

Financial Statements of

# CAMOSUN COLLEGE

Year ended March 31, 2017



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## 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, 2017, 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*

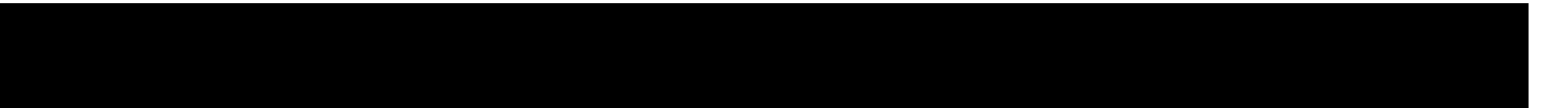
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines 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





# CAMOSUN COLLEGE

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2017, with comparative figures for 2016

	Budget	2017	2016
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(note 16)

Revenue:

Provincial grants:

Ministry of Advanced Educatio

# CAMOSUN COLLEGE

## Statement of Changes in Net Debt

Year ended March 31, 2017, with comparative information for 2016

	Budget (note 16)	2017	2016
Annual surplus	\$ -	\$ 210,607	\$ 1,568,266

# CAMOSUN COLLEGE

## Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 210,607	\$ 1,568,266
Items not involving cash:		
Amortization of tangible capital assets	7,582,462	6,873,833
Revenue recognized from deferred capital contributions	(5,535,678)	(5,062,797)
Change in employee future benefits	383,553	(148,261)
Change in non-cash operating working capital:		
Increase in accounts receivable	(8,808,166)	(309,061)
Increase in prepaid expenses	(38,848)	(164,836)
Decrease (increase) in inventories for resale	(19,980)	54,500
Decrease in accounts payable and accrued liabilities	(2,332,227)	(1,740,095)
Increase (decrease) in deferred revenue	404,909	(1,771,346)
Net change in cash from operating activities	(8,153,368)	(699,797)
Capital activities:		
Cash used to acquire tangible capital assets	(7,381,494)	(16,186,798)
Net change in cash from capital activities	(7,381,494)	(16,186,798)
Financing activities:		
Capital contributions received	13,753,169	8,540,108
Principal payments on capital lease obligations	(151,727)	(221,683)
Net change in cash from financing activities	13,601,442	8,318,425
Net change in cash	(1,933,420)	(8,568,170)
Cash and cash equivalents, beginning of year	28,558,283	37,126,453
Cash and cash equivalents, end of year	\$ 26,624,863	\$ 28,558,283

See accompanying notes to financial statements.



# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2017

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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

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## Notes to Financial Statements

Year ended March 31, 2017

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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.

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.

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Notes to Financial Statements

Year ended March 31, 2017

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2. Significant accounting policies (continued):

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Notes to Financial Statements

Year ended March 31, 2017

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2. Significant accounting policies (continued):

(f) Revenue recognition:

Tuition and student fees and sale

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## Notes to Financial Statements

Year ended March 31, 2017

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

#### (h) Financial instruments (continued):

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 redeemable on 3 days notice.

### 4. Accounts receivable:

#### (a) Due from government and other government organizations:

	2017	2016
Federal government	\$ 897,633	\$ 926,520
Provincial government	715,509	225,510
Other government organizations	1,191,811	527,534
	<u>\$ 2,804,953</u>	<u>\$ 1,679,564</u>

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## Notes to Financial Statements

Year ended March 31, 2017

4. Accounts receivable:

(b) Due from other:

	2017	2016
Revenues receivable	\$ 11,471,802	\$ 3,829,881
Accrued interest	13,550	11,930
Allowance for doubtful accounts	(497,457)	(536,693)
	<u>\$ 10,987,895</u>	<u>\$ 3,305,118</u>

5. Inventories for resale:

Inventory is comprised of bookstore inventory for resale. During the year ended March 31, 2017 the College recognized \$3,443,636 (2016 - \$3,271,255) of expenses related to inventories in the statement of operations. This includes an amount of \$28,104 (2016 - \$89,451) resulting from the write-down of inventories.

6. Accounts payable and accrued liabilities:

(a) Due to government and other government organizations:

	2017	2016
Federal government	\$ 717,606	\$ 611,007
Provincial government	377,045	388,135
Other government organizations	542,042	514,682
	<u>\$ 1,636,693</u>	<u>\$ 1,513,824</u>

(b) Due to other:

	2017	2016
Trade payables and accrued liabilities	\$ 10,221,841	\$ 12,842,779

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Notes to Financial Statements

Year ended March 31, 2017

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7. Employee future benefits:

(a) Employee future benefits:

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	2017	2016
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## Notes to Financial Statements

Year ended March 31, 2017

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7. Employee future benefits (continued):

(a) Employee future benefits (continued):

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

	2017	2016
Projected service cost	\$ 113,100	\$ 110,100
Interest expense	56,600	58,200
Recognition of net actuarial losses	80,600	161,100
	<u>\$ 250,300</u>	<u>\$ 329,400</u>

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

	2017	2016
Discount rates	3.00%	3.00%
Expected future inflation rates	2.00%	2.00%
Expected wage and salary increases	2.75%	2.75%

(ii)



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## Notes to Financial Statements

Year ended March 31, 2017

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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 trusted 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, 2016, the College Pension Plan has about 14,000 active members from college senior administration and instructional staff and approximately 7,000 retired members. As at December 31, 2015, the Municipal Pension Plan has about 189,000 active members, with approximately 5,800 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2015 indicated a \$67 million surplus for basic pension benefits. The next valuation will be August 31, 2018, with results available in 2019. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits. The next valuation

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## Notes to Financial Statements

Year ended March 31, 2017

### 9. Deferred revenue:

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

	2017	2016
Tuition fees	\$ 4,788,806	\$ 4,441,546
Contract fees	336,965	550,976
	<u>\$ 5,125,771</u>	<u>\$ 4,992,522</u>

### 10. Deferred capital contributions:

Continuity of deferred capital contributions is as follows:

March 31, 2017	Deferred	Unamortized	Total
Opening balance	\$ 3,745,606	\$ 73,084,915	\$ 76,830,521
Restricted contributions received	17,043,759	-	17,043,759
Contributions spent	(7,849,560)	7,849,560	-
Amounts amortized to revenue	-	(5,535,678)	(5,535,678)
Amounts recognized as revenue	-	(3,290,590)	(3,290,590)
	<u>\$ 12,939,805</u>	<u>\$ 72,108,207</u>	<u>\$ 85,048,012</u>

March 31, 2016	Deferred	Unamortized	Total
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## Notes to Financial Statements

Year ended March 31, 2017

### 11. Tangible capital assets:

Cost	March 31, 2016	Additions	Transfers/ Disposals	March 31, 2017
Land	\$ 14,484,612	\$ -	\$ -	\$ 14,484,612
Buildings	124,454,697	216,106	-	124,670,803
Assets under construction	596,940	4,125,736	-	4,722,676
Furniture, fixtures and equipment	16,191,834	1,553,923	(1,709,648)	16,036,109
Computers and software	4,049,704	1,485,729	(239,989)	5,295,444
Equipment under capital lease	927,222	-	-	927,222
	\$ 160,705,009	\$ 7,381,494	\$ (1,949,637)	\$ 166,136,866

Accumulated amortization	March 31, 2016	Disposals	Amortization Expense	March 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Buildings	57,802,124	-	3,660,753	61,462,877
Assets under construction	-	-	-	-
Furniture, fixtures and equipment	8,596,910	(1,709,648)	2,281,373	9,168,635
Computers and software	2,516,349	(239,989)	1,549,530	3,825,890
Equipment under capital lease	836,416	-	90,806	927,222
	\$ 69,751,799	\$ (1,949,637)	\$ 7,582,462	\$ 75,384,624

Net book value

Net book value

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## Notes to Financial Statements

Year ended March 31, 2017

### 12. 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. It is management's opinion that the aggregate amount of any potential liability is not expected to have a material adverse effect on the College's financial position or results.

### 13. Expenses by object:

The following is a summary of expenses by object:

	2017	2016
Salaries and benefits	\$ 95,629,745	\$ 91,204,459
Supplies and services	14,934,082	14,783,714
Costs of goods sold	3,655,328	3,532,605
Interest	3,563	14,176
Amortization	7,582,462	6,873,833
Minor repairs and maintenance	4,688,765	5,271,317
	<u>\$ 126,493,945</u>	<u>\$ 121,680,104</u>

### 14. 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 \$715,509 (2016 - \$225,510) from the provincial government. During the year the College received grants in the amount of \$61,261,872 (2016 - \$66,446,053) from the provincial government and included \$51,342,724 (2016 - \$65,794,932) in revenue. \$13,500,559 (2016 - \$9,750,008) of the \$17,043,759 (2016 - \$12,188,371) of restricted capital contributions received during the year was from the provincial government.

#### (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

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## Notes to Financial Statements

Year ended March 31, 2017

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### 14. Related party transactions (continued):

#### (b) Camosun College Foundation (continued):

For the year ended March 31, 2017, gift in kind donations from the Foundation to the College were \$172,909 of which \$135,500 was recorded as capital assets (2016 - \$80,984 of which \$77,735 was recorded as capital assets). Included in the College's accounts receivable at March 31, 2017 is \$822,855 (2016 - \$856,491) due from the Foundation. Included in the College's accounts payable at March 31, 2017 is \$4,232 (2016 - \$63,748) 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

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Notes to Financial Statements

Year ended March 31, 2017

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## 16. 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, 2016. 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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