

Audited Financial Statements of

CAMOSUN COLLEGE

Year ended March 31, 2014

CAMOSUN COLLEGE

Audited Financial Statements

Year ended March 31, 2014

	<u>Page</u>
Auditors' Report	3
Statements	
1 Statement of Financial Position	5
2 Statement of Operations and Changes in Accumulated Surplus	6
3 Statement of Net Financial Assets (Net Debt)	7
4 Statement of Cash Flows	8
Notes to Financial Statements	9



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Camosun College (“the entity”), which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in accumulated surplus, changes in net debt and cash flows for the year ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements of Camosun College for the year ended March 31, 2014 are prepared, in all material respects, in accordance with the accounting requirements of

section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of Matter

Without modifying my opinion, I draw attention to Note 2a to the financial statements, which describes the basis of accounting used in the preparation of these financial statements. Note 3 of the financial statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards.



Russ Jones, MBA, CA
Auditor General

Victoria, British Columbia
June 9, 2014

CAMOSUN COLLEGE

Statement of Financial Position

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Financial Assets:		
Cash and cash equivalents (note 4)	\$ 34,899,267	\$ 27,968,124
Accounts receivable (note 5)		
Due from Government and other government organizations	2,650,847	2,699,623
Other	3,036,212	3,323,595
Inventories for resale (note 6)	834,405	768,749
	<hr/> 41,420,731	<hr/> 34,760,091
Liabilities:		
Accounts payable and accrued liabilities (note 7)		
Due to government and other government organizations	1,696,391	2,702,103
Other	15,986,779	15,008,275
Employee future benefits (note 8)	1,617,696	1,758,659
Deferred contributions (note 9)	6,961,188	5,087,128
Deferred revenue (note 10)	4,525,981	5,076,915
Deferred capital contributions (note 11)	62,972,028	57,954,602
Obligations under capital lease (note 12)	19,879	149,447
	<hr/> 93,779,942	<hr/> 87,737,129
Net financial assets (net debt)	(52,359,211)	(52,977,038)
Non-financial assets		
Tangible capital assets (note 13)	68,662,537	69,368,684
Prepaid expenses	453,712	397,706
	<hr/> 69,116,249	<hr/> 69,766,390
Accumulated surplus	<hr/> \$ 16,757,039	<hr/> \$ 16,789,352

Contractual obligations (note 14)

Contingent liabilities (note 15)

See accompanying notes to financial statements.

On behalf of the Board:


Chair


Vice President Administration and
Chief Financial Officer

CAMOSUN COLLEGE

Statement of Operations and Changes in Accumulated Surplus

Year ended March 31, 2014, with comparative figures for 2013

	Budget (note 19)	2014	2013
Revenue:			
Provincial grants			
Ministry of Advanced Education	\$ 58,706,014	\$ 59,077,596	\$ 57,593,269
Other	5,040,460	5,068,814	5,024,191
Federal grants	1,554,875	1,551,212	1,596,656
Other grants	110,982	238,186	380,288
Tuition	28,345,659	30,273,434	26,972,339
Fees (other)	742,000	797,177	682,803
Other revenue	955,507	1,004,971	819,733
Rentals and leases	121,602	117,855	96,709
Investment income	310,000	351,558	320,244
Sales of goods and services			
To the Province of BC	1,470,834	2,020,304	1,076,546
To Crown Corporations or government organizations	721,224	1,409,057	878,835
To other entities	10,762,702	11,585,251	12,524,847
	108,841,859	113,495,415	107,966,460
Expenses (note 16):			
Instruction & Support	99,629,840	105,074,037	98,987,608
Ancillary Operations	7,340,658	6,975,450	7,072,524
Applied Research	1,871,361	1,478,241	1,408,430
	108,841,859	113,527,728	107,468,562
Annual surplus (deficit)	-	(32,313)	497,898
Accumulated surplus, beginning of year		16,789,352	16,291,453
Accumulated surplus, end of year	\$ -	\$ 16,757,039	\$ 16,789,352

See accompanying notes to financial statements.

CAMOSUN COLLEGE

Statement of Changes in Net Financial Assets (Net Debt)

Year ended March 31, 2014, with comparative figures for 2013

	Budget (note 19)	2014	2013
Annual surplus (deficit)	\$ -	\$ (32,313)	\$ 497,898
(Acquisition) disposal of tangible capital assets	(1,762,181)	(4,829,893)	(9,032,270)
Amortization of tangible capital assets	6,621,800	5,536,039	6,632,398
	4,859,619	706,146	(2,399,872)
Use of prepaid expense	-	(56,006)	28,393
		(56,006)	28,393
(Increase) decrease in net financial assets (net debt)	4,859,619	617,827	(1,873,581)
Net financial assets (net debt) beginning of year	(52,977,038)	(52,977,038)	(51,103,457)
Net financial assets (net debt), end of year	\$(48,117,419)	\$ (52,359,211)	\$(52,977,038)

See accompanying notes to financial statements.

CAMOSUN COLLEGE

Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (32,313)	\$ 497,898
Items not involving cash:		
Amortization of tangible capital assets	5,536,039	6,632,399
Revenue recognized from deferred capital contributions	(4,059,315)	(4,745,357)
Change in employee future benefits	(140,963)	(279,712)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	336,160	(1,401,551)
Decrease (increase) in prepaid expenses	(56,006)	28,393
Decrease (increase) in other assets held for sale	(65,655)	(42,515)
Increase (decrease) in accounts payable and accrued liabilities	(27,208)	5,249,018
Increase in deferred revenue	1,323,126	960,644
Net change in cash from operating activities	2,813,865	6,899,217
Capital activities:		
Cash used to acquire tangible capital assets	(4,829,893)	(8,081,865)
Net change in cash from capital activities	(4,829,893)	(8,081,865)
Financing activities:		
Capital contributions received	9,076,739	8,343,457
Principal payments on capital lease obligations	(129,568)	(204,693)
Net change in cash from financing activities	8,947,171	8,138,764
Net change in cash	6,931,143	6,956,116
Cash, beginning of year	27,968,124	21,012,008
Cash, end of year	\$ 34,899,267	\$ 27,968,124

Cash is comprised of cash and cash equivalents.

See accompanying notes to financial statements.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

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:

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act (BTAA) of the Province of British Columbia. The BTAA requires that the financial statements be prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) except as modified by the Restricted Contributions Regulation (BC Regulation 198/2011) as set out in Note 3.

(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

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

2. Significant accounting policies (continued):

(c) Tangible capital assets (continued):

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.

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 executor 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:

1. 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.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

2. Significant accounting policies (continued):

(d) Employee future benefits (continued):

2. 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.
3. 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.
4. 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, 2014.
5. 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.

(e) Asset retirement obligations:

The College recognizes asset retirement obligations in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset from the acquisition, construction, development, and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. At this time the College has determined that there are no significant asset retirement obligations.

(f) 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.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

2. Significant accounting policies (continued):

(g) 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 is 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.

See note 3 for the impact of this regulation on these financial statements.

(h) 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, 2014

2. Significant accounting policies (continued):

(i) Financial instruments:

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

(j) 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.

(k) 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 contingencies. Where actual results differ from these estimates and assumptions, the impact is recorded in future periods when the differences become known.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

3. Impact of Accounting for Government Transfers in Accordance with Section 23.1 of the Budget Transparency and Accountability Act:

As noted in the significant accounting policies, Section 23.1 of the Budget Transparency and Accountability Act and its related regulations require the College to recognize all government transfers provided to purchase capital assets into revenue on the same basis as the related amortization expense. In addition, all government transfers related to restricted contributions for purposes other than purchasing capital assets are to be deferred by the College and included in revenue in the period when the transfer restriction has been met.

Canadian public sector accounting standards would require these grants to be fully recognized into revenue when received by the College unless they contain a stipulation that meets the definition of a liability.

The impact of this difference on the financial statements of the College is as follows:

(a) Year-ended March 31, 2014 – increase in annual surplus by \$6,753,877 (March 31, 2013 – increase by \$4,154,302)

(b) March 31, 2014 – increase in accumulated surplus by \$67,723,925 and decrease in deferred operating contributions by \$5,725,501 and deferred capital contributions by \$61,998,424 (March 31, 2013 – increase in accumulated surplus by \$60,970,048 and decrease in deferred operating contributions by \$3,989,050 and deferred capital contributions by \$56,980,998)

4. Cash and cash equivalents:

	2014	2013
Cash and guaranteed investment certificates	\$ 34,899,267	\$ 27,968,124
	<u>\$ 34,899,267</u>	<u>\$ 27,968,124</u>

A redeemable \$9,000,000 GIC earning 1.55% with a maturity date of December 10, 2014 is included in the 2014 balance.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

5. Accounts receivable:

a) Due from government and other government organizations:

	2014	2013
Federal government	\$ 1,778,652	\$ 2,144,628
Provincial government	362,693	470,617
Other government organizations	509,502	84,378
	<u>\$ 2,650,847</u>	<u>\$ 2,699,623</u>

b) Due from other:

	2014	2013
Revenues receivable	\$ 3,398,773	\$ 3,641,093
Accrued interest	42,805	73,479
Less provision for doubtful accounts	(405,366)	(390,977)
	<u>\$ 3,036,212</u>	<u>\$ 3,323,595</u>

6. Inventories for resale:

	2014	2013
Inventories for resale	\$ 834,405	\$ 768,749
	<u>\$ 834,405</u>	<u>\$ 768,749</u>

Inventory is comprised of bookstore inventory for resale. During the year ended March 31, 2014 the College recognized \$3,415,528 (2013 - \$3,521,211) of expenses related to inventories in the statement of operations. This includes an amount of \$18,072 (2013 - \$17,392) resulting from the write-down of inventories.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

7. Accounts payable:

a) Due to government and other government organizations:

	2014	2013
Federal government	\$ 938,473	\$ 1,671,758
Provincial government	59,168	59,000
Other government organizations	698,750	971,345
	<u>\$ 1,696,391</u>	<u>\$ 2,702,103</u>

b) Due to other:

	2014	2013
Trade payables and accrued liabilities	\$ 11,542,988	\$ 10,260,822
Accrued vacation pay and earned time off	3,827,304	3,693,415
Professional development	616,487	1,054,038
	<u>\$ 15,986,779</u>	<u>\$ 15,008,275</u>

8. Employee future benefits:

a) Employee future benefits:

	2014	2013
Sick leave	\$ 1,207,000	\$ 1,360,000
LTD health & dental benefits	410,696	398,659
	<u>\$ 1,617,696</u>	<u>\$ 1,758,659</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 2010 and extrapolated to the current year.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

8. Employee future benefits (continued):

	2014	2013
Accrued benefit obligation:		
Balance, beginning of the year	\$ 1,360,000	\$ 1,490,000
Current benefit cost	127,000	130,000
Benefits paid	(280,000)	(260,000)
Accrued benefit obligation, end of year	\$ 1,207,000	\$ 1,360,000

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

	2014	2013
Projected service cost	\$ 65,000	\$ 66,000
Interest expense	62,000	64,000
	\$ 127,000	\$ 130,000

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

	2014	2013
Discount rates	3.75%	3.75%
Expected future inflation rates	2.00%	2.00%
Expected wage and salary increases	1.25%	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, 2014.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

8. Employee future benefits (continued):

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

	2014	2013
Discount rates	3.35%	2.76%
Medical trend	8.00%	8.00%
Dental trend	6.00%	6.00%
MSP trend	4.50%	4.50%

(b) Pension plans:

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (the "Plans"), jointly trustee pension plans. The Boards of Trustees, representing plan members and employers, are responsible for the management of the Plans, including investment of the assets and administration of benefits. The Plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. The College Pension Plan has about 13,000 active members from college senior administration and instructional staff and approximately 6,000 retired members. The Municipal Pension Plan has about 179,000 active members, with approximately 5,700 from colleges.

The most recent 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 as at August 31, 2015 with results available in 2016. The most recent 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 as at 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 each Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The College paid \$4,256,141 (2013 - \$ 3,854,587) for employer contributions for the College Pension Plan and \$1,516,465 (2013 - \$1,453,393) for the Municipal Pension Plan in fiscal 2014.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

9. Deferred contributions:

Deferred contributions are comprised of funds restricted for the following purposes:

	April 1, 2013	Receipts during year	Transferred to revenue	March 31, 2014
Provincial	\$ 4,571,228	\$ 8,809,310	\$ (6,845,240)	\$ 6,535,298
Federal	515,900	966,303	(1,056,313)	425,890
	\$ 5,087,128	\$ 9,775,613	\$ (7,901,553)	\$ 6,961,188

10. Deferred revenue:

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

	April 1, 2013	Receipts during year	Transferred to revenue	March 31, 2014
Tuition fees	\$ 3,030,557	\$ 30,432,682	\$ (30,273,435)	\$ 3,189,804
Contract fees	2,046,358	16,575,994	(17,286,175)	1,336,177
	\$ 5,076,915	\$ 47,008,676	\$ (47,559,610)	\$ 4,525,981

11. Deferred capital contributions:

Continuity of deferred capital contributions is as follows:

March 31, 2014	Deferred	Unamortized	Total
Opening balance	\$ 4,780,333	\$ 53,174,271	\$ 57,954,604
Restricted contributions received	9,076,739	-	9,076,739
Contributions spent	(3,339,485)	3,339,485	-
Amounts amortized to revenue	-	(4,059,315)	(4,059,315)
	\$ 10,517,587	\$ 52,454,441	\$ 62,972,028

March 31, 2013	Deferred	Unamortized	Total
Opening balance	\$ 3,406,172	\$ 49,999,924	\$ 53,406,096
Restricted contributions received	9,293,865	-	9,293,865
Contributions spent	(7,919,704)	7,919,704	-
Amounts amortized to revenue	-	(4,745,357)	(4,745,357)
	\$ 4,780,333	\$ 53,174,271	\$ 57,954,604

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

12. Obligations under capital lease:

The College has entered into a capital lease expiring July 28, 2014 for office equipment requiring future minimum lease payments as follows, calculated using a discount rate of 9.1%:

2015	\$ 21,522
Minimum lease payments	21,522
Less amount representing interest	(1,643)
Present value of net minimum capital lease payments	\$ 19,879

Interest of \$7,036 (2013 - \$27,262) relating to the capital lease obligation has been expensed.

13. Tangible capital assets:

Cost	March 31, 2013	Additions	Adjustments/ Disposals	March 31, 2014
Land	\$ 14,484,612	\$ -	\$ -	\$ 14,484,612
Buildings	94,029,531	-	(348,150) ^(e)	93,681,381
Assets under construction	3,021,103	2,890,997	-	5,912,100
Furniture, fixtures and equipment	13,571,949	1,206,306	(2,180,760)	12,597,495
Computers and software	2,375,147	1,080,739	(506,743)	2,949,143
Equipment under capital lease	757,448	-	-	757,448
	\$ 128,239,790	\$ 5,178,042	\$ (3,035,653)	\$ 130,382,179

Accumulated amortization	March 31, 2013	Disposals	Amortization Expense	March 31, 2014
Land	\$ -	\$ -	\$ -	\$ -
Buildings	49,059,063	-	2,704,261	51,763,324
Assets under construction	-	-	-	-
Furniture, fixtures and equipment	7,598,464	(2,180,760)	2,186,054	7,603,758
Computers and software	1,717,827	(506,743)	494,234	1,705,318
Equipment under capital lease	495,752	-	151,490	647,242
	\$ 58,871,106	\$ (2,687,503)	\$ 5,536,039	\$ 61,719,642

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

13. Tangible capital assets (continued):

	Net book value March 31, 2013	Net book value March 31, 2014
Land	\$ 14,484,612	\$ 14,484,612
Buildings	44,970,468	41,918,057
Assets under construction	3,021,103	5,912,100
Furniture, fixtures and equipment	5,973,485	4,993,737
Computers and software	657,320	1,243,825
Equipment under capital lease	261,696	110,206
	<u>\$ 69,368,684</u>	<u>\$ 68,662,537</u>

(a) Assets under construction:

The College is building a Centre for Trades Education and Innovation at its Interurban Campus. Assets under construction also include upgrade and expansion of existing Trades facilities and the Technology Access Centre (TAC), including acquisition and installation of equipment. The projects will be completed by September 2015. 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 \$95,975 (2013 - \$950,407.)

(c) Works of art and historical treasures:

The College manages and controls various works of art including paintings and sculptures located at various sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized. Intangible assets not recorded in the financial statements have a book value of \$91,917 (2013 - \$91,917).

(d) Write-down of tangible capital assets:

There was no write-down of tangible capital assets in the years presented.

(e) Adjustment to cost of buildings:

In the prior year the cost of buildings was increased by \$348,150 to record the reversal of GST input tax credits refunded in 2006 on reassessment by the CRA. The College successfully appealed the reassessment in the current year and an adjustment to decrease the cost of buildings by the same amount has been recorded to reflect this.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

14. 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:

	Computer Equipment	Facilities
2015	\$ 559,994	\$ 559,000
2016	366,843	559,000
2017	162,277	559,000
2018	-	559,000
2019	-	559,000
Accrued benefit obligation, end of year	\$ 1,089,114	\$ 2,795,000

15. 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, 2014, 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.

16. Expenses by object:

The following is a summary of expenses by object:

	2014	2013
Salaries and benefits	\$ 88,463,624	\$ 83,684,313
Supplies and services	12,671,609	11,784,726
Costs of goods sold	3,589,290	3,719,470
Interest	7,036	27,262
Amortization	5,536,039	6,632,398
Minor repairs and maintenance	3,260,130	1,620,393
	\$113,527,728	\$107,468,562

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

17. 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 \$362,693 (2013 - \$554,995) from the provincial government. During the year the College received grants in the amount of \$70,242,800 (2013 - \$66,298,857) from the provincial government and included \$62,332,793 (2013 - \$58,982,974) in revenue. \$7,364,490 (2013 - \$6,572,133) of the \$9,015,506 (2013 - \$9,293,865) 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 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 \$578,813 (2013 - \$540,143) was provided to the Foundation.

For the year ended March 31, 2014, gift in kind donations from the Foundation to the College were \$113,350 of which \$95,975 was recorded as capital assets (2013 - \$983,146 of which \$950,408 was recorded as capital assets). Included in the College's accounts receivable at March 31, 2014 is \$30,268 (2013 - \$42,239) due from 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.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

17. Related party transactions (continued):

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 \$559,000.

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 \$342,180 (2013 - \$343,699) during the year. Included in the College's accounts receivable at March 31, 2014 is \$7,517 (2013 - \$15,065) due from PISE.

18. Financial risk management:

It is management's opinion that the College is not exposed to significant interest, currency, 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 \$101,160 (2013 - \$74,955) 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.

19. 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 8, 2013. 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.

CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2014

19. Budget data (continued):

Revenues:	
Operating budget	\$ 103,012,026
Capital budget	5,829,562
Total revenues	108,841,588
Expenses:	
Operating budget	\$ 101,449,788
Capital budget	7,391,800
Total expenses:	108,841,588
<hr/>	
Annual surplus	\$ -

20. Comparative figures:

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