

College of the Rockies

FINANCIAL STATEMENTS
For the Year Ended March 31, 2015





Tel: 250 426 4285
Fax: 250 426 8886
www.bdo.ca

BDO Canada LLP
35 - 10th Avenue S
Cranbrook BC V1C 2M9 Canada

Independent Auditor's Report

**To the Board of Directors of the College of the Rockies and
the Minister of Advanced Education of the Province of British Columbia**

We have audited the accompanying financial statements of the College of the Rockies, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, remeasurement gains and losses, changes in net debt and cash flows for the year ended March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, which requires Canadian public sector accounting standards modified by B.C. Regulation 198/2011 "Restricted Contributions", 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 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 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 the College of the Rockies for the year ended March 31, 2015 is prepared, in all material respects, in accordance with 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) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and to Note 17 which describes the significant differences between such basis of accounting and Canadian public sector accounting standards.

BDO Canada LLP
Chartered Accountants

Cranbrook, BC
May 14, 2015



Box 8500
Cranbrook, BC V1C 5L7

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

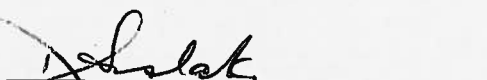
March 31, 2015

The accompanying Financial Statements are the responsibility of management and have been approved by the Board of Governors of the College of the Rockies. The Financial Statements were prepared in accordance with Public Sector Accounting Standards and the financial directives of the Ministry of Advanced Education and, of necessity, include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board of Governors has established a code of ethics and corporate directives, which require communication of the code to the employees.

The Board of Governors carries out its responsibility for the financial statements through the Board Finance/Audit Committee. This Committee meets with management and the external auditor to discuss and review financial matters and recommends the financial statements to the Board for approval. The external auditor has full and free access to the Finance/Audit Committee.


David Walls, President & CEO
May 14, 2015


Dianne Teslak, Vice President - Finance
May 14, 2015

COLLEGE OF THE ROCKIES

Statement of Financial Position

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

		March 31, 2015	March 31, 2014
Financial assets			
Cash and cash equivalents		\$ 19,451,533	\$ 20,028,450
Accounts receivable	(Note 3)	2,367,621	1,396,139
Inventories for resale		238,003	286,166
Investments	(Note 4)	10,285,205	10,009,912
Sinking Fund Investments	(Note 10)	-	2,864,282
		32,342,362	34,584,949
Liabilities			
Accounts payable and accrued liabilities	(Note 5)	1,596,002	1,909,517
Employee future benefits	(Note 6)	884,030	996,671
Deferred revenue	(Note 7)	4,894,571	3,693,924
Deferred contributions	(Note 8)	1,401,222	1,337,402
Deferred capital contributions	(Note 9)	36,915,934	39,395,662
Debentures payable	(Note 10)	-	2,800,000
		45,691,759	50,133,176
Net financial assets (net debt)		(13,349,397)	(15,548,227)
Non-financial assets			
Tangible capital assets	(Note 11)	35,070,383	36,866,875
Prepaid expenses		150,558	127,845
		35,220,941	36,994,720
Accumulated surplus	(Note 12)	21,871,544	21,446,493
Accumulated surplus (deficit) is comprised of:			
Accumulated operating surplus		20,582,159	20,185,599
Endowments	(Note 13)	1,408,672	1,388,365
Accumulated remeasurement gains (losses)		(119,287)	(127,471)
		\$ 21,871,544	\$ 21,446,493

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Chair

Vice President Finance

COLLEGE OF THE ROCKIES

Statement of Operations and Accumulated Surplus

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

	Budget	2015	2014 (Note 18)
Revenue:			
Province of British Columbia grants	\$ 23,183,000	\$ 20,801,257	\$ 20,098,453
Tuition fees	4,307,000	4,815,153	4,624,279
Sales of goods and services	1,111,000	1,171,228	1,081,884
Donations, non-government grants and contracts	5,843,000	8,263,599	7,776,655
Investment income	570,000	546,392	677,167
Recognized from deferred capital contributions (Note 9)	3,280,000	3,384,569	3,563,729
	38,294,000	38,982,198	37,822,167
Expenses: (Note 15)			
Instruction	19,642,000	19,642,987	18,591,013
College Support	15,124,000	15,361,983	15,628,845
Ancillary	960,000	1,059,417	1,123,630
Special Purpose	2,191,000	2,521,251	2,289,335
	37,917,000	38,585,638	37,632,823
Annual surplus (deficit) before endowment funding	377,000	396,560	189,344
Restricted endowment contributions	12,000	20,307	11,302
Annual surplus (deficit) for the year	389,000	416,867	200,646
Accumulated operating surplus, beginning of year	20,185,599	20,185,599	19,996,255
less restricted endowment contributions	-	(20,307)	(11,302)
Accumulated operating surplus, end of year	\$ 20,574,599	\$ 20,582,159	\$ 20,185,599

See accompanying notes to consolidated financial statements.

COLLEGE OF THE ROCKIES

Statement of Changes in Net Financial Assets (Net Debt)

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

	Budget	2015 Total	2014 Total
Annual surplus (deficit)	\$ 389,000	\$ 416,867	\$ 200,646
(Acquisition) disposal of tangible capital assets	(1,250,000)	(1,968,589)	(1,193,349)
Amortization of tangible capital assets	3,870,610	3,749,666	3,808,002
(Gain) loss on sale of tangible capital assets	-	15,415	1,040
Acquisition (use) of prepaid expense	-	(22,713)	6,411
Net remeasurement gains (losses)	-	8,184	(126,804)
(Increase) decrease in net financial assets (net debt)	3,009,610	2,198,830	2,695,946
Net financial assets (net debt), beginning of year	(15,548,227)	(15,548,227)	(18,244,173)
Net financial assets (net debt), end of year	\$ (12,538,617)	\$ (13,349,397)	\$ (15,548,227)

See accompanying notes to consolidated financial statements.

COLLEGE OF THE ROCKIES

Statement of Remeasurement Gains and Losses

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

	2015	2014
Accumulated remeasurement gains (losses), beginning of year	\$ (127,471)	\$ (667)
Unrealized gains (losses) attributed to:		
Investments	8,184	(32,346)
Sinking Fund	-	(94,458)
Net remeasurement gains (losses) for the year	8,184	(126,804)
Accumulated remeasurement gains (losses), end of year	\$ (119,287)	\$ (127,471)

See accompanying notes to consolidated financial statements.

COLLEGE OF THE ROCKIES

Statement of Cash Flows

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

	2015	2014
Cash provided by (used in):		
Operating:		
Annual surplus	\$ 416,867	\$ 200,646
Items not involving cash:		
Amortization of tangible capital assets	3,749,666	3,808,002
Revenue recognized from deferred capital contributions	(3,384,569)	(3,563,729)
(Gain) loss on disposal of tangible capital assets	15,415	1,040
Change in non-cash operating working capital:		
Accounts receivable	(971,482)	3,000,654
Prepaid expenses	(22,713)	6,411
Inventories for resale	48,163	7,122
Accounts payable and accrued liabilities	(313,515)	153,482
Employee future benefits	(112,641)	(95,938)
Deferred revenue	1,200,647	(301,408)
Deferred contributions	63,820	(94,477)
	689,658	3,121,805
Capital:		
Purchase of tangible capital assets	(1,968,589)	(1,193,349)
Contributions received for capital purchases	904,841	1,914,364
	(1,063,748)	721,015
Financing:		
Repayment of debentures	(2,800,000)	-
	(2,800,000)	-
Investing:		
Investments	(267,109)	(397,856)
Sinking fund	2,864,282	(94,035)
	2,597,173	(491,891)
Net change in cash	(576,917)	3,350,929
Cash, beginning of year	20,028,450	16,677,521
Cash, end of year	\$ 19,451,533	\$ 20,028,450

Cash is comprised of cash and cash equivalents

See accompanying notes to consolidated financial statements.

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

1. Authority and Purpose

The College of the Rockies (the College) operates under the authority of the *College and Institute Act* of British Columbia. The College is a not-for-profit entity governed by a Board of Governors.

The College is a registered charity and is therefore exempt from income taxes under section 149 of the *Income Tax Act*.

The College of the Rockies is a comprehensive college offering a full range of undergraduate, graduate and continuing studies programs.

2. Summary of significant accounting policies

(a) Basis of accounting:

In 2010, directive was provided by the Province of British Columbia Treasury Board ("Treasury Board") through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards (PSAS) issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) without any PS4200 elections from their first fiscal year commencing after January 1, 2012. The College of the Rockies transition date was effective April 1, 2011.

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". In November 2011, Treasury Board provided a directive in Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the College of the Rockies before or after this regulation was in effect. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Note 2(g)(i) and 2(g)(ii).

Further, the Office of the Comptroller General ("OCG") provided direction in memorandum ref. 250955 on the treatment of endowment funds, financial instruments, pension plans and employee future benefits. The OCG direction requires:

- (i) College of the Rockies to treat endowment contributions as described in Note 2(g)(iii);
- (ii) College of the Rockies to implement PS 3450 Financial Instrument as at April 1, 2012; and
- (iii) College of the Rockies to apply the discount rate for pension plans and/or employee future benefits at the next valuation date or within three years of transition to PSAS.

These financial statements have been prepared in accordance with the financial reporting framework described above.

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

2. Summary of significant accounting policies (continued)

(b) Cash and cash equivalents

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

(c) 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 are reflected at fair value as at the reporting date. Other financial instruments which the College of the Rockies has designated to be recorded at fair value include cash and cash equivalents, investments, endowments and sinking funds. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

(ii) Cost category: Financial instruments recorded by the College at cost include accounts receivable, accounts payable and accrued liabilities and debentures payable. 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.

(d) Inventories for resale and assets held for sale

Inventories held for resale, including books and school supplies 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.

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

2. Summary of significant accounting policies (continued)

(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	Basis	Rate
Buildings and renovations	Straight Line	10-40 years
Library acquisition	Straight Line	10 years
Furniture and equipment	Straight Line	5 years
Computer equipment and software	Straight Line	4 years

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

When there has been a change in circumstances and the service potential of a tangible capital asset has declined, the asset is written down based upon the relative loss of the service potential. If a tangible capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

(f) Employee future benefits

Employee future benefits include vacation pay, banked overtime, retirement allowances and accrued extended health benefits.

Also included are sick leave cash-outs upon death and compensated absence benefits that are available to the College of the Rockies'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.

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

2. Summary of significant accounting policies (continued)

(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.

Unrestricted 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 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, 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 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 the fair value of financial instruments, useful life of tangible capital assets and the present value of employee future benefits and commitment. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

2. Summary of significant accounting policies (continued)

(i) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the Government Reporting Entity Quarterly Reporting Forecast for 2014/15 approved by the Board of Governors of the College of the Rockies on September 11, 2014. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Financial Assets (Net Debt).

3. Accounts receivable

	2015	2014
Federal government	\$ 350,000	\$ 20,000
Provincial government	164,398	57,288
Other receivables	1,853,223	1,318,851
	<u>\$ 2,367,621</u>	<u>\$ 1,396,139</u>

4. Investments

- (a) Investments in the amount of \$9,956,022 market value (2014 - \$9,691,120) have been made primarily in various Provincial Government and Bank bonds. These interest rate yield on these bonds ranges from 1.98% - 4.55%, with maturity dates of June 2015 to May 2021.
- (b) Investment in the amount of \$89,779 market value (2014 - \$88,817) with the Municipal Finance Authority in a Money Market Fund earning an annual compound interest rate of 1.09%.
- (c) Investments in the amount of \$239,404 market value (2014 - \$229,975) with the Vancouver Foundation. The investment is not controlled by the College, nor can it be converted to other uses by the College.
- (d) Included in investments are \$1,408,672 (2014 - \$1,388,365) of endowment contributions. Investment income earned on these funds is distributed in accordance with the provisions of each endowment agreement. Distribution of the contributed principal of the endowments is prohibited.
- (e) Market risk

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

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

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include payables to the Federal government for source deductions of \$46,595 (2014 - \$34,178).

6. Employee future benefits:

(a) Post-employment benefits:

The College of the Rockies provides a sick leave payout upon an employee's death in accordance with the terms and conditions of their employment contract. In the event of the death of a regular or term employee during their employment with the College, the College shall make a one-time payment to the employee's beneficiary of 50% of the employee's accumulated unused sick leave entitlement.

(b) Compensated absence benefits:

The College of the Rockies employees' are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Sick leave credits accumulate for employees of College of the Rockies, as they render services they earn the right to the sick leave benefit. College of the Rockies recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits.

(c) Other benefits:

The College of the Rockies other benefits includes vacation pay, banked overtime, retirement allowances and extended health benefits.

(d) Information about liabilities for the College of the Rockies employee future benefits is as follows:

	2015	2014
Post-employment benefits	\$ 7,000	\$ 7,000
Compensated absence benefits	38,000	38,000
Other benefits	839,030	951,671
	<u>\$ 884,030</u>	<u>\$ 996,671</u>

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

7. Deferred revenue

Deferred revenue represents unspent funding received that relates to expenditures and program delivery in subsequent years and is comprised of the following:

	2015	2014
Province of BC grants	\$ 479,622	\$ 262,235
Tuition fees	1,151,066	1,033,980
Sales of goods and service	48,586	52,739
Donations, non-government grants and contracts	3,215,297	2,344,970
	<u>\$4,894,571</u>	<u>\$ 3,693,924</u>

Changes in the deferred revenue balance are as follows:

	2015	2014
Balance, beginning of year	\$3,693,924	\$3,995,332
Tuition received	4,484,460	4,806,433
Grants and other revenue received	35,698,385	32,714,326
	<u>40,182,845</u>	<u>37,520,759</u>
Tuition revenue recognized	4,815,153	4,624,279
Grants and other revenue recognized	34,167,045	33,197,888
	<u>38,982,198</u>	<u>37,822,167</u>
Increase (decrease) in deferred revenue	1,200,647	(301,408)
Balance, end of year	<u>\$4,894,571</u>	<u>\$3,693,924</u>

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

8. Deferred contributions

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year and is comprised of funds restricted for the following purposes:

	2015	2014
Scholarships	\$ 146,652	\$ 169,539
Endowments	321,760	303,656
Other reserves	932,810	864,207
	<u>\$1,401,222</u>	<u>\$1,337,402</u>

Changes in the deferred contribution balance are as follows:

	2015			
	Scholarships	Endowments	Other	Total
Balance, beginning of year	\$169,539	\$303,656	\$864,207	\$1,337,402
Contributions received during the year	191,869	55,723	124,550	372,142
Revenue recognized from deferred contributions	(214,756)	(37,619)	(55,947)	(308,322)
Balance, end of year	<u>\$146,652</u>	<u>\$321,760</u>	<u>\$932,810</u>	<u>\$1,401,222</u>

	2014			
	Scholarships	Endowments	Other	Total
Balance, beginning of year	\$204,912	\$281,561	\$927,905	\$1,414,378
Contributions received during the year	187,146	57,427	60,988	305,561
Revenue recognized from deferred contributions	(222,519)	(35,332)	(124,686)	(382,537)
Balance, end of year	<u>\$169,539</u>	<u>\$303,656</u>	<u>\$864,207</u>	<u>\$1,337,402</u>

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

9. 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:

	2015	2014
Balance, beginning of year	\$39,395,662	\$41,045,028
Contributions received during the year	904,841	1,914,363
Revenue recognized from deferred capital contributions	(3,384,569)	(3,563,729)
Balance, end of year	<u>\$36,915,934</u>	<u>\$39,395,662</u>

The balance of unamortized capital contributions related to capital assets consists of the following:

	2015	2014
Unamortized capital contributions used to purchase assets	\$34,159,646	\$35,375,152
Unspent capital funding	2,756,278	4,020,510
Balance, end of year	<u>\$36,915,934</u>	<u>\$39,395,662</u>

10. Debentures payable

Debt reported on the statement of financial position is comprised of the following:

	2015	2014
Debenture for constructing a residence, bearing interest at 7.5%, repaid on June 9, 2014.	-	\$2,800,000

Sinking fund assets were pledged as collateral for debentures noted above.

Sinking fund instalments and retirement provisions

A final payment of \$61,186 was made in the 2014 fiscal year to meet sinking fund instalment requirements. The sinking fund was liquidated and the debenture payable was retired in June 2014.

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

11. Tangible capital assets

Cost	Balance at March 31, 2014	Additions	Disposals	Balance at March 31, 2015
Land and land improvements	\$ 1,093,131	\$ -	\$ -	\$ 1,093,131
Buildings and renovations	57,147,614	261,948	-	57,409,562
Furniture and equipment	13,907,785	1,315,045	(34,403)	15,188,427
Computer equipment and software	4,117,894	391,596	(140,378)	4,369,112
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
Total	\$ 76,473,149	\$ 1,968,589	\$ (174,781)	\$ 78,266,957

Accumulated amortization	Balance at March 31, 2014	Disposals	Amortization expense	Balance at March 31, 2015
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Buildings and renovations	26,533,413	-	2,206,355	28,739,768
Furniture and equipment	9,688,633	(28,737)	1,210,447	10,870,343
Computer equipment and software	3,177,503	(130,629)	332,864	3,379,736
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
Total	\$ 39,606,274	\$ (159,366)	\$ 3,749,666	\$ 43,196,574

	Net book value March 31, 2014	Net book value March 31, 2015
Land and land improvements	\$ 1,093,131	\$ 1,093,131
Buildings	30,614,201	28,669,794
Furniture and equipment	4,219,152	4,318,083
Computer equipment and software	940,391	989,375
Assets under construction	-	-
Library acquisition	-	-
Total	\$ 36,866,875	\$ 35,070,383

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

11. Tangible capital assets (continued)

Cost	Balance at March 31, 2013	Additions	Disposals	Balance at March 31, 2014
Land and land improvements	\$ 1,093,131	\$ -	\$ -	\$ 1,093,131
Buildings and renovations	55,643,979	1,503,635	-	57,147,614
Furniture and equipment	13,471,561	484,565	(48,341)	13,907,785
Computer equipment and software	3,952,806	333,085	(167,997)	4,117,894
Assets under construction	1,127,936	-	(1,127,936)	-
Library acquisition	206,725	-	-	206,725
Total	\$ 75,496,138	\$ 2,321,285	\$ (1,344,275)	\$ 76,473,149

Accumulated amortization	Balance at March 31, 2013	Disposals	Amortization expense	Balance at March 31, 2014
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Buildings and renovations	24,265,346	-	2,268,067	26,533,413
Furniture and equipment	8,524,532	(47,301)	1,211,402	9,688,633
Computer equipment and software	3,016,967	(167,997)	328,533	3,177,503
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
Total	\$ 36,013,570	\$ (215,298)	\$ 3,808,002	\$ 39,606,274

	Net book value March 31, 2013	Net book value March 31, 2014
Land and land improvements	\$ 1,093,131	\$ 1,093,131
Buildings	31,378,633	30,614,201
Furniture and equipment	4,947,029	4,219,152
Computer equipment and software	935,839	940,391
Assets under construction	1,127,936	-
Library acquisition	-	-
Total	\$ 39,482,568	\$ 36,866,875

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

12. Accumulated surplus

Accumulated surplus (deficit) is comprised of the following:

	2015	2014
Unrestricted net assets	\$ 8,219,604	\$ 7,700,853
Invested in capital assets	1,169,900	1,556,006
Restricted for endowments (Note 13)	1,408,672	1,388,365
Internally restricted net assets	11,073,368	10,801,269
	<u>\$21,871,544</u>	<u>\$21,446,493</u>

13. Endowments

Endowment contributions form part of accumulated surplus. The OCG provided direction on the accounting treatment of endowment contributions as disclosed in note 2(g)(iii).

Changes to the endowment balances are as follows:

	2015	2014
Balance, beginning of year	\$1,388,365	\$1,377,063
Contributions received during the year	20,307	11,302
Balance, end of year	<u>\$1,408,672</u>	<u>\$1,388,365</u>

14. Pension Liability

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 of the Rockies paid \$1,512,282 for employer contributions to the plan in fiscal 2015 (2014 - \$1,277,191).

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

15. Expenses by object

The following is a summary of expenses by object:

	2015	2014
Salaries and wages	\$ 18,439,705	\$ 17,863,134
Employee benefits	4,072,209	4,053,585
General supplies	1,621,403	1,580,086
Repairs and maintenance	422,976	233,677
Leases and rentals	34,505	48,087
Hospitality and travel	1,078,053	957,815
Telephone	61,001	57,593
Public Relations	350,659	305,327
Printing and photocopying	180,900	170,094
Postage and freight	136,937	125,768
Data communications	32,494	34,563
Facilities	2,391,384	2,631,442
Professional fees	4,712,759	4,391,256
College membership fees	291,531	301,408
Amortization expense	3,749,666	3,808,002
Interest on long term debt	52,500	210,000
Scholarship payments	359,126	347,345
Bookstore cost of sales	597,830	513,641
	<u>\$ 38,585,638</u>	<u>\$ 37,632,823</u>

16. Contractual obligations

The College of the Rockies has several active contracts for janitorial, security and general maintenance services. The annual obligations of these contracts over the next five years that can be reasonably estimated are as follows:

2016	360,077
2017	193,336
2018	163,867
2019	144,840
2020	38,143

COLLEGE OF THE ROCKIES

Notes to Financial Statements

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

17. Impact of Accounting for Capital Contributions on a Deferral Basis

As set out in Notes 2(a) and (g), the College is required to defer recognition of government transfers for capital and recognize them in revenue over the life of the funded asset. This policy is not in accordance with PSAS which requires that such transfers be deferred only if the funding agreements contain stipulations that create a liability and then to recognize revenue over the period that the liability is extinguished.

The impact of this difference from PSAS is as follows:

As at March 31, 2014	overstate liabilities, overstate net debt and understate accumulated surplus by \$35,375,152
As at March 31, 2015	overstate liabilities, overstate net debt and understate accumulated surplus by \$34,159,646
Year ended March 31, 2014	understate revenue and understate annual surplus by \$2,446,054
Year ended March 31, 2015	understate revenue and understate annual surplus by \$1,215,506

18. Prior year comparatives

Certain revenues and expenses for the year ended March 31, 2014 have been reclassified to conform with current year presentation.