	\$ 91,204,459	\$ 87,141,675
Supplies and services	14,783,714	14,877,363
Costs of goods sold	3,532,605	3,465,202
Interest	14,176	31,162
Amortization	6,873,833	6,236,158
Minor repairs and maintenance	5,271,317	3,352,322
	<u>\$121,680,104</u>	<u>\$115,103,882</u>

### 16. Related party transactions:

(a) Other agency operations:

The College is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts receivable at year end is \$225,510 (2015 - \$357,149) from the provincial government. During the year the College received grants in the amount of \$66,446,053 (2015 - \$73,603,426) from the provincial government and included \$65,794,932 (2015 - \$62,552,242) in revenue. \$9,750,008 (2015 - \$16,370,636) of the \$12,188,371 (2015 - \$17,053,509) of restricted capital contributions received during the year was from the provincial government.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

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## 16. Related party transactions (continued):

### (b) Camosun College Foundation:

The College has an economic interest in the Camosun College Foundation (the "Foundation"). The net assets and results of operations of the Foundation have not been included in these financial statements. The Foundation is a separate society formed to provide scholarships and bursaries for students of the College and to raise funds for furthering the interest of the College. The College provides some financial support to the Foundation. During the year financial support of \$454,299 (2015 - \$753,158) was provided to the Foundation.

For the year ended March 31, 2016, gift in kind donations from the Foundation to the College were \$80,984 of which \$77,735 was recorded as capital assets (2015 - \$11,216 of which \$nil was recorded as capital assets). Included in the College's accounts receivable at March 31, 2016 is \$856,491 (2015 - \$59,324) due from the Foundation. Included in the College's accounts payable at March 31, 2016 is \$63,748 (2015 - \$nil) due to the Foundation.

### (c) Pacific Institute for Sport Excellence Society:

The College has an economic interest in the Pacific Institute for Sport Excellence Society ("PISE"). The net assets and results of operations of PISE have not been included in these financial statements. PISE is a separate society formed to bring sport education and athlete development under one roof, incorporating health and wellness programs, high performance sport services, applied sport research and innovation and community programs. PISE has three founding members – Camosun College, Canadian Sport Institute and PacificSport Victoria – and is a not for profit organization under the Income Tax Act.

PISE's facilities, located at the Interurban campus, were completed in September 2008 at which time the College signed a long term lease and license agreement with PISE under which PISE will operate the facility for a 25 year term with a 29 year extension option at an annual rent of \$1 per year. At the same time, PISE has signed a long term sub lease with the College under similar terms under which the College will operate its sport education programs, recreation and athletics programs and teams and applied research activities at an annual cost of \$595,000.

At the date of occupancy, the related \$28 million cost of the capital assets under construction and associated deferred capital grants were removed from the College's financial statements. The College provides custodial, grounds, maintenance and other specialist facility services to PISE on a cost recovery basis under a service agreement. Fees and expenses for these services amounted to \$307,985 (2015 - \$303,210) during the year. Included in the College's accounts receivable at March 31, 2016 is \$5,161 (2015 - \$7,364) due from PISE.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2016

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## 17. Financial risk management:

It is management's opinion that the College is not exposed to significant interest, currency, liquidity or credit risks arising from its financial instruments. The carrying value of cash and cash equivalents, accounts receivable and accounts payables and accrued liabilities approximate fair value because of the short maturity of these instruments.

The insurance on College property is the responsibility of the Province, which paid \$100,067 (2015 - \$103,413) for premiums and fees on behalf of the College for the coverage. The premiums paid are not recorded in the financial transactions of the College or in these financial statements. All claims for loss are submitted to the Province for consideration for replacement. The College has no direct insurance coverage against loss of any of its capital assets.

## 18. Budget data:

Budget figures have been provided for comparative purposes and have been derived from the Multi Year Budget approved by the Board of Governors of the College on April 4, 2015. The budget is reflected in the statement of operations and the statement of changes in net financial assets (net debt). The chart below reconciles the approved budget to the budget figures reported in these financial statements. Budget figures have not been audited, and are presented only for information purposes.

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Revenues:	
Operating budget	\$109,883,119
Capital budget	6,164,065
Total revenues	116,047,184
Expenses:	
Operating budget	106,992,431
Capital budget	9,054,753
Total expenses:	116,047,184
Annual surplus	\$ -

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## 19. Comparative figures:

Certain comparative figures have been restated to conform to current year's presentation.