College of the Rockies

FINANCIAL STATEMENTS

For the Year Ended March 31, 2016

COLLEGE OF
THE ROCKIES

BDO

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BDO Canada LLP
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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, 2016 and the statements of operations, remeasurement gains and losses, changes in net debt and cash flows for the year ended March 31, 2016, 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, 2016 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 16 which describes the significant differences between such basis of accounting and Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Cranbrook, BC
May 12, 2016

COLLEGE OF
THE ROCKIES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

March 31, 2016

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 12, 2016

Dianne Teslak, Vice President - Finance
May 12, 2016

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COLLEGE OF THE ROCKIES

Statement of Financial Position

Year ended March 31, 2016, with comparative figures for 2015

		March 31, 2016	March 31, 2015
Financial assets			
Cash and cash equivalents		$ 20,579,979	$ 19,451,533
Accounts receivable	(Note 3)	1,298,892	2,367,621
Inventories for resale		276,769	238,003
Investments	(Note 4)	10,479,641	10,285,205
		32,635,281	32,342,362
Liabilities			
Accounts payable and accrued liabilities	(Note 5)	1,645,494	1,596,002
Employee future benefits	(Note 6)	805,092	884,030
Deferred revenue	(Note 7)	3,586,351	4,894,571
Deferred contributions	(Note 8)	1,329,494	1,401,222
Deferred capital contributions	(Note 9)	36,051,378	36,915,934
		43,417,809	45,691,759
Net financial assets (net debt)		(10,782,528)	(13,349,397)
Non-financial assets			
Tangible capital assets	(Note 10)	32,753,818	35,070,383
Prepaid expenses		157,279	150,558
		32,911,097	35,220,941
Accumulated surplus	(Note 11)	**22,128,569**	**21,871,544**
Accumulated surplus (deficit) is comprised of:			
Accumulated operating surplus		20,771,711	20,582,159
Endowments	(Note 12)	1,470,890	1,408,672
Accumulated remeasurement gains (losses)		(114,032)	(119,287)
		$ 22,128,569	**$ 21,871,544**

See accompanying notes to financial statements.

Approved on behalf of the Board:

Chair

Vice President Finance and Corporate Services

COLLEGE OF THE ROCKIES

Statement of Operations and Accumulated Surplus

Year ended March 31, 2016, with comparative figures for 2015

	Budget	2016	2015
Revenue:			
Province of British Columbia grants	$ 21,186,000	$ 18,259,607	$ 20,801,257
Tuition fees	4,604,000	4,524,170	4,815,153
Sales of goods and services	1,186,000	1,190,018	1,171,228
Donations, non-government grants and contracts	6,733,000	10,082,441	8,263,599
Investment income	526,000	604,790	546,392
Recognized from deferred capital contributions (Note 9)	4,110,000	4,350,959	3,384,569
	38,345,000	39,011,985	38,982,198
Expenses: *(Note 14)*			
Instruction	18,026,000	18,473,582	19,642,987
College Support	15,758,000	15,917,740	15,361,983
Ancillary	970,000	911,445	1,059,417
Special Purpose	3,454,000	3,519,666	2,521,251
	38,208,000	38,822,433	38,585,638
Annual surplus (deficit) before endowment funding	137,000	189,552	396,560
Restricted endowment contributions	12,000	62,218	20,307
Annual surplus (deficit) for the year	149,000	251,770	416,867
Accumulated operating surplus, beginning of year	20,582,159	20,582,159	20,185,599
less restricted endowment contributions		(62,218)	(20,307)
Accumulated operating surplus, end of year	**$ 20,731,159**	**$ 20,771,711**	**$ 20,582,159**

See accompanying notes to financial statements.

COLLEGE OF THE ROCKIES

Statement of Changes in Net Financial Assets (Net Debt)

Year ended March 31, 2016, with comparative figures for 2015

	Budget	2016 Total	2015 Total
Annual surplus (deficit)	$ 149,000	$ 251,770	$ 416,867
(Acquisition) disposal of tangible capital assets	(863,000)	(1,713,463)	(1,968,589)
Amortization of tangible capital assets	4,117,000	4,028,553	3,749,666
(Gain) loss on sale of tangible capital assets	-	1,475	15,415
Acquisition (use) of prepaid expense	-	(6,721)	(22,713)
Net remeasurement gains (losses)	-	5,255	8,184
(Increase) decrease in net financial assets (net debt)	3,403,000	2,566,869	2,198,830
Net financial assets (net debt), beginning of year	(13,349,397)	(13,349,397)	(15,548,227)
Net financial assets (net debt), end of year	**$ (9,946,397)**	**$ (10,782,528)**	**$ (13,349,397)**

See accompanying notes to financial statements.

COLLEGE OF THE ROCKIES

Statement of Remeasurement Gains and Losses

Year ended March 31, 2016, with comparative figures for 2015

		2016		2015
Accumulated remeasurement gains (losses), beginning of year	$	(119,287)	$	(127,471)
Unrealized gains (losses) attributed to:				
Investments		5,255		8,184
Net remeasurement gains (losses) for the year		5,255		8,184
Accumulated remeasurement gains (losses), end of year	**$**	**(114,032)**	**$**	**(119,287)**

See accompanying notes to financial statements.

COLLEGE OF THE ROCKIES

Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Cash provided by (used in):		
Operating:		
Annual surplus	$ 251,770	$ 416,867
Items not involving cash:		
Amortization of tangible capital assets	4,028,553	3,749,666
Revenue recognized from deferred capital contributions	(4,350,959)	(3,384,569)
(Gain) loss on disposal of tangible capital assets	1,475	15,415
Change in non-cash operating working capital:		
Accounts receivable	1,068,729	(971,482)
Prepaid expenses	(6,721)	(22,713)
Inventories for resale	(38,766)	48,163
Accounts payable and accrued liabilities	49,492	(313,515)
Employee future benefits	(78,938)	(112,641)
Deferred revenue	(1,308,220)	1,200,647
Deferred contributions	(71,728)	63,820
	(455,313)	689,658
Capital:		
Purchase of tangible capital assets	(1,713,463)	(1,968,589)
Contributions received for capital purchases	3,486,403	904,841
	1,772,940	(1,063,748)
Financing:		
Repayment of debentures		(2,800,000)
	-	(2,800,000)
Investing:		
Investments	(189,181)	(267,109)
Sinking fund		2,864,282
	(189,181)	2,597,173
Net change in cash	1,128,446	(576,917)
Cash, beginning of year	19,451,533	20,028,450
Cash, end of year	**$ 20,579,979**	**$ 19,451,533**

Cash is comprised of cash and cash equivalents

See accompanying notes to financial statements.

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

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 and accounts payable and accrued liabilities. 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.

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.

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.

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 2015/16 approved by the Board of Governors of the College of the Rockies on September 10, 2015. 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

	2016	2015
Federal government	$ -	$ 350,000
Provincial government	36,089	164,398
Other receivables	1,262,803	1,853,223
	$ 1,298,892	$ 2,367,621

4. Investments

(a) Investments in the amount of $10,137,522 market value (2015 - $9,956,022) have been made primarily in various Provincial Government and Bank bonds. These interest rate yield on these bonds ranges from 2.35% - 5.04%, with maturity dates of June 2016 to February 2026.

(b) Investment in the amount of $90,474 market value (2015 - $89,779) 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 $251,645 market value (2015 - $239,404) 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 $1,470,890 (2015 - $1,408,672) 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.

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include payables to the Federal government for source deductions of $37,217 (2015 - $46,595)

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:

	2016	2015
Post-employment benefits	$ 6,500	$ 7,000
Compensated absence benefits	37,000	38,000
Other benefits	761,592	839,030
	$ 805,092	$ 884,030

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:

	2016	2015
Province of BC grants	$ 1,240,678	$ 479,622
Tuition fees	1,043,215	1,151,066
Sales of goods and service	53,710	48,586
Donations, non-government grants and contracts	1,248,748	3,215,297
	$3,586,351	$4,894,571

Changes in the deferred revenue balance are as follows:

	2016	2015
Balance, beginning of year	$4,894,571	$3,693,924
Tuition received	4,416,317	4,484,460
Grants and other revenue received	33,287,448	35,698,385
	37,703,765	40,182,845
Tuition revenue recognized	4,524,170	4,815,153
Grants and other revenue recognized	34,487,815	34,167,045
	39,011,985	38,982,198
Increase (decrease) in deferred revenue	(1,308,220)	1,200,647
Balance, end of year	$3,586,351	$4,894,571

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:

	2016	2015
Scholarships	$ 105,075	$ 146,652
Endowments	315,846	321,760
Other reserves	908,573	932,810
	$1,329,494	$1,401,222

Changes in the deferred contribution balance are as follows:

	2016			
	Scholarships	Endowments	Other	Total
Balance, beginning of year	$146,652	$321,760	$932,810	$1,401,222
Contributions received during the year	125,955	40,416	84,408	250,779
Revenue recognized from deferred contributions	(167,532)	(46,330)	(108,645)	(322,507)
Balance, end of year	$105,075	$315,846	$908,573	$1,329,494

	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	$146,652	$321,760	$932,810	$1,401,222

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:

	2016	2015
Balance, beginning of year	$36,915,934	$39,395,662
Contributions received during the year	3,486,403	904,841
Revenue recognized from deferred capital contributions	(4,350,959)	(3,384,569)
Balance, end of year	$36,051,378	$36,915,934

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

	2016	2015
Unamortized capital contributions used to purchase assets	$31,167,379	$34,159,646
Unspent capital funding	4,883,999	2,756,288
Balance, end of year	$36,051,378	$36,915,934

10. Tangible capital assets

Cost	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land and land improvements	$ 1,093,131	$ -	$ -	$ 1,093,131
Buildings and renovations	57,409,562	-	-	57,409,562
Furniture and equipment	15,188,427	1,250,834	(62,953)	16,376,308
Computer equipment and software	4,369,112	367,479	(168,548)	4,568,043
Assets under construction	-	95,150	-	95,150
Library acquisition	206,725	-	-	206,725
Total	$ 78,266,957	$ 1,713,463	$ (231,501)	$ 79,748,919

Accumulated amortization	Balance at March 31, 2015	Disposals	Amortization expense	Balance at March 31, 2016
Land and land improvements	$ -	$ -	$ -	$ -
Buildings and renovations	28,739,768	-	2,226,490	30,966,258
Furniture and equipment	10,870,343	(61,748)	1,394,477	12,203,342
Computer equipment and software	3,379,738	(168,548)	407,585	3,618,776
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
Total	$ 43,196,574	$ (230,026)	$ 4,028,553	$ 46,995,101

	Net book value March 31, 2015	Net book value March 31, 2016
Land and land improvements	$ 1,093,131	$ 1,093,131
Buildings	28,669,794	26,443,304
Furniture and equipment	4,318,083	4,172,966
Computer equipment and software	989,375	949,267
Assets under construction	-	95,150
Library acquisition	-	-
Total	$ 35,070,383	$ 32,753,818

10. Tangible capital assets (continued)

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	(130,627)	332,864	3,379,738
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
Total	$ 39,606,274	$ (159,368)	$ 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

11. Accumulated surplus

Accumulated surplus (deficit) is comprised of the following:

	2016	2015
Unrestricted net assets	$ 7,062,551	$ 8,219,604
Invested in capital assets	1,586,439	1,169,900
Restricted for endowments (Note 12)	1,470,890	1,408,672
Internally restricted net assets	12,008,689	11,073,368
	$22,128,569	$21,871,544

12. 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:

	2016	2015
Balance, beginning of year	$1,408,672	$1,388,365
Contributions received during the year	62,218	20,307
Balance, end of year	$1,470,890	$1,408,672

13. Pension Liability

The College of the Rockies and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards 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 provided are based on a formula. As at August 31, 2015, the College Pension Plan has about 14,000 active members, and approximately 6,500 retired members. As at December 31, 2014, the Municipal Pension Plan has about 185,000 active members, including 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 record accrued liabilities and accrued assets for the plans in aggregate, resulting in 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 $1,130,137 for employer contributions to the plan in fiscal 2016 (2015 - $1,512,282).

14. Expenses by object

The following is a summary of expenses by object:

	2016	2015
Salaries and wages	$ 17,767,616	$ 18,439,705
Employee benefits	4,113,211	4,072,209
General supplies	1,845,075	1,621,403
Repairs and maintenance	243,825	422,976
Leases and rentals	50,683	34,505
Hospitality and travel	1,221,674	1,078,053
Telephone	82,268	61,001
Public Relations	268,249	350,659
Printing and photocopying	135,196	180,900
Postage and freight	159,010	136,937
Data communications	25,088	32,494
Facilities	2,338,805	2,391,384
Professional fees	5,453,532	4,712,759
College membership fees	289,388	291,531
Amortization expense	4,028,553	3,749,666
Interest on long term debt	-	52,500
Scholarship payments	301,487	359,126
Bookstore cost of sales	498,773	597,830
	$ 38,822,433	$ 38,585,638

15. 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 three years that can be reasonably estimated are as follows:

2017	710,844
2018	350,179
2019	97,193

16. 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, 2015	overstate liabilities, overstate net debt and understate accumulated surplus by $34,159,646
As at March 31, 2016	overstate liabilities, overstate net debt and understate accumulated surplus by $31,167,379
Year ended March 31, 2015	understate revenue and understate annual surplus by $1,215,506
Year ended March 31, 2016	understate revenue and understate annual surplus by $2,992,267