

**College of the Rockies**

# **FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2018**





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## Independent Auditor's Report

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**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, 2018 and the statements of operations, remeasurement gains and losses, changes in net debt and cash flows for the year ended March 31, 2018, 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, 2018 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.

  
Chartered Professional Accountants

Cranbrook, BC  
May 17, 2018



COLLEGE OF  
THE ROCKIES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

March 31, 2018

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, Skills and Training, 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 17, 2018

Djanne Teslak, Vice President – Finance & Corporate Services  
May 17, 2018

# COLLEGE OF THE ROCKIES

## Statement of Financial Position

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

		March 31, 2018	March 31, 2017
<b>Financial assets</b>			
Cash and cash equivalents		\$ 25,066,718	\$ 23,018,910
Accounts receivable	(Note 3)	1,268,165	1,357,321
Inventories for resale		402,299	308,183
Investments	(Note 4)	10,615,307	10,601,399
		<b>37,352,489</b>	<b>35,285,813</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	(Note 5)	2,407,959	2,467,444
Employee future benefits	(Note 6)	790,316	743,925
Deferred revenue	(Note 7)	4,652,154	3,765,779
Deferred contributions	(Note 8)	1,515,118	1,416,211
Deferred capital contributions	(Note 9)	43,045,608	35,549,812
		<b>52,411,155</b>	<b>43,943,171</b>
Net financial debt		<b>(15,058,666)</b>	<b>(8,657,358)</b>
<b>Non-financial assets</b>			
Tangible capital assets	(Note 10)	37,155,377	30,625,466
Prepaid expenses		190,478	202,339
		<b>37,345,855</b>	<b>30,827,805</b>
<b>Accumulated surplus</b>	<b>(Note 11)</b>	<b>22,287,189</b>	<b>22,170,447</b>
Accumulated surplus is comprised of:			
Accumulated operating surplus		21,271,209	20,945,334
Endowments	(Note 12)	1,524,091	1,506,761
Accumulated remeasurement losses		(508,111)	(281,648)
		<b>\$ 22,287,189</b>	<b>\$ 22,170,447</b>

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, 2018, with comparative figures for 2017

	Budget	2018	2017
Revenue:			
Province of British Columbia grants	\$ 19,102,099	\$ 18,985,802	\$ 18,383,237
Tuition fees	4,506,325	4,149,224	4,617,460
Sales of goods and services	1,187,797	1,155,803	1,196,379
Donations, non-government grants and contracts	9,646,729	10,185,296	9,208,565
Investment income	515,500	620,001	549,105
Recognized from deferred capital contributions (Note 9)	4,022,000	4,039,080	4,015,264
	38,980,450	39,135,206	37,970,010
Expenses: (Note 14)			
Instruction	19,371,297	20,184,591	18,088,788
College Support	15,123,951	15,061,364	16,003,116
Ancillary	1,046,328	997,381	973,164
Special Purpose	3,233,899	2,565,995	2,731,319
	38,775,475	38,809,331	37,796,387
Annual surplus before endowment funding	204,975	325,875	173,623
Restricted endowment contributions	33,000	17,330	35,871
Annual surplus for the year	237,975	343,205	209,494
Accumulated operating surplus, beginning of year	20,945,334	20,945,334	20,771,711
Less restricted endowment contributions	(33,000)	(17,330)	(35,871)
<b>Accumulated operating surplus, end of year</b>	<b>\$ 21,150,309</b>	<b>\$ 21,271,209</b>	<b>\$ 20,945,334</b>

See accompanying notes to financial statements.

# COLLEGE OF THE ROCKIES

## Statement of Changes in Net Financial Debt

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

	Budget	2018 Total	2017 Total
Annual surplus	\$ 237,975	\$ 343,205	\$ 209,494
Acquisition of tangible capital assets	(1,962,500)	(10,601,798)	(1,936,666)
Amortization of tangible capital assets	4,064,000	4,067,212	4,062,975
Loss on sale of tangible capital assets	-	4,675	2,043
Acquisition (use) of prepaid expense	-	11,861	(45,060)
Net remeasurement losses	-	(226,463)	(167,616)
(Increase) decrease in net financial debt	2,339,475	(6,401,308)	2,125,170
Net financial debt, beginning of year	(8,657,358)	(8,657,358)	(10,782,528)
<b>Net financial assets (net debt), end of year</b>	<b>\$ (6,317,883)</b>	<b>\$ (15,058,666)</b>	<b>\$ (8,657,358)</b>

See accompanying notes to financial statements.

# COLLEGE OF THE ROCKIES

## Statement of Remeasurement Losses

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

	2018	2017
Accumulated remeasurement losses, beginning of year	\$ (281,648)	\$ (114,032)
Unrealized losses attributed to:		
Investments	(226,463)	(167,616)
Net remeasurement losses for the year	(226,463)	(167,616)
<b>Accumulated remeasurement losses, end of year</b>	<b>\$ (508,111)</b>	<b>\$ (281,648)</b>

See accompanying notes to financial statements.

# COLLEGE OF THE ROCKIES

## Statement of Cash Flows

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

	2018	2017
Cash provided by (used in):		
Operating:		
Annual surplus	\$ 343,205	\$ 209,494
Items not involving cash:		
Amortization of tangible capital assets	4,067,212	4,062,975
Revenue recognized from deferred capital contributions	(4,039,080)	(4,015,264)
Loss on disposal of tangible capital assets	4,675	2,043
Change in non-cash operating working capital:		
Accounts receivable	89,156	(58,429)
Prepaid expenses	11,861	(45,060)
Inventories for resale	(94,116)	(31,414)
Accounts payable and accrued liabilities	(59,485)	821,950
Employee future benefits	46,391	(61,167)
Deferred revenue	886,375	179,428
Deferred contributions	98,907	86,717
	1,355,101	1,151,273
Capital:		
Purchase of tangible capital assets	(10,601,798)	(1,936,666)
Contributions received for capital purchases	11,534,876	3,513,698
	933,078	1,577,032
Investing:		
Investments	(240,371)	(289,374)
	(240,371)	(289,374)
Net change in cash	2,047,808	2,438,931
Cash, beginning of year	23,018,910	20,579,979
<b>Cash, end of year</b>	<b>\$ 25,066,718</b>	<b>\$ 23,018,910</b>

Cash is comprised of cash and cash equivalents

See accompanying notes to financial statements.



# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

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### 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.

The College is economically dependent on the Provincial Government's Ministry of Advanced Education, Skills & Training for the provision of operating and capital funding.

### 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, 2018, with comparative figures for 2017

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### 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 and endowments. 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 are 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, 2018, with comparative figures for 2017

### 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, 2018, with comparative figures for 2017

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### 2. Summary of significant accounting policies (continued)

#### (g) Revenue recognition

Tuition, 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, 2018, with comparative figures for 2017

### 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 2017/18 approved by the Board of Governors of the College of the Rockies on September 14, 2017. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Financial Net Debt.

### 3. Accounts receivable

	2018	2017
Provincial government	\$ 4,643	\$ 515,213
Other receivables	1,263,522	842,108
	<u>\$1,268,165</u>	<u>\$ 1,357,321</u>

### 4. Investments

- (a) Investments in the amount of \$10,250,800 market value (2017 - \$10,247,375) are primarily in various Provincial Government and Bank bonds. The interest rate yield on these bonds ranges from 1.89% - 4.15%, with maturity dates of June 2018 to August 2027.
- (b) Investments in the amount of \$92,238 market value (2017 - \$91,217) are 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 \$272,270 market value (2017 - \$262,807) are held by 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 \$1,524,091 (2017 - \$1,506,761) 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, 2018, with comparative figures for 2017

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### 5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include payables to the Federal government for source deductions of \$263,379 (2017 - \$274,567)

### 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:

	2018	2017
Post-employment benefits	\$ 5,500	\$ 6,000
Compensated absence benefits	34,500	35,000
Other benefits	750,316	702,925
	<u>\$ 790,316</u>	<u>\$ 743,925</u>

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

### 7. Deferred revenue

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

	2018	2017
Province of BC grants	\$1,855,038	\$1,305,001
Tuition fees	1,362,107	907,131
Sales of goods and services	75,083	58,606
Donations, non-government grants and contracts	1,359,926	1,495,041
	<u>\$4,652,154</u>	<u>\$3,765,779</u>

Changes in the deferred revenue balance are as follows:

	2018	2017
Balance, beginning of year	\$3,765,779	\$3,586,351
Tuition received	4,604,200	4,767,942
Grants and other revenue received	31,070,846	33,089,647
	<u>35,675,046</u>	<u>37,857,589</u>
Tuition revenue recognized	4,149,224	4,617,460
Grants and other revenue recognized	30,639,447	33,419,557
	<u>34,788,671</u>	<u>38,037,017</u>
Increase (decrease) in deferred revenue	886,375	179,428
Balance, end of year	<u>\$4,652,154</u>	<u>\$3,765,779</u>

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

### 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:

	2018	2017
Scholarships	\$ 157,495	\$ 108,058
Endowments	309,309	316,320
Other reserves	1,048,314	991,833
	<u>\$1,515,118</u>	<u>\$1,416,211</u>

Changes in the deferred contribution balance are as follows:

	2018			
	Scholarships	Endowments	Other	Total
Balance, beginning of year	\$108,058	\$316,320	\$ 991,833	\$1,416,211
Contributions received during the year	179,335	37,955	73,551	290,841
Revenue recognized from deferred contributions	(129,898)	(44,966)	(17,070)	(191,934)
Balance, end of year	<u>\$157,495</u>	<u>\$309,309</u>	<u>\$1,048,118</u>	<u>\$1,515,118</u>

  

	2017			
	Scholarships	Endowments	Other	Total
Balance, beginning of year	\$105,075	\$315,846	\$908,573	\$1,329,494
Contributions received during the year	145,928	40,827	83,260	270,015
Revenue recognized from deferred contributions	(142,945)	(40,353)	-	(183,298)
Balance, end of year	<u>\$108,058</u>	<u>\$316,320</u>	<u>\$991,833</u>	<u>\$1,416,211</u>



# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

### 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:

	2018	2017
Balance, beginning of year	\$ 35,549,812	\$36,051,378
Contributions received during the year	11,534,876	3,513,698
Revenue recognized from deferred capital contributions	(4,039,080)	(4,015,264)
Balance, end of year	<u>\$43,045,608</u>	<u>\$35,549,812</u>

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

	2018	2017
Unamortized capital contributions used to purchase assets	\$35,589,232	\$29,049,504
Unspent capital funding	7,456,376	6,500,308
Balance, end of year	<u>\$43,045,608</u>	<u>\$35,549,812</u>

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

### 10. Tangible capital assets

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land and land improvements	\$ 1,093,131	\$ -	\$ -	\$ 1,093,131
Buildings and renovations	58,161,589	909,656	-	59,071,245
Furniture and equipment	16,941,656	881,168	(39,080)	17,783,744
Computer equipment and software	4,710,632	312,896	(48,153)	4,975,375
Assets under construction	451,601	8,498,078	-	8,949,679
Library acquisition	206,725	-	-	206,725
<b>Total</b>	<b>\$ 81,565,334</b>	<b>\$ 10,601,798</b>	<b>\$ (87,233)</b>	<b>\$ 92,079,899</b>

Accumulated amortization	Balance at March 31, 2017	Disposals	Amortization expense	Balance at March 31, 2018
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Buildings and renovations	33,188,697	-	2,274,734	35,463,431
Furniture and equipment	13,633,366	(39,080)	1,465,974	15,060,260
Computer equipment and software	3,911,080	(43,478)	326,504	4,194,106
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
<b>Total</b>	<b>\$ 50,939,868</b>	<b>\$ (118,208)</b>	<b>\$ 4,067,212</b>	<b>\$ 54,924,522</b>

	Net book value March 31, 2017	Net book value March 31, 2018
Land and land improvements	\$ 1,093,131	\$ 1,093,131
Buildings	24,972,892	23,607,814
Furniture and equipment	3,808,290	2,723,484
Computer equipment and software	779,552	781,269
Assets under construction	451,601	8,949,679
Library acquisition	-	-
<b>Total</b>	<b>\$ 30,625,466</b>	<b>\$ 37,155,377</b>

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

### 10. Tangible capital assets (continued)

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land and land improvements	\$ 1,093,131	\$ -	\$ -	\$ 1,093,131
Buildings and renovations	57,409,562	752,027	-	58,161,589
Furniture and equipment	16,376,308	581,261	(15,913)	16,941,656
Computer equipment and software	4,568,043	246,927	(104,338)	4,710,632
Assets under construction	95,150	356,451	-	451,601
Library acquisition	206,725	-	-	206,725
<b>Total</b>	<b>\$ 79,748,919</b>	<b>\$ 1,936,666</b>	<b>\$ (120,251)</b>	<b>\$ 81,565,334</b>

Accumulated amortization	Balance at March 31, 2016	Disposals	Amortization expense	Balance at March 31, 2017
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Buildings and renovations	30,966,258	-	2,222,439	33,188,697
Furniture and equipment	12,203,342	(15,229)	1,445,253	13,633,366
Computer equipment and software	3,618,776	(102,979)	395,283	3,911,080
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
<b>Total</b>	<b>\$ 46,995,101</b>	<b>\$ (118,208)</b>	<b>\$ 4,062,975</b>	<b>\$ 50,939,868</b>

	Net book value March 31, 2016	Net book value March 31, 2017
Land and land improvements	\$ 1,093,131	\$ 1,093,131
Buildings	26,443,304	24,972,892
Furniture and equipment	4,172,966	3,808,290
Computer equipment and software	949,267	779,552
Assets under construction	95,150	451,601
Library acquisition	-	-
<b>Total</b>	<b>\$ 32,753,818</b>	<b>\$ 30,625,466</b>

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

### 11. Accumulated surplus

Accumulated surplus is comprised of the following:

	2018	2017
Unrestricted net assets	\$ 6,334,671	\$ 6,522,817
Invested in capital assets	1,567,271	1,575,963
Restricted for endowments (Note 12)	1,524,091	1,506,761
Internally restricted net assets	12,861,156	12,564,906
	<u>\$22,287,189</u>	<u>\$22,120,447</u>

### 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:

	2018	2017
Balance, beginning of year	\$1,506,761	\$1,470,890
Contributions received during the year	17,330	35,871
Balance, end of year	<u>\$1,524,091</u>	<u>\$1,506,761</u>

### 13. Pension Liability

The College of the Rockies and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee 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, 2016, the College Pension Plan has about 14,000 active members, and approximately 7,000 retired members. As at December 31, 2015, the Municipal Pension Plan has about 189,000 active members, including approximately 5,800 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2015, indicated a \$67 million surplus for basic pension benefits. The next valuation will be August 31, 2018, with results available in 2019. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits. The next valuation 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 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 \$1,712,935 for employer contributions to the plan in fiscal 2018 (2017 - \$1,584,121).

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

### 14. Expenses by object

The following is a summary of expenses by object:

	2018	2017
Salaries and wages	\$ 19,627,666	\$ 18,065,018
Employee benefits	4,554,369	4,243,633
General supplies	1,572,234	1,583,681
Repairs and maintenance	400,412	310,348
Leases and rentals	132,352	95,929
Hospitality and travel	947,589	1,063,472
Telephone	79,410	85,355
Public relations	273,154	315,494
Printing and photocopying	129,135	136,760
Postage and freight	124,992	130,024
Data communications	167,904	26,396
Facilities	812,803	1,249,057
Professional fees	4,761,502	5,333,904
College membership fees	278,244	262,201
Amortization expense	4,067,212	4,062,975
Scholarship payments	305,005	280,718
Bookstore cost of sales	575,348	551,422
	<u>\$ 38,809,331</u>	<u>\$ 37,796,387</u>

### 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:

2019	\$ 630,394
2020	291,490
2021	133,962
2022	120,862
2023	116,670

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

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

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### 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, 2017	overstate liabilities, overstate net debt and understate accumulated surplus by \$29,049,504
As at March 31, 2018	overstate liabilities, overstate net debt and understate accumulated surplus by \$35,549,812
Year ended March 31, 2017	overstate revenue and overstate annual surplus by \$2,117,876
Year ended March 31, 2018	understate revenue and understate annual surplus by \$6,531,602