

Financial Statements of

Langara College

For the year ended March 31, 2015

Langara College

Statement of Management Responsibility

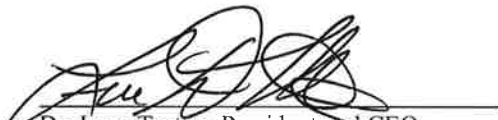
Year ended March 31, 2015

Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying financial statements for the year ended March 31, 2015, 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. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that assets are safeguarded and that the financial records provide a reliable basis for the preparation of the financial statements.

The Board of Governors of the College carries out its responsibility for review and approval of the financial statements. The Audit and Finance Committee of the Board meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

These financial statements have been reported on by KPMG LLP, the College's external auditors appointed by the Board of Governors. The external auditors have full access to the Board with and without the presence of management.



Dr. Lane Trotter, President and CEO



Deanna Douglas, Interim Vice-President, Administration and Finance

June 25, 2015



KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Langara College, which comprise the statement of financial position as at March 31, 2015, the statements of operations, 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 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 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements of Langara College as at March 31, 2015 and for the year then ended 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 3 to the financial statements, which describe the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

June 25, 2015

Burnaby, Canada

Langara College

Statement of Financial Position

March 31, 2015 with comparative figures for March 31, 2014

		2015	2014
Financial assets			
Cash and cash equivalents		10,961,975	5,924,559
Accounts receivable		2,274,539	1,778,679
Inventories for resale		793,810	924,355
Net investment in lease	Note 4	3,411,643	3,486,184
Investments	Notes 5 & 6	42,265,940	54,579,658
		59,707,907	66,693,435
Liabilities			
Accounts payable and accrued liabilities	Note 7	11,109,351	7,647,731
Due to Langara College Foundation	Note 19	1,535,280	604,360
Employee future benefits	Note 8	6,552,293	6,122,926
Deferred revenue		14,142,951	9,394,707
Deferred contributions	Note 9	1,341,408	3,499,867
Deferred capital contributions	Note 10	59,434,268	62,120,085
Long-term debt	Note 11	8,944,496	9,360,426
Obligation for tangible capital assets	Note 12	-	79,262
		103,060,047	98,829,364
Net debt		(43,352,140)	(32,135,929)
Non-financial assets			
Tangible capital assets	Note 13	99,051,952	88,887,533
Endowment investments	Note 16	-	5,974,181
Prepaid expenses		708,174	670,664
		99,760,126	95,532,378
Accumulated surplus	Note 15	\$ 56,407,986	\$ 63,396,449

Commitments (Note 17)

Contractual obligations (Note 18)

See accompanying notes to the financial statements.

Approved on behalf of the Board of Governors:


David Bowra, Chair of the Board of Governors


Kwin Grauer, Chair of the Audit and Finance Committee

Langara College

Statement of Operations and Accumulated Surplus
Years ended March 31, 2015 and 2014

	Budget 2015	2015	2014
	Note 3(k)		
Revenue:			
Province of British Columbia grants	\$ 43,622,000	\$ 45,226,115	\$ 46,582,999
Tuition and student fees	53,556,000	50,723,958	44,728,796
Sales of goods and services	5,465,000	6,183,588	6,351,731
Contract services	2,234,000	1,986,314	2,310,255
Investment income	1,486,000	1,547,316	1,491,920
Revenue recognized from deferred capital contributions	3,215,000	3,233,143	3,181,104
Miscellaneous income and contributions	884,000	1,325,045	1,488,876
	110,462,000	110,225,479	106,135,681
Expenses:			
Instruction	104,087,000	101,625,594	99,134,927
Ancillary operations	6,375,000	6,276,820	6,488,997
Transfers to Langara College Foundation	-	3,337,347	469,557
	\$ 110,462,000	\$ 111,239,761	\$ 106,093,481
Operating (deficit) surplus before restricted contributions	-	(1,014,282)	42,200
Restricted endowment contributions	-	33,405	150,105
Transfer of endowment contributions to Langara College Foundation	-	(6,007,586)	(14,218)
Annual (deficit) surplus	-	(6,988,463)	178,087
Accumulated surplus, beginning of year	63,396,449	63,396,449	63,218,362
Accumulated surplus, end of year	\$ 63,396,449	\$ 56,407,986	\$ 63,396,449

See accompanying notes to the financial statements.

Langara College

Statement of Changes in Net Debt

Years ended March 31, 2015 and 2014

		Budget		
		2015	2015	2014
		Note 3(k)		
Annual (deficit) surplus		\$ -	\$ (6,988,463)	\$ 178,087
Acquisition of tangible capital assets	Note 13	(25,463,000)	(16,336,561)	(8,655,595)
Amortization of tangible capital assets	Note 13	7,033,000	6,172,142	6,172,553
		(18,430,000)	(10,164,419)	(2,483,042)
Acquisition of prepaid expenses		-	(577,560)	(466,312)
Use of prepaid expenses		-	540,050	834,994
Change in endowment investments		-	5,974,181	(136,887)
		-	5,936,671	231,795
Increase in net debt		(18,430,000)	(11,216,211)	(2,073,160)
Net debt, beginning of year		(32,135,929)	(32,135,929)	(30,062,769)
Net debt, end of year		\$ (50,565,929)	\$ (43,352,140)	\$ (32,135,929)

See accompanying notes to the financial statements.

Langara College

Statement of Cash Flows

Years ended March 31, 2015 and 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Annual (deficit) surplus	\$ (6,988,463)	\$ 178,087
Items not involving cash:		
Amortization of tangible capital assets	6,172,142	6,172,553
Revenue recognized from deferred capital contributions	(3,233,143)	(3,181,104)
(Gain) loss on sinking fund investments	(265,400)	24,897
Change in employee future benefits	429,367	(49,037)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(495,860)	164,734
Decrease (increase) in prepaid expenses	(37,510)	368,682
Decrease (increase) in inventories for resale	130,545	(235,513)
Increase (decrease) in accounts payable and accrued liabilities	3,461,620	(2,462,896)
Increase (decrease) in amount due to Langara College Foundation	930,920	(1,376,195)
Increase in deferred revenue	4,748,244	1,249,465
Increase (decrease) in deferred contributions	(2,158,459)	712,861
	2,694,003	1,566,534
Capital activities:		
Acquisition of tangible capital assets	(16,336,561)	(8,655,595)
	(16,336,561)	(8,655,595)
Financing activities:		
Sinking fund payments	(150,530)	(150,530)
Deferred capital contributions received	547,326	1,875,826
	396,796	1,725,296
Investing activities:		
Principal payments received on net investment in lease	74,541	71,158
Principal payments on leased tangible capital assets	(79,262)	(153,042)
Purchase of investments	(12,308,898)	(26,041,485)
Disposition of investments	30,596,797	31,591,012
	18,283,178	5,467,643
Increase in cash	5,037,416	103,878
Cash, beginning of year	5,924,559	5,820,681
Cash, end of year	\$ 10,961,975	\$ 5,924,559

Cash is comprised of cash and cash equivalents.

See accompanying notes to the financial statements.

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

1. Authority and purpose

Langara College (the “College”) operates under the authority of the College and Institute Act of British Columbia. The College is a government not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the Province of British Columbia. The College is a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

The College provides university studies, career studies and continuing studies programs and courses to over 23,000 full- and part-time students annually.

2. Adoption of new accounting policy

On April 1, 2014, the College adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis to April 1, 2013 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the College.

3. Summary of 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 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 effective their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 requires that restricted contributions received or receivable are to be 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 contributions in the form of a depreciable tangible capital asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of deferred capital contributions and recognition of revenue is accounted for in the fiscal period in which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than those 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 stipulations or restrictions on the contributions have been met.

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

The accounting policy requirements under Regulation 198/2011 are significantly different from the

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

requirements of Canadian public sector accounting standards which require that government transfers that do not contain a stipulation that creates a liability be recognized as revenue by the recipient when approved by the transferor and when the eligibility criteria have been met in accordance with public sector accounting standard PS3410. 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) Cash and cash equivalents

Cash and cash equivalents include demand deposits and highly liquid investments with terms to maturity of three months or less at the date of purchase.

(c) Financial instruments

Financial instruments are classified into two categories: fair value and amortized cost.

- (i) Portfolio investments that are quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of such investments are recorded as an expense. Unrealized gains and losses on investments carried at fair value are recorded in the statement of remeasurement gains and losses until such time as they are realized. Realized gains and losses on financial assets are transferred from the statement of remeasurement gains and losses and recognized in the Statement of Operations and Accumulated Surplus provided their use is not restricted.
- (ii) Realized gains and losses on endowment investments, where earnings are restricted as to their use, are recorded as deferred investment income and recognized in revenue when the related expenses are incurred.
- (iii) Investments with fixed maturity dates are recorded at amortized cost. Income on these investments is recognized in the Statement of Operations and Accumulated Surplus over the period of time that the investments are held. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

The carrying amounts of other financial instruments, such as accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short maturities. The fair value of the College's long-term debt is impacted by changes in market yields which can result in differences between carrying value and market value. Based on management's estimates, the fair value of the College's long-term debt at March 31, 2015, is not significantly different than its carrying value, as interest rates applicable to the debt are not significantly different from interest rates in effect at the year-end date. The sinking fund investments related to the long-term debt are carried at fair market value.

(d) Inventories for resale

Inventories held for resale, including books and other materials, are recorded at the lower of 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.

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

(e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) 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, are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Asset	Period
Buildings and improvements	3-50 years
Library holdings	5 years
Furniture and fixtures	10 years
Office equipment	4-15 years
Computer hardware	3-7 years
Computer software	3 years

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 provision of goods and services, or when the value of future economic benefits associated with these assets are less than their net book value.

(f) Employee future benefits

The College and its employees make contributions to the College Pension Plan and the Municipal Pension Plan, which are multi-employer joint trustee plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plans are not segregated by institution, they are accounted for as defined contribution plans and contributions by the College to the plans are expensed as incurred.

Benefits for sick leave, vacation and other leaves are also available to College employees. The costs of sick leave benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation 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 recognized in the period in which they are incurred. Benefits for vacation and other leaves are recorded at fair value as a liability.

(g) Revenue recognition

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received or the transfer of property is completed.

Restricted donations and grants 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, for use in providing services, are recorded as a deferred capital contribution and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded.
- (ii) Contributions restricted for specific purposes, other than for those 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.

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, and write downs on investments where the loss in value is determined to be other than temporary.

(h) Use of estimates

The preparation of the financial statements in accordance with the reporting framework described in note 3(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include the rate of amortization of capital assets and the related deferred capital contributions, employee future benefits, revenue recognition of contract services and provisions for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(i) Foreign currency translation

The College's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currency are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the balance sheet date.

(j) Deferred contributions

(i) Capital

Contributions received for maintenance projects that meet stipulations as established by the provincial government are deferred until the corresponding maintenance expenses for those projects are incurred.

(ii) Endowment

Restricted income earned on endowments is deferred until paid out according to the terms of the endowment.

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

(iii) Langara Students' Union ("LSU") capital fund

The LSU capital fund consists of funds collected from students on behalf of the Langara Students' Union Association. Funds are disbursed based on authorized requests made by a joint committee of the College and the Langara Students' Union Association, and for lease payments to the College for the Students' Union Building (note 4).

(iv) Restricted

Donations received that contain stipulations as to their use are deferred until the stipulation is met and the payment is made.

(v) Other

Other contributions received in support of various activities of the College are deferred until the stipulations attached to them are met.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the Operations and Capital Budget approved by the Board of Governors of the College on March 20, 2014. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

(l) Contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The College is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

4. Net investment in lease

The College has entered into an agreement for the lease of the Students' Union Building to the Langara Students' Union for a thirty-year term commencing September 1, 2009. Finance income on the lease of \$161,972 (2014: \$164,826) is included in miscellaneous revenue. Minimum lease payments receivable for each year of the lease are \$236,513.

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

The College's net investment in the lease is comprised of net minimum lease payments and unearned finance income as follows:

	2015	2014
Net investment in lease:		
Total minimum lease payments receivable	\$ 5,727,834	\$ 5,964,347
Unearned finance income	(2,316,191)	(2,478,163)
	\$ 3,411,643	\$ 3,486,184

5. Restricted assets

Included in investments are assets that are restricted as to their use as follows (see note 9):

	2015	2014
Restricted investments		
Deferred income on endowments	\$ -	\$ 1,352,736
Langara Students' Union Capital Fund	409,549	350,576
Restricted donations	4,214	134,837
	\$ 413,763	\$ 1,838,149

The balance of investments are not restricted as to their use.

6. Investments

Investments reported at amortized cost consist of guaranteed investment certificates with a carrying value of \$42,265,940 (2014: \$53,162,317).

	2015	2014
Guaranteed investment certificates	\$ 42,265,940	\$ 53,162,317
Portfolio investments	-	1,417,341
	\$ 42,265,940	\$ 54,579,658

The College also holds a beneficial interest in two funds controlled by the Vancouver Foundation, an independent public foundation. One fund, with a fair value of \$2,851,148 (2014: \$2,670,817), is held in the name of the Vancouver Community College Educational Foundation (VCCEF). By agreement with the VCCEF, the College is to receive 26.3091% of the annual income from this fund. The other fund, with a fair value of \$175,557 (2014: \$164,453), is registered directly in the name of Langara College. These funds are held in perpetuity and controlled by the Vancouver Foundation and are therefore not included as assets in these financial statements. Investment income from these funds is recorded when received or receivable.

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

7. Accounts payable and accrued liabilities

	2015	2014
Accounts payable and accrued liabilities	\$ 7,573,880	\$ 4,339,712
Salaries and benefits payable	3,535,471	3,308,019
	\$ 11,109,351	\$ 7,647,731

8. Employee future benefits

Employee future benefits consist of accumulated vacation, sick leave, and other leaves that vest as follows:

	2015	2014
Vacation	\$ 4,682,598	\$ 4,330,144
Sick leave	924,700	942,600
Other leaves that vest	944,995	850,182
	\$ 6,552,293	\$ 6,122,926

(a) Pension benefits:

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, 2014, the College Pension Plan has about 14,000 active members from college senior administration and instructional staff and approximately 6,000 retired members. As at December 31, 2013, the Municipal Pension Plan has about 182,000 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 records 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 \$4,678,018 (2014: \$4,432,604) as employer contributions to the College Pension Plan and \$1,014,285 (2014: \$956,295) as employer contributions to the Municipal Pension Plan in the current year.

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

(b) Vacation:

Employees of the College earn vacation according to the terms of the collective agreements or terms of employment, whichever is applicable. Vacation accumulates to each employee as they render services to the College. Employees covered by a collective agreement can generally accumulate vacation in excess of one year of entitlement, for payment of amounts owing in a future year in either cash or time off with pay. Employees not covered by a collective agreement are instead covered by the College's terms and conditions of employment, which does not permit accumulating vacation in excess of one year of entitlement.

(c) Accumulated sick leave benefit:

Employees of the College earn sick leave according to the terms of the collective agreements or terms of employment, whichever is applicable. Sick leave credits accumulate to each employee as they render services to the College; however, the accumulated amount does not vest and so is extinguished for each employee once they are no longer employed by the College. The expected use of the accumulated amount is determined using actuarial valuation techniques and the corresponding liability is recorded by the College. An expense for sick leave is recognized in the period for which each employee earns this benefit.

The amounts recorded as expense and liability for sick leave is as follows:

	2015	2014
Accrued benefit obligation, beginning of year	\$ 942,600	\$ 1,120,400
Current service cost	77,800	75,900
Interest cost	33,500	36,800
Expected benefit payments	(129,200)	(290,500)
	\$ 924,700	\$ 942,600

The significant actuarial assumptions adopted in measuring the College's liability for sick leave are as follows:

	2015	2014
Discount rate	3.5%	3.5%
Inflation rate	2.5%	2.5%

(d) Other leaves that vest:

Certain employee groups may be eligible to earn other time-off benefits that may accumulate for multiple years and vest with each qualifying employee. These time-off benefits accumulate to each qualifying employee as they render services to the College. The fair value of these obligations are recorded as a liability.

Langara College

Notes to the Financial Statements

Years ended March 31, 2015 and 2014

9. Deferred contributions

Changes in deferred contributions are as follows:

2015	Endowment					Total
	Capital	Income	LSU	Restricted	Other	
Balance, beginning of year	\$ 826,299	\$ 1,352,736	\$ 350,576	\$ 134,837	\$ 835,419	\$ 3,499,867
Contributions received during the year						
From the Province of British Columbia	244,660	-	-	-	489,996	734,656
From other sources	-	745,667	307,312	98,166	-	1,151,145
Revenue recognized from deferred contributions	(633,310)	(2,098,403)	(248,339)	(228,789)	(835,419)	(4,044,260)
Balance, end of year	\$ 437,649	\$ -	\$ 409,549	\$ 4,214	\$ 489,996	\$ 1,341,408

2014	Endowment					Total
	Capital	Income	LSU	Restricted	Other	
Balance, beginning of year	\$ 1,000,455	\$ 863,817	\$ 302,508	\$ 98,141	\$ 522,085	\$ 2,787,006
Contributions received during the year						
From the Province of British Columbia	293,593	-	-	-	835,419	1,129,012
From other sources	-	871,314	296,407	127,838	-	1,295,559
Revenue recognized from deferred contributions	(467,749)	(382,395)	(248,339)	(91,142)	(522,085)	(1,711,710)
Balance, end of year	\$ 826,299	\$ 1,352,736	\$ 350,576	\$ 134,837	\$ 835,419	\$ 3,499,867

10. Deferred capital contributions

Contributions for capital acquisitions that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the related assets.

Changes in the balance of deferred capital contributions are as follows:

	2015	2014
Balance, beginning of year	\$ 62,120,085	\$ 63,425,363
Grants received from the Province of British Columbia	547,326	1,875,826
Amortized to revenue	(3,233,143)	(3,181,104)
	\$ 59,434,268	\$ 62,120,085

11. Long-term debt

The College borrowed Series LC-CP-154 long-term debt through the provincial government on November 10, 2009. This debt is for a thirty-year term maturing on November 10, 2039, carries an interest rate of 4.68% with interest-only payments of \$234,000 due on May 10 and November 10 of each year, and an annual sinking-fund requirement of \$150,530, payable to the provincial government until maturity. Interest expense of \$468,000 (2014: \$468,000) is included in ancillary operations expense.

	2015	2014
Face value of debt	\$ 10,000,000	\$ 10,000,000
Sinking fund	(1,055,504)	(639,574)
	\$ 8,944,496	\$ 9,360,426

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12. Obligation for lease of tangible capital assets

	2015		2014	
Total future minimum lease payments	\$	-	\$	80,671
Imputed interest at 4.68%		-		(1,409)
	\$	-	\$	79,262

13. Tangible capital assets

Cost	2014		Additions		Disposals		2015	
Land	\$	1,172,682	\$	-	\$	-	\$	1,172,682
Buildings and improvements		115,325,112		558,983		-		115,884,095
Furniture and equipment		5,827,646		422,053		-		6,249,699
Computer hardware		3,507,462		866,584		357,038		4,017,008
Computer software		1,436,478		60,593		269,040		1,228,031
Library holdings		1,242,480		129,375		94,284		1,277,571
Assets under construction		4,829,219		14,298,973		-		19,128,192
Total	\$	133,341,079	\$	16,336,561	\$	720,362	\$	148,957,278

Accumulated Amortization	2014		Disposals		Amortization Expense		2015	
Land	\$	-	\$	-	\$	-	\$	-
Buildings and improvements		38,517,890		-		3,967,624		42,485,514
Furniture and equipment		2,907,042		-		985,656		3,892,698
Computer hardware		1,532,670		357,038		737,666		1,913,298
Computer software		846,404		269,040		343,233		920,597
Library holdings		649,540		94,284		137,963		693,219
Assets under construction		-		-		-		-
Total	\$	44,453,546	\$	720,362	\$	6,172,142	\$	49,905,326

Net Book Value	2014		2015	
Land and land improvements	\$	1,172,682	\$	1,172,682
Buildings		76,807,222		73,398,581
Furniture and equipment		2,920,604		2,357,001
Computer hardware		1,974,792		2,103,710
Computer software		590,074		307,434
Library holdings		592,940		584,352
Assets under construction		4,829,219		19,128,192
Total	\$	88,887,533	\$	99,051,952

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14. Financial risk management

The College is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and manages them.

(a) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due. The College establishes budgets and cash flow projections to ensure that it has the necessary funds to meet its obligations as they become due.

(b) Market and interest rate risk

Market risk is the risk that changes in market prices will affect the College's income. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. It is management's opinion that the College is not exposed to excessive levels of market or interest rate risk arising from its financial instruments.

(c) Credit risk

Credit risk is the risk of financial loss to the College if a client of the College or counterparty to a financial instrument fails to meet their contractual obligations. Such risks arise principally from certain financial assets held by the College consisting of cash and cash equivalents, amounts receivable and investments.

The College's exposure to credit risk is influenced mainly by the individual characteristics of its clients, in the event of non-payment of amounts owing. This risk is mitigated by ensuring that the majority of receivables are collected prior to the delivery of programs, by the College's prompt collection processes and by other remedies such as withholding of transcripts in the event of non-payment.

The College accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable.

15. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
Accumulated operating surplus	\$ 36,126,598	\$ 39,626,150
Endowments	-	5,974,181
Amounts restricted for specific purposes	20,281,388	17,796,118
	\$ 56,407,986	\$ 63,396,449

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16. Endowments

Changes to the endowment balances are as follows:

	2015	2014
Balance, beginning of year	\$ 5,974,181	\$ 5,837,294
Endowment donations received	33,405	150,105
Transfers to Langara College Foundation	(6,007,586)	(14,218)
Other transfers	-	1,000
	\$ -	\$ 5,974,181

17. Commitments

The College has entered into an operating lease for premises, the minimum annual payments and minimum annual other contractual charges for which are as follows:

Fiscal year	Minimum lease payment	Minimum other charges	Total cost
2016	\$ 275,800	\$ 272,623	\$ 548,423

18. Contractual obligations

The College is proceeding with the construction of a Science and Technology building to be located on the northwest corner of the College campus. This building is forecast to cost \$53.5 million, and is to be funded from College reserves. Construction of the building commenced in the spring of 2014 and is to be ready for occupancy in the fall of 2016. Contracts issued to date with respect to the construction of the building are valued at approximately \$44 million.

The College has issued \$950,000 in letters of guarantee for various site improvements and other related obligations as required by the City of Vancouver.

19. Langara College Foundation

The Langara College Foundation (the "Foundation") was established under the Society Act of British Columbia on February 6, 2013 and is a registered charity under the Income Tax Act of Canada. The purpose of the Foundation as stated in its constitution is the solicitation and management of donations and endowments for the purpose of providing awards and grants to students of Langara College (the "College") and to otherwise further the interests of the College. The Foundation is governed by an independent board of directors, the voting members of which cannot be employees or officers of the College.

At its meeting held on March 30, 2015, the Board of Governors of Langara College authorized the following transfers to the Langara College Foundation:

- (i) \$7,275,601 comprised of endowments in the amount of \$6,007,586 and related matching funds in the amount of \$1,268,015 provided by the College to match endowment donations. These funds will continue to be subject to the restrictions stipulated by donors when they were originally donated to the College;

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- (ii) \$2,017,542 of undistributed earnings related to the endowment and matching funds. These funds will continue to be subject to the restrictions as stipulated by the donors of the respective endowments;
- (iii) \$1,400,000 from the College's Building Legacy Fund and \$350,000 for matching of future endowment donations by the Foundation, both of which are subject to restrictions as outlined in the deeds of gifts associated with these transfers.

The College has also transferred the administration of annually-funded and other student scholarships and bursaries to the Foundation in the amount of \$319,332.

20. Expenses by object

	2015	2014
Salaries and benefits	\$ 80,548,724	\$ 77,523,696
Amortization of tangible capital assets	6,172,142	6,172,553
Fees and contract services	6,665,591	7,018,073
Facilities	4,712,186	4,406,711
Cost of goods sold	3,107,045	3,227,794
Professional development and travel	2,040,234	2,103,212
Supplies	1,747,112	1,922,715
Scholarships and bursaries	510,388	679,876
Leases and rental	921,432	875,463
Other	543,995	663,734
Communications	465,565	562,097
Interest on long-term debt	468,000	468,000
Transfers to Langara College Foundation	3,337,347	469,557
	\$ 111,239,761	\$ 106,093,481

21. Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.