

Financial Statements of

Northwest Community College

Year ended March 31, 2018 and 2017

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Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, as required by Section 23.1 of the Budget Transparency and Accountability Act of the Province of BC, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance and Audit Committee. The Finance and Audit Committee reviews internal financial statements on a quarterly basis and external audited financial statements yearly.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. Their examination considers internal control relevant to management's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Northwest Community College's internal controls. The external auditors have full and free access to the Finance and Audit Committee of Northwest Community College and meet with them when required.

On behalf of Northwest Community College



Nicole Halbauer
Chair, Board of Governors



Michael Doyle
Vice-President, Corporate Services

June 15, 2018



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Northwest Community College, and
To the Minister of Advanced Education, Skills and Training, Province of British Columbia

We have audited the accompanying financial statements of Northwest Community College, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Change in Net Debt and Cash Flows for the year then ended, 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

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 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of Northwest Community College as at March 31, 2018, and its results of operations, change in net debt and cash flows for the year then-ended 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 our opinion, we draw attention to Note 2(a) of the financial statements which describes the basis of accounting used in preparation of these financial statements and discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards.

Other Matter

The financial statements of Northwest Community College for the year ended March 31, 2017 were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated June 15, 2017.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 15, 2018

Northwest Community College

Statement of Financial Position

For the Year ended March 31, 2018

[In thousands of dollars]

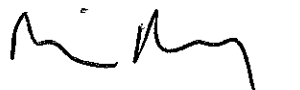
		2018	2017
Financial assets			
Cash	3	\$ 15,328	\$ 13,147
Accounts receivable	4	1,103	1,296
Inventory held for resale		240	367
		<u>16,671</u>	<u>14,810</u>
Liabilities			
Accounts payable and accrued liabilities	6	4,366	1,976
Accrued employee entitlements	7	1,628	1,524
Payroll liabilities	8	619	711
Deferred revenue	9	5,258	4,165
Deferred contributions	10	439	530
Deferred capital contributions	11	40,466	33,268
		<u>52,776</u>	<u>42,174</u>
Net debt		<u>(36,105)</u>	<u>(27,364)</u>
Non-financial assets			
Tangible capital assets	12	42,818	33,742
Accumulated surplus	14	\$ 6,713	\$ 6,378
Contractual obligations	16		
Contingent liabilities	17		

Signature



Nicole Halbauer, Chair
Board of Governors

Signature



Michael Doyle, Vice President
Corporate Services

The accompanying notes are an integral part of these financial statements.

Northwest Community College

Statement of Operations

For the Year ended March 31, 2018

[In thousands of dollars]

		Budget (Note 2(l))	2018	2017
Revenues				
Contributions		\$ 20,706	\$ 22,552	\$ 22,855
Tuition and other fees		2,425	2,636	2,361
Contract services and other		3,065	4,847	5,066
Ancillary services		1,442	1,389	1,263
Gain on disposal of capital assets		-	605	-
Amortization of deferred capital contributions	11	2,900	3,137	3,152
		<u>30,538</u>	<u>35,166</u>	<u>34,697</u>
Expenses	18			
Instruction and support		25,891	29,864	28,584
Ancillary		1,347	1,513	1,601
Amortization	12	3,300	3,454	3,485
		<u>30,538</u>	<u>34,831</u>	<u>33,670</u>
		-		
Annual surplus			<u>335</u>	<u>1,027</u>
Accumulated surplus, beginning of year		6,378	6,378	5,351
Accumulated surplus, end of year		\$ 6,378	\$ 6,713	\$ 6,378

The accompanying notes are an integral part of these financial statements.

Northwest Community College

Statement of Change in Net Debt

For the Year ended March 31, 2018

[In thousands of dollars]

	Budget (Note 2(l))	2018	2017
Annual surplus	\$ -	\$ 335	\$ 1,027
Acquisition of tangible capital asset	-	(12,558)	(1,900)
Disposition of tangible capital assets, net book value	-	28	-
Amortization	-	3,454	3,485
	-	(9,076)	1,585
Decrease (increase) in net debt	-	(8,741)	2,612
Net debt at beginning of year	(27,364)	(27,364)	(29,976)
Net debt at end of year	\$ (27,364)	\$ (36,105)	\$ (27,364)

The accompanying notes are an integral part of these financial statements.

Northwest Community College

Statement of Cash Flows

For the Year ended March 31, 2018

[In thousands of dollars]

		2018	2017
Cash flows from operating transactions			
Annual surplus	\$	335	\$ 1,027
Items not involving cash:			
Gain on disposal of tangible capital assets		(605)	-
Amortization of tangible capital assets		3,454	3,485
Amortization of deferred capital contributions		(3,137)	(3,152)
		47	1,360
Increase (decrease) in non-cash operating items	19	2,722	(432)
Increase (decrease) in deferred revenues		(2,166)	1,612
Cash provided by operating transactions		603	2,540
Capital transactions			
Acquisition of tangible capital assets		(12,558)	(1,900)
Proceeds from sale of tangible capital assets		633	-
Cash applied to capital transactions		(11,995)	(1,900)
Financing transactions			
Deferred capital contributions received		13,503	1,190
Cash provided by financing transactions		13,503	1,190
Increase in cash		2,181	1,830
Cash at beginning of year		13,147	11,317
Cash at end of year		\$ 15,328	\$ 13,147

The accompanying notes are an integral part of these financial statements.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

1. Authority and Purpose

Northwest Community College (the "College") is a post-secondary educational institution incorporated under the provisions of the College and Institute Act of British Columbia. The College is a government not-for-profit entity governed by a Board of Governors and is funded principally by the provincial government of British Columbia through the Ministry of Advanced Education, Skills and Training. The College is a registered charity and is therefore exempt from income taxes under section 149 of the *Income Tax Act*.

Subsequent to year end, the College has been given permission by the Provincial Government to change its name to Coast Mountain College, effective June 18, 2018.

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 and the Restricted Contribution Regulation 198/2011 issued pursuant to it. This requires that these financial statements be prepared in accordance with Canadian public sector accounting standards (PSAS) issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants except that the contributions received or receivable by the College for the purpose of acquisition of tangible capital assets are accounted for as deferred capital contributions.

The basis of accounting that the College has adopted is different from PSAS with respect to the timing of revenue recognition for government transfers. If the College had recorded government transfers under PSAS rather than the accounting policy described in note 2(h)(i), capital contributions recognized as revenue and the annual surplus for the year ended March 31, 2018 would have increased by \$7,198 (March 31, 2017- increase \$1,207). Consequentially, as at March 31, 2018, deferred capital contributions used to purchase tangible capital assets would have decreased and the accumulated surplus would have increased by \$40,466 (March 31, 2017 - \$33,268). Under PSAS, the total cash flows from operating, financing, and capital transactions for the years ended March 31, 2018 and 2017 would have been the same as reported in these financial statements.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

2. Significant Accounting Policies

(c) Cash

Cash include term deposits with a term to maturity of three months or less at the date of purchase.

(d) Financial instruments

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

(i) Fair value category: Portfolio instruments that are quoted in an active market and derivative instruments 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 investments is recorded as an expense. There were no financial instruments designated in the fair value category.

(ii) Cost/Amortized cost category: Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. 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. There were no such transactions during the fiscal year.

Amounts receivable are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Any gains, losses or interest expense is recorded in the annual surplus depending on the nature of the financial liability that gave rise to the gain, loss or expense.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

2. Significant Accounting Policies

(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. Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets. 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:

Site improvements	10 years
Buildings	
- Wood frame	20 years
- Concrete/steel	40 years
Furniture and equipment	5 years
Computer hardware and software	4 years
Library holdings	10 years
Landscaping	15 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 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.

Contributed tangible capital assets are recorded at their fair value on the date of contribution. When fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(ii) Works of art and historic assets

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

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

2. Significant Accounting Policies

(e) Non-financial assets

(iii) Leased tangible capital assets

Leases which transfer substantially all of the benefits 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.

(iv) Inventories held for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

(f) Accrued employee entitlements

(i) Defined contribution plans

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The board of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2017, the College Pension Plan has about 14,000 active members, and approximately 7,500 retired members. As at December 31, 2016, the Municipal Pension Plan has about 193,000 active members, including approximately 5,800 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate maybe adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for College Pension Plan as at August 31, 2015, indicated a \$67 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

2. Significant Accounting Policies

(f) Accrued employee entitlements

(i) Defined contribution plans

The College paid \$1,413 for employer contributions to the plans in fiscal 2018 (2017 - \$1,434).

The next valuation for the College Pension Plan will be as at August 31, 2018, with results available in 2019. The next valuation for the Municipal Pension Plan will be December 31, 2018, with results available in 2019.

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

(f) Accrued employee entitlements

(ii) Retirement benefits

Retirement benefits are also available to the College's employees. The costs of these 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 amortized over the expected average remaining service life of the employees.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The College's short-term employee benefits include accrued vacation, banked overtime and early retirement plan. Employees of the College do not accumulate sick leave and therefore there is no liability recognized.

(g) Payroll liabilities

Payroll liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

The College's payroll liabilities include wages and payroll remittance accruals, WCB payable, professional development accruals, payments to the College and Municipal Pension Plans, and other short-term payroll accruals.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

2. Significant Accounting Policies

(h) Revenue recognition

Tuition and other fees are reported as revenues over the duration of the course or school year. Tuition fees are deferred for the portion of the courses held in the next fiscal year. The sale of goods, contract services and ancillary services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

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 by the College 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, 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 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.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent, are recorded as direct increases to accumulated surplus for the portion to be held in perpetuity and as deferred contributions for any restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis and write-downs on investments where the loss in value is determined to be other-than-temporary

(i) Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards 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 those related to estimated useful life of tangible capital assets, provision for contaminated sites and the present value of employee future benefits and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

2. Significant Accounting Policies

(j) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the financial statement date when an environmental standard exists, contamination exceeds the standard, and it is expected that future economic benefits will be given up and the liability can be reasonably estimated.

The College has determined that as of March 31, 2018, there is a hazardous material removal liability of \$457 (2017 - Nil).

(k) 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 currencies and non-monetary assets and liabilities which were designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the balance sheet date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or balance sheet date is recognized in the Statement of Operations.

(l) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the College's Fiscal 2017/2018 Budget approved by the Board of Governors of the College on June 16, 2017. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Financial Assets.

(m) New accounting standards

The College has adopted the following new accounting standards effective for the fiscal year starting on April 1, 2017:

Related Party Disclosures PS 2200

Related party disclosures defines a related party and established disclosures required for related party transactions. The standard has been prospectively applied. A disclosure will be presented when the following criteria are met:

- (i) a related party exists;
- (ii) a transaction occurs between related parties;
- (iii) the transaction occurred at a value different from that which would have been arrived at if the parties were unrelated; and
- (iv) the transaction has a material financial effect.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

2. Significant Accounting Policies

(m) New accounting standards

As a result of implementing this standard no new disclosures were identified.

Inter-Entity Transactions PS 3420

Inter-entity transactions established how to account for and report transactions between public sector entities that comprise a government reporting entity from both a provider and recipient perspective. The main features of the new section are:

- (i) under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- (ii) transactions are measured at the carrying amount, except in specific circumstances;
- (iii) a recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice;
- (iv) the transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value;
- (v) inter-entity transactions are considered in conjunction with, section PS 2200 Related Party Disclosures.

As a result of implementing this standard no new disclosures were identified.

Contingent Assets PS 3320

Contingent Assets section defines contingent assets as possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when on or more future events not wholly with the College's control occurs or fails to occur. Disclosure of the nature, extent, reasons for non-disclosure of the extent, and an estimate of the amount is required when the occurrence of the confirming future event is likely.

As a result of implementing this standard no new disclosures were identified.

Contingent Rights PS 3320

Contractual rights section defines and establishes disclosure standards on contractual rights. Disclosure of information about contractual rights is required including a description about their nature and extent and the timing.

As a result of implementing this section no new disclosures were identified.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

3. Cash

	2018	2017
Restricted	\$ 439	\$ 530
Unrestricted	14,889	12,617
	<u>\$ 15,328</u>	<u>\$ 13,147</u>

Restricted cash is comprised of funds held for externally restricted purposes and is related to bursary funds and funds held in trust. (Note 10).

4. Accounts receivable

Accounts receivable are recorded net of allowance for doubtful receivables of \$48 (2017 - \$69).

5. Financial instruments

(a) Financial assets and liabilities recorded at cost / amortized cost are comprised of the following:

	2018	2017
Financial assets designated to fair value category		
Cash	<u>\$ 15,328</u>	<u>\$ 13,147</u>

The fair value of cash approximate their carrying values, unless otherwise noted.

(b) Financial assets and liabilities recorded at cost / amortized cost are comprised of the following:

	2018	2017
Accounts receivable	\$ 1,103	\$ 1,296
Accounts payable and accrued liabilities	3,909	1,976
Accrued employee entitlements	1,693	1,524
Payroll liabilities	619	711
	<u>\$ 7,324</u>	<u>\$ 5,507</u>

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

6. Accounts payable and accrued liabilities

	2018	2017
Accounts payable	\$ 1,693	\$ 1,334
Accrued liabilities	1,079	484
Other accrued liabilities	230	105
Student deposits	907	53
Contaminated site liability	457	-
	<u>\$ 4,366</u>	<u>\$ 1,976</u>

7. Accrued employee entitlements

Accrued employee entitlements are comprised of the following:

	2018	2017
Accrued vacation	\$ 459	\$ 513
Accrued overtime	46	85
Retirement allowances	592	584
Executive benefits and days in lieu	71	67
Early retirement incentives	305	169
Severance benefits	155	106
Balance, end of year	<u>\$ 1,628</u>	<u>\$ 1,524</u>

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

7. Accrued employee entitlements

(a) Retirement allowances:

The College provides retirement allowances to its eligible employees based on eligibility, years of service and final salary. These allowances include retirement allowance benefits for BCGEU instructors and support staff and sick leave and cash-out benefits for CUPE members. The liability associated with these benefits is calculated based on the present value of expected future payments pro-rated for services.

The fair value has been determined using a discounted cash flow analysis with an appropriate discount factor, which at March 31, 2018 was determined to be 3.25% (2016 - 3.0%).

	2018	2017
Accrued benefit liability		
Balance, beginning of year	\$ 584	\$ 571
Current service cost	49	47
Interest cost	20	21
Amortization of net actuarial losses	11	9
Benefits paid	(72)	(64)
Accrued benefit liability, end of year	\$ 592	\$ 584

An actuarial valuation for these benefits was performed to determine the College's accrued benefit obligation as at March 31, 2018. The difference between the actuarially determined accrued benefit obligation of \$657 and the accrued benefit liability of \$592 is an unamortized actuarial loss of \$65. The actuarial loss is amortized over a period equal to the employees' average remaining service lifetime of 10 years.

	2018	2017
Accrued benefit obligation		
Liability, end of year	\$ 592	\$ 584
Unamortized actuarial loss (gain)	65	83
Balance, end of year	\$ 657	\$ 667

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

8. Payroll liabilities

Payroll liabilities are comprised of the following:

	2018	2017
Payroll accruals	\$ 63	\$ 123
Pension benefits	9	7
Professional development accruals	310	317
Receiver General	237	264
Balance, end of year	<u>\$ 619</u>	<u>\$ 711</u>

9. Deferred revenue

Deferred revenue is comprised of deferred contract services and deferred tuition revenue. Changes in deferred revenue are as follows:

	2018	2017
Balance, beginning of year	\$ 4,165	\$ 4,352
Add: amount received	8,576	3,904
Less: amount recognized as revenue in the year	<u>(7,483)</u>	<u>(4,091)</u>
Balance, end of year	<u>\$ 5,258</u>	<u>\$ 4,165</u>

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

10. Deferred contributions

Deferred contributions are comprised of funds restricted for bursaries and endowments:

	2018	2017
Balance, beginning of year	\$ 530	\$ 437
Contributions received during the year	266	216
Revenue recognized	(357)	(161)
Balance, end of year	<u>\$ 439</u>	<u>\$ 530</u>

11. Deferred capital contributions

Contributions for capital 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 asset. Treasury Board provided direction on accounting treatment as disclosed in note 2. Changes in the deferred capital contributions balance are as follows:

Changes in the deferred capital contributions balance are as follows:

	2018	2017
Balance, beginning of year	\$ 33,268	\$ 32,062
Contributions received during the year	10,335	4,358
Revenue recognized from deferred capital contributions	(3,137)	(3,152)
Balance, end of year	<u>\$ 40,466</u>	<u>\$ 33,268</u>

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

12. Tangible capital assets

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land and land improvements	\$	\$ -	\$ -	\$ 1,623
Buildings	55,906	11,137	-	67,043
Furniture and equipment	16,907	580	(736)	16,751
Computer hardware and software	1,782	841	(156)	2,467
Library holdings	1,719	-	-	1,719
Total	\$	\$ 12,558	\$ (892)	\$

Accumulated amortization	Balance at March 31, 2017	Disposals	Amortization expense	Balance at March 31, 2018
Land and land improvements	\$	\$ -	\$ -	\$ -
Buildings	28,004	-	1,827	29,831
Furniture and equipment	13,201	(708)	1,470	13,963
Computer hardware and software	1,507	(156)	106	1,457
Library holdings	1,483	-	51	1,534
Total	\$	\$ (864)	\$ 3,454	\$ 46,785

	Net book value March 31, 2017	Net book value March 31, 2018
Land and land improvements	\$ 1,623	\$ 1,623
Buildings	27,903	37,211
Furniture and equipment	3,706	2,788
Computer hardware and software	274	1,011
Library holdings	236	185
Total	\$ 33,742	\$ 42,818

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

12. Tangible capital assets

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land and land improvements	\$ 1,623	\$ -	\$ -	\$ 1,623
Buildings	54,629	1,277	-	55,906
Furniture and equipment	16,313	594	-	16,907
Computer hardware and software	1,753	29	-	1,782
Library holdings	1,719	-	-	1,719
Total	\$ 76,037	\$ 1,900	\$ -	\$ 77,937

Accumulated amortization	Balance at March 31, 2016	Disposals	Amortization expense	Balance at March 31, 2017
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Buildings	23,319	-	1,684	28,003
Furniture and equipment	11,593	-	1,608	13,201
Computer hardware and software	1,372	-	136	1,508
Library holdings	426	-	57	1,483
Total	\$ 40,710	\$ -	\$ 3,485	\$ 44,195

(a) Assets under construction

Assets under construction having a value of \$11,321 (2017 - \$621) have not been amortized and are included under buildings. Amortization of these assets will commence when the asset is put into service.

(b) Works of art and historical treasures

The College manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at the College sites and public display areas. These assets are not recorded as tangible capital assets on these financial statements.

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

12. Tangible capital assets

- (c) Write-down of tangible capital assets

There was no write-down of tangible capital assets during the year (2017- \$Nil).

13. Financial risk management

The College has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and controls them.

- (a) Credit risk

Credit risk is the risk of financial loss to the College if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the College consisting of cash and accounts receivable.

The College manages its credit risk by reviewing the credit history of new customers before extending credit and by conducting regular reviews of its existing customer's credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The College has a significant number of customers which minimizes the concentration of credit risk. The College limits its exposure to credit risk by placing its cash with chartered banks and the Ministry of Finance.

- (b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the College's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

It is management's opinion that the College is not exposed to significant market or interest rate risk arising from its financial instruments.

- (c) 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 manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

13. Financial risk management

(c) Liquidity risk
conditions, without incurring unacceptable losses or risking damage to the College's reputation.

(d) Fair value of financial instruments

Generally accepted accounting principles define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

Cash, accounts receivable and accounts payables and accrued liabilities - the carrying amounts approximate fair value because of the short maturity of these instruments.

14. Accumulated surplus

Accumulated surplus is comprised of the following:

	2018	2017
Operating	\$ 4,361	\$ 5,904
Capital	2,352	474
Total	<u>\$ 6,713</u>	<u>\$ 6,378</u>

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

[In thousands of dollars]

15. Endowments

The College has endowment funds totaling \$972 (2017 - \$972) with the Vancouver Foundation. The funds are permanent funds with the Foundation and provide income for scholarships and bursaries at the College. The Funds are not under College ownership or control and therefore have not been included in the financial statements. The College has recorded its contributions to the Fund as donation expenditures. The College earned income of \$47 (2017 - \$45) from the Funds during the year. Income is recorded as deferred until spent.

Changes to the endowment balances are as follows:

	2018		2017	
	Cost	Market	Cost	Market
Northwest Community College Endowment Fund	\$ 588	\$ 806	\$ 588	\$ 801
Morice Community Skills Centre Legacy Fund	181	223	181	224
NWCC School of Exploration and Mining Endowment Fund	203	250	203	254
Balance, end of year	\$ 972	\$ 1 279	972	\$ 1,279

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for
2017 [In thousands of dollars]

16. Contractual obligations

The nature of the College's activities can result in multiyear contracts and obligations whereby the College will be committed to make future payments. Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	2018	2019 Total	Thereafter
Lease agreements	\$ 27	\$ 48	\$ 28 \$ 103

17. 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. In the event that any such claims or litigation are resolved against the College, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of the College. As at March 31, 2018, there are no known material outstanding claims or lawsuits.

18. Expenses by object

The following is a summary of expenses by object:

	2018	2017
Personnel	\$ 20,590	\$ 20,039
Instruction and service contracts	2,976	2,862
Supplies	1,557	1,521
Cost of goods sold	585	537
Advertising and promotion	208	222
Building and equipment costs	1,942	1,952
Building leases	27	48
Janitorial	378	377
Other	975	699
Telecommunications	391	299
Travel	1,059	941
Utilities	689	688
Amortization	3,454	3,485
	<u>\$ 34,831</u>	<u>\$ 33,670</u>

Northwest Community College

Notes to the Financial Statements

Year ended March 31, 2018, with comparative figures for
2017 [In thousands of dollars]

19. Supplementary cash flow information

Net change in non-cash working capital	2018	2017
Accounts receivable	\$ 193	\$ 63
Inventory for resale	127	27
Accounts payable and accrued liabilities	2,390	(53)
Accrued employee entitlements	104	5
Payroll liabilities	(92)	(474)
	<u>\$ 2,722</u>	<u>\$ (432)</u>

20. Northwest Community College Foundation

The College has an economic interest in the Northwest Community College Foundation ("Foundation"). The net assets and results of operations of the Foundation have not been included in these financial statements. The Foundation is a separate organization formed to provide scholarships and bursaries for students of the College and to raise funds and awareness to enrich the learning experience at the College. The College provides some financial support to the Foundation. During the year, financial support of \$400 (2017 – \$200) was provided to the Foundation.

21. Comparative figures

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