NORTH ISLAND COLLEGE
FINANCIAL STATEMENTS
For the year ended March 31, 2019

North Island College
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For the year ended March 31, 2019

NORTH ISLAND COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. The integrity and objectivity of these statements is management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. The significant accounting policies are summarized in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The North Island College Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Audit and Finance committee. The Audit and Finance Committee reviews financial information on a quarterly basis and the external audited financial statements yearly. The external auditor has full access to the Audit and Finance Committee, with and without management present.

KPMG conducts an independent examination, in accordance with Canadian auditing standards, and expresses an opinion on the financial statements. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of the examination and their opinion on the financial statements.

On behalf of North Island College

John Bowman
President

Colin Fowler
Vice President, Finance & Facilities

June 14, 2019

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of North Island College (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2019 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
June 13, 2019

North Island College
Statement of Financial Position
As at March 31, 2019 with comparative information for 2018

	Note	2019	2018
Financial assets			
Cash and cash equivalents		$ 5,263,566	$ 9,856,583
Accounts receivable		836,554	714,487
Due from government organizations	3	2,033,544	123,151
Inventories held for resale		347,341	298,275
Portfolio investments	4	20,291,955	19,397,753
		28,772,960	30,390,249
Liabilities			
Accounts payable and accrued liabilities	5	8,729,742	9,787,850
Due to government organizations	3	634,830	450,834
Employee future benefits	6	517,310	628,846
Leasehold inducements	16	439,786	500,000
Deferred revenue		2,341,353	2,257,485
Deferred contributions	7	12,586,175	11,228,310
Deferred capital contributions	8	36,841,046	28,817,855
		62,090,242	53,671,180
Net debt		(33,317,282)	(23,280,931)
Non-financial assets			
Tangible capital assets	9	42,341,290	32,648,362
Prepaid expenses		133,768	97,120
		42,475,058	32,745,482
Accumulated surplus		$ 9,157,776	$ 9,464,551
Accumulated surplus is comprised of:			
Accumulated surplus		$ 7,951,224	$ 7,895,458
Accumulated remeasurement gains		1,206,552	1,569,093
		$ 9,157,776	$ 9,464,551

Commitments and contingencies (notes 11 & 12)
Contractual rights (note 15)
See accompanying notes to the financial statements

Approved on behalf of the Board of Governors

Jane Murphy,
Chair of the Board of Governors

Colin Fowler,
Vice President, Finance and Facilities

North Island College

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2019 with comparative information for 2018

	Note	Budget 2019 Note 2(j)	2019	2018
Revenue				
Province of British Columbia		$ 29,901,991	$ 29,569,367	$ 28,918,262
Government of Canada grants		890,627	453,576	463,295
Tuition and student fees		12,040,695	12,589,054	10,214,478
Contract services		316,500	379,967	320,795
Sales of goods and services		1,412,500	1,478,378	1,560,694
Investment income		613,350	1,458,212	1,091,480
Other income		567,831	673,433	606,434
Revenue recognized from deferred capital contributions	8	2,025,872	2,291,917	2,306,083
		47,769,366	48,893,904	45,481,521
Expenses (Schedule 1)				
Instructional and non-sponsored research		44,791,539	46,172,799	42,639,503
Ancillary services		1,440,442	1,388,283	1,563,083
Sponsored research		680,985	436,174	440,008
Special purpose		856,400	840,883	823,211
		47,769,366	48,838,138	45,465,805
Surplus for the year		-	55,766	15,716
Accumulated surplus, beginning of year		7,895,458	7,895,458	7,879,742
Accumulated surplus, end of year		$ 7,895,458	$ 7,951,224	$ 7,895,458

See accompanying notes to the financial statements

North Island College
Statement of Changes in Net Debt
For the year ended March 31, 2019 with comparative information for 2018

	Budget 2019 Note 2(j)	2019	2018
Surplus for the year	$ -	$ 55,766	$ 15,716
Acquisition of tangible capital assets	-	(12,415,236)	(9,643,884)
Amortization of tangible capital assets	2,610,900	2,722,308	2,816,179
Gain on sale of tangible capital assets	-	(4,517)	(28,249)
Proceeds on sale of tangible capital assets	-	4,517	28,249
	2,610,900	(9,692,928)	(6,827,705)
Acquisition of prepaid expenses	-	(204,377)	(83,723)
Use of prepaid expenses	-	167,729	77,419
	-	(36,648)	(6,304)
Net remeasurement (losses) gains	-	(362,541)	(123,558)
Change in net debt	2,610,900	(10,036,352)	(6,941,851)
Net debt, beginning of year	(23,280,931)	(23,280,931)	(16,339,080)
Net debt, end of year	$ (20,670,031)	$ (33,317,282)	$ (23,280,931)

See accompanying notes to the financial statements

North Island College
Statement of Remeasurement Gains and Losses
For the year ended March 31, 2019 with comparative information for 2018

	2019	2018
Accumulated remeasurement gains, beginning of year	$ 1,569,093	$ 1,692,651
Unrealized gains attributed to:		
Portfolio investments	391,116	367,419
Amounts reclassified to the statement of operations:		
Realized gains on pooled funds	(753,657)	(490,977)
Net remeasurement (losses) gains for the year	(362,541)	(123,558)
Accumulated remeasurement gains, end of year	**$ 1,206,552**	**$ 1,569,093**

See accompanying notes to the financial statements

North Island College
Statement of Cash Flows
For the year ended March 31, 2019 with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations		
Surplus for the year	$ 55,766	$ 15,716
Items not involving cash:		
Amortization of tangible capital assets	2,722,308	2,816,179
Revenue recognized from deferred capital contributions	(2,291,917)	(2,306,083)
Change in employee future benefits	(111,536)	246,944
Change in lease inducements	(60,214)	-
Gain on sale of tangible capital assets	(4,517)	(28,249)
Change in non-cash operating working capital:		
Increase in accounts receivable	(122,067)	(46,787)
Decrease (increase) in due from government organizations	(1,910,393)	410,771
Increase in prepaid expenses	(36,648)	(6,304)
Increase in inventories held for resale	(49,066)	(100,739)
Increase (decrease) in accounts payable and accrued liabilities	(1,058,110)	2,668,265
(Decrease) increase in due to government organizations	183,996	(44,440)
Increase in deferred revenue	83,868	342,712
Increase in deferred contributions	1,357,865	576,628
Net change in cash from operating activities	(1,240,662)	4,544,613
Capital activities		
Cash used to acquire tangible capital assets	(12,140,398)	(9,643,884)
Increase in deferred capital contributions	10,040,272	7,835,957
Increase in lease inducements	-	500,000
Proceeds on disposal of tangible capital assets	4,517	28,249
Net change in cash from capital activities	(2,095,609)	(1,279,678)
Investing activities		
Increase in investments	(1,256,743)	(930,942)
Net change in cash from investing activities	(1,256,743)	(930,942)
Net change in cash and cash equivalents	**(4,593,014)**	**2,333,993**
Cash and cash equivalents, beginning of year	9,856,583	7,522,590
Cash and cash equivalents, end of year	$ 5,263,566	$ 9,856,583

See accompanying notes to the financial statements

North Island College
Notes to the Financial Statements
Year ended March 31, 2019

1 Authority and purpose

North Island 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 majority of which are appointed by the provincial government of British Columbia. The College is a registered charity and is exempt from income taxes under section 149 of the Income Tax Act.

2 Summary of significant accounting policies

The financial statements of the College are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the College are as follows:

(a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections related to accounting standards for not for profit organizations.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of 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 those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

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

2 Summary of significant accounting policies (continued)

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Cash and cash equivalents

Cash and cash equivalents include 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: all portfolio investments are quoted in an active market and therefore reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are 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 Statements of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

(ii) Cost category: financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statements 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 financial assets are included in the cost of the related instrument.

(d) Inventories held for resale

Inventories held for resale, including books and merchandise for sale in campus bookstores 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. Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives shown below. The College prorates amortization on a monthly basis in the year of acquisition. Land is not amortized as it is deemed to have a permanent value.

Buildings and site improvements	
Concrete and steel buildings	10-40 years
Wood-framed buildings	10-20 years
Site improvements	10 years
Furniture and equipment	
Library books	10 years
Furniture, equipment, and vehicles	5 years
Computer servers	3-5 years
Computer equipment	3-5 years
Leasehold improvements	Remaining term of the lease

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

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

(iii) Leased tangible capital assets
Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

2 Summary of significant accounting policies (continued)

(f) Employee future benefits

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

Sick leave benefits are also available to the College's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(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 set out in note 2(a).

The College leases certain land properties to third parties for a period of 99 years. Cash received from land leases is deferred and amortized to revenue on a straight-line basis over the term of the lease.

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

(h) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that 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 commitments. 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) Foreign currency translation

The College's functional currency is the Canadian dollar. There are no significant foreign currency transactions.

(j) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the North Island College 2018-2019 Budget approved by the Board of Governors of North Island College on April 19, 2018.

Budget figures are presented only for information purposes.

3 Due from and to government organizations

Due from:	**2019**	**2018**
Federal government	$ 1,490	$ 641
Provincial government	2,018,031	114,649
Other government organizations	14,023	7,861
	$ 2,033,544	$ 123,151

Due to:	**2019**	**2018**
Federal government	$ 416,564	$ 358,792
Provincial government	33,641	25,361
Other government organizations	184,625	66,681
	$ 634,830	$ 450,834

North Island College
Notes to the Financial Statements
Year ended March 31, 2019

4 Portfolio investments

Portfolio investments are recorded at fair value and are comprised of the following:

	2019	2018
Fixed income	$ 2,016,077	$ 1,397,531
Pooled bond funds	10,324,421	8,888,504
Pooled equity funds	7,951,457	9,111,718
	$ 20,291,955	$ 19,397,753

5 Accounts payable and accrued liabilities

	2019	2018
Trade payables	$ 1,257,803	$ 1,250,569
Salaries and benefits payable	991,562	906,265
Accrued leaves payable	3,161,804	3,037,302
Other payables and accrued liabilities	3,318,573	4,593,714
	$ 8,729,742	$ 9,787,850

6 Employee future benefits

(a) Pension benefits:

The College and its employees contribute to the College Pension Plan and the 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 are based on a formula. As at August 31, 2018, the College Pension Plan has about 14,000 active members, and approximately 8,000 retired members. As at December 31, 2017, the Municipal Pension Plan has about 197,000 active members, including approximately 6,000 from colleges.

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

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

6 Employee future benefits (continued)

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

The College paid $2,447,125 for employer contributions to the plans in fiscal 2019 (2018: $2,234,775).

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

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

(b) Other benefits:

	2019	**2018**
Severance	$ 444,310	$ 560,846
Accumulated sick leave benefit	73,000	68,000
	$ 517,310	$ 628,846

(i) The College provides severance benefits to eligible employees based on eligibility, years of service, and final salary.

(ii) Employees of the College are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Sick leave credits accumulate for employees of the College, as they render services they earn the right to the sick leave benefit. The College recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits. The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation.

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation are as follows:

	2019	**2018**
Discount rates	2.00%	2.00%
Expected wage and salary increases	2.75%	2.75%

7 Deferred contributions

Deferred contributions are comprised of funds for restricted uses including special programs, facilities and research. Changes in the deferred contribution balances are as follows:

	2019		
	Land Sale	**Other**	**Total**
Balance, beginning of year	$ 3,961,144	$ 7,267,166	$ 11,228,310
Contributions received	-	8,941,595	8,941,595
Revenue recognized	-	(7,583,730)	(7,583,730)
Balance, end of year	$ 3,961,144	$ 8,625,031	$ 12,586,175

	2018		
	Land Sale	**Other**	**Total**
Balance, beginning of year	$ 3,961,144	$ 6,690,538	$ 10,651,682
Contributions received	-	6,330,750	6,330,750
Revenue recognized	-	(5,754,122)	(5,754,122)
Balance, end of year	$ 3,961,144	$ 7,267,166	$ 11,228,310

In 2012/13, the College sold 11.164 acres of land to the Vancouver Island Health Authority for $4,030,114. Use of the sale proceeds is restricted under the College and Institute Act. The proceeds, net of land costs of $68,970, have been recorded as deferred contributions until permission to use the funds for acquisition of specific capital assets is granted.

8 Deferred capital contributions

Funding contributions for tangible capital assets are referred to as deferred capital contributions. Amounts are recognized into revenue as the asset is amortized over the useful life of the asset. Treasury Board specifies this accounting treatment as disclosed in note 2(a). Changes in the deferred capital contributions balance are as follows:

	2019	**2018**
Balance, beginning of year	$ 28,817,855	$ 23,287,981
Contributions received during the year - cash	10,040,272	7,835,957
Contributions received during the year - in kind	274,836	-
Revenue recognized from deferred capital contributions	(2,291,917)	(2,306,083)
Balance, end of year	$ 36,841,046	$ 28,817,855

North Island College
Notes to the Financial Statements
Year ended March 31, 2019

9 Tangible capital assets

Cost	Mar 31, 2018	Additions	Transfers	Disposals	Mar 31, 2019
Land	$ 457,919	$ -	$ -	$ -	$ 457,919
Site improvements	2,404,933	-	-	-	2,404,933
Buildings	58,274,016	127,058	154,182	-	58,555,256
Furniture & equipment	4,163,787	419,514	60,856	(1,720,819)	2,923,338
Software & licences	48,200	-	-	(17,203)	30,997
Computer equipment	1,113,518	168,147	-	(160,124)	1,121,541
Leasehold improvements	1,631,007	-	-	-	1,631,007
Vehicles	554,500	104,667	-	(81,781)	577,386
Library books	471,566	42,392	-	(42,798)	471,160
Assets under construction	7,086,374	11,553,458	(215,038)	-	18,424,794
Total	$ 76,205,820	$ 12,415,236	$ -	$ (2,022,725)	$ 86,598,331

Accumulated amortization	Mar 31, 2018	Amortization	Disposals	Mar 31, 2019
Site improvements	$ 2,129,268	$ 77,377	$ -	$ 2,206,645
Buildings	37,540,010	1,645,747	-	39,185,757
Furniture & equipment	2,734,410	486,881	(1,720,819)	1,500,472
Software & licences	28,465	8,443	(17,203)	19,705
Computer equipment	564,910	191,350	(160,124)	596,136
Leasehold improvements	85,261	173,804	-	259,065
Vehicles	213,542	96,288	(81,781)	228,049
Library books	261,592	42,418	(42,798)	261,212
Total	$ 43,557,458	$ 2,722,308	$ (2,022,725)	$ 44,257,041

	Net Book Value Mar 31, 2018	Net Book Value Mar 31, 2019
Land	$ 457,919	$ 457,919
Site improvements	275,665	198,288
Buildings	20,734,006	19,369,499
Furniture & equipment	1,429,377	1,422,866
Software & licences	19,735	11,293
Computer equipment	548,608	525,405
Leasehold improvements	1,545,746	1,371,942
Vehicles	340,958	349,337
Library books	209,974	209,947
Assets under construction	7,086,374	18,424,794
Total	$ 32,648,362	$ 42,341,290

North Island College
Notes to the Financial Statements
Year ended March 31, 2019

9 Tangible capital assets (continued)

Cost	Mar 31, 2017	Additions	Transfers	Disposals	Mar 31, 2018
Land	$ 457,919	$ -	$ -	$ -	$ 457,919
Site improvements	2,404,933	-	-	-	2,404,933
Buildings	57,839,126	77,301	357,589	-	58,274,016
Furniture & equipment	4,252,472	339,400	-	(428,085)	4,163,787
Software & licences	54,942	16,830	-	(23,572)	48,200
Computer equipment	1,112,172	182,198	-	(180,852)	1,113,518
Leasehold improvements	77,169	220,655	1,333,183	-	1,631,007
Vehicles	363,955	190,545	-	-	554,500
Library books	495,217	31,483	-	(55,134)	471,566
Assets under construction	191,674	8,585,472	(1,690,772)	-	7,086,374
Total	$ 67,249,579	9,643,884	$ -	$ (687,643)	$ 76,205,820

Accumulated amortization	Mar 31, 2017	Amortization	Disposals	Mar 31, 2018
Site improvements	$ 2,021,991	$ 107,277	$ -	$ 2,129,268
Buildings	35,899,681	1,640,329	-	37,540,010
Furniture & equipment	2,489,781	672,714	(428,085)	2,734,410
Software & licences	42,777	9,260	(23,572)	28,465
Computer equipment	552,444	193,318	(180,852)	564,910
Leasehold improvements	16,017	69,244	-	85,261
Vehicles	132,645	80,897	-	213,542
Library books	273,586	43,140	(55,134)	261,592
Total	$ 41,428,922	2,816,179	(687,643)	$ 43,557,458

	Net Book Value Mar 31, 2017	Net Book Value Mar 31, 2018
Land	$ 457,919	$ 457,919
Site improvements	382,942	275,665
Buildings	21,939,445	20,734,006
Furniture & equipment	1,762,691	1,429,377
Software & licences	12,165	19,735
Computer equipment	559,728	548,608
Leasehold improvements	61,152	1,545,746
Vehicles	231,310	340,958
Library books	221,631	209,974
Assets under construction	191,674	7,086,374
Total	$ 25,820,657	$ 32,648,362

9 Tangible capital assets (continued)

(a) Assets under construction

Assets under construction having a value of $18,424,794 (2018: $7,086,374) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is $274,836 (2018 -$nil)

10 Financial risk management

The College is potentially exposed to credit risk, liquidity risk, foreign exchange risk and interest rate risk from the entity's financial instruments. Qualitative and quantitative analysis of the significant risks from the College's financial instruments is provided below by type of risk.

(a) Credit risk

Credit risk primarily arises from the College's cash and cash equivalents, accounts receivable and portfolio investments. The risk exposure is limited to their varying amounts at the date of the statement of financial position.

Accounts receivable primarily consist of amounts receivable from government organizations, students, clients and sponsors. To reduce the risk, the College regularly reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2019 the amount of allowance for doubtful debts was $154,370 (2018: $135,601), as these accounts receivable are deemed by management not to be collectible. The College historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

(b) Market and interest rate risk

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

The College manages market risk by holding cash balances with a top rated Canadian Schedule I financial institution. The portfolio investments are professionally managed following the investment program which is approved by the College's Board of Governors and consistent with the requirements of the College and Institute Act. The College periodically reviews its investments and is satisfied that the portfolio investments are being managed in accordance with the investment program.

10 Financial risk management (continued)

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

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

(c) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations, anticipated investing, and financial activities to ensure that its financial obligations are met.

(d) Foreign exchange risk

The College has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant. The foreign currency financial instruments are short-term in nature and do not give rise to significant foreign currency risk.

11 Contractual obligations

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

	Port Alberni Campus	Port Hardy Campus	Total
2020	$ 120,294	$ 148,452	$ 268,746
2021	120,294	148,452	268,746
2022	-	148,452	148,452
2023	-	61,855	61,855
Total contractual obligations	$ 240,588	$ 507,211	$ 747,799

12 Contingent liabilities

The College may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. In the event that any such claims or litigation are resolved against the College, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of the College. At March 31, 2019 there are no outstanding claims.

13 Related parties

North Island College is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

North Island College Foundation is a not-for-profit organization and a registered charity under the Income Tax Act. The Foundation was created to enhance the delivery of North Island College's programs and services by raising funds to provide scholarships and bursaries, and to support various College projects. Although there is no common control of the organizations through the Board appointment or other forms of control, the Foundation is related to the College by virtue of holding resources which are to be used to provide support to students attending the College. Transactions with the Foundation were recorded at the exchange amount.

At March 31, 2019 accounts payable of the College included $23,465 (2018: $35,007) due to the Foundation.

	2019	2018
Bursaries	$ 397,792	$ 347,980
Donations and other	1,122,952	49,794
Gifts-in-kind	325,179	65,048
Foundation contributions to the College	$ 1,845,923	$ 462,822
College contributions to the Foundation	$ 84,250	$ 74,900

14 Comparative Information

Certain comparative information has been reclassified to conform with the current year's financial statement presentation.

15 Contractual rights

The College has entered into multi-year contracts with the Province of British Columbia that entitles the College to receive the following amounts:

	Port Alberni Campus	Port Hardy Campus	Total
2020	$ 120,294	$ 148,452	$ 268,746
2021	120,294	148,452	268,746
2022	-	148,452	148,452
2023	-	61,855	61,855
Total contractual rights	$ 240,588	$ 507,211	$ 747,799

16 Lease inducement

In September 2017, the College entered into a 5 year renewable lease for premises located in Port Hardy. In conjunction with the lease, the landlord financed $500,000 of the improvements to be repaid by the College over 10 years. The amount is funded by the Province over the term of the lease.

North Island College

Schedule 1 - Schedule of Expenses by Object

For the year ended March 31, 2019 with comparative information for 2018

	Budget 2019	2019	2018
Expenses			
Salaries and benefits	$ 33,370,395	$ 33,111,202	$ 30,480,251
Other personnel costs	806,363	846,828	954,806
Advertising and promotion	784,295	585,223	730,072
Books and periodicals	249,269	252,709	267,359
Cost of goods sold	1,006,350	981,249	998,217
Equipment costs	1,332,491	1,935,999	1,610,023
Facility costs	2,456,348	3,591,203	3,125,750
Financial service charges	187,645	265,573	228,088
General fees and services	2,206,516	1,738,499	1,763,049
Student awards	644,180	645,415	593,952
Supplies and general expenses	968,085	1,164,290	864,266
Travel	944,029	738,733	745,744
Grant transfers	202,500	183,307	213,149
Donations to NIC Foundation	-	75,600	74,900
Amortization of tangible capital assets	2,610,900	2,722,308	2,816,179
	$ 47,769,366	$ 48,838,138	$ 45,465,805