Financial Statements of

NORTHWEST COMMUNITY COLLEGE

Year ended March 31, 2016 and 2015

Contents

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

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

The external auditors, Vohora LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Northwest Community College and meet when required.

On behalf of Northwest Community College

Herb Pond
Chair, Board of Governors

Laurel Campbell
Vice-President, Corporate Services

May 31, 2016

Vohora LLP
CPAs & Business Advisors

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Independent Auditor's Report

To the Board of Governors of Northwest Community College,

We have audited the accompanying financial statements of Northwest Community College, which comprise the statements of financial position as at March 31, 2016 and March 31, 2015 and the statements of operations, change in net financial debt and cash flows for the years ended March 31, 2016 and March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Vohora LLP
CPAs & Business Advisors

Independent Auditor's Report (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the statements of financial position of Northwest Community College as at March 31, 2016 and March 31, 2015 and the statements of operations, change in net financial debt and cash flows for the years ended March 31, 2016 and March 31, 2015 are 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

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 the significant difference between the basis of accounting and Canadian Public Sector Accounting Standards. Our opinion is not qualified in respect of this matter.

May 31, 2016
Vancouver, BC

Vohora LLP

Northwest Community College
Statement of Financial Position
As at March 31, 2016
[In thousands of dollars]

	Note	March 31, 2016	March 31, 2015
Financial assets			
Cash and cash equivalents	*3*	11,317	10,618
Accounts receivable	*4*	1,358	2,314
Inventory held for sale		394	365
		13,069	13,297
Liabilities			
Accounts payable & accrued liabilities	*6*	2,029	1,607
Accrued employee entitlements	*7*	1,520	2,533
Payroll liabilities	*8*	1,185	1,102
Deferred revenue	*9*	4,352	4,740
Deferred contributions	*10*	1,898	1,340
Deferred capital contributions	*11*	32,061	31,147
		43,045	42,469
Net financial debt		(29,976)	(29,172)
Non-financial assets			
Tangible capital assets	*12*	35,327	34,509
		35,327	34,509
Accumulated surplus	*14*	**5,351**	**5,337**
Contingent liabilities	*17*		

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

Signature
Herb Pond, Chair, Board of Governors

Signature Laurel Campbell
Laurel Campbell, Vice-President, Corporate Services

Northwest Community College
Statement of Operations
For the Year ended March 31, 2016
[In thousands of dollars]

	Note	**Budget (Unaudited – Note 2(l))**	**2016**	**2015**
Revenues				
Contributions		20,869	21,295	22,492
Tuition and other fees		1,917	2,453	2,572
Contract services and other		497	4,101	4,355
Ancillary services		1,485	1,314	1,306
Amortization of deferred capital contributions		2,500	2,901	2,690
Other		445	-	-
		27,713	32,064	33,415
Expenses	*18*			
Instruction and support		26,121	27,311	28,787
Ancillary		1,592	1,440	1,509
Amortization		-	3,299	3,162
		27,713	32,050	33,458
Annual surplus (deficit)		-	14	(43)
Accumulated surplus at beginning of year			5,337	5,380
Accumulated surplus at end of year			**5,351**	**5,337**

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

Northwest Community College
Statement of Change in Net Financial Debt
For the Year ended March 31, 2016
[In thousands of dollars]

	Budget (Unaudited – Note 2(l))	2016	2015
Annual surplus (deficit)	-	14	(43)
Acquisition of tangible capital assets	-	(4,117)	(3,513)
Amortization of tangible capital assets	-	3,299	3,162
	-	(818)	(351)
(Increase) decrease in net financial debt	-	(804)	(394)
Net financial debt at beginning of year	(29,172)	(29,172)	(28,778)
Net financial debt at end of year	**(29,172)**	**(29,976)**	**(29,172)**

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

Northwest Community College
Statement of Cash Flows
For the Year ended March 31, 2016
[In thousands of dollars]

	Note	2016	2015
Cash flows from operating activities			
Annual surplus (deficit)		14	(43)
Items not involving cash:			
- Amortization of tangible capital assets		3,299	3,162
- Amortization of deferred capital contributions		(2,901)	(2,764)
		398	398
Net change in non-cash working capital	*19*	419	84
Net increase (decrease) in deferred revenues related to expenses of future periods		170	1,680
Cash provided by (applied to) operating transactions		1,001	2,119
Capital activities			
Cash used to acquire tangible capital assets		(4,117)	(3,513)
Cash provided by (applied to) capital transactions		(4,117)	(3,513)
Financing transactions			
Deferred capital contributions		3,815	3,456
Cash provided by (applied to) financing transactions		3,815	3,456
Increase in cash and cash equivalents		699	2,062
Cash and cash equivalents at beginning of year		10,618	8,556
Cash and cash equivalents at end of year		**11,317**	**10,618**

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

1. Authority and Purpose

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

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 Public Sector Accounting Board (PSAB) standards of the Canadian Institute of Chartered Accountants (CICA) without any PS4200 elections from their first fiscal year commencing after January 1, 2012.

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 “Government Transfers”. In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the College 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(h)(i) and 2(h)(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) The College to treat endowment contributions as described in Note 2(h)(iii);

(ii) The College to implement PS 3450 Financial Instrument as at April 1, 2012; and

(iii) The College 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 PSAB.

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

2. Summary of significant accounting policies (continued)

(a) Basis of accounting (continued)

The basis of accounting that the College has adopted is different from PSAS with respect to the timing of revenue recognition for government transfers. If the College had recorded government transfers under PSAS rather than the accounting policy described in note 2(h)(i), capital contributions recognized as revenue and the annual surplus for the year ended March 31, 2016 would have increased by $914 (March 31, 2015 – $692). Consequentially, as at March 31, 2016, deferred capital contributions used to purchase tangible capital assets would have decreased and the accumulated surplus would have increased by $32,061 (March 31, 2015 – $31,147). Under PSAS, the total cash flows from operating, financing, and capital transactions for the years ended March 31, 2016 and 2015 would have been the same as reported in these financial statements.

Had the College adopted PSAS together with the not-for-profit provisions, another alternative basis of accounting permitted under Canadian generally accepted accounting principles, capital contributions recognized as revenue and the annual surplus for each year would have been the same as reported in these financial statements. Further, deferred capital contributions used to purchase tangible capital assets would have been the same as reported in these financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents include term deposits 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 and derivative instruments are reflected at fair value as at the reporting date. Other financial instruments which the College has designated to be recorded at fair value include cash and cash equivalents. 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.

2. Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Cost category: Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

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

(d) Short-term investments

Short term investments are comprised of money market securities and other investments with maturities that are capable of prompt liquidation. Short-term investments are cashable on demand and are recorded at cost based on the transaction price on the trade date. All interest income, gains and losses are recognized in the period in which they arise.

(e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value:

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

2. Summary of significant accounting policies (continued)

(e) Non-financial assets (continued)

(i) Tangible capital assets (continued)

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

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

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

(ii) Works of art and historic assets

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

(iii) Leased tangible capital assets

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

(iv) Inventories held for use

Inventories held for use are recorded at the lower of cost and replacement cost.

Cost includes the original purchase cost, plus shipping and applicable duties. Replacement cost is the estimated current price to replace the items.

2. Summary of significant accounting policies (continued)

(f) Accrued employee entitlements

(i) Defined contribution plans

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusteed pension plans. The board of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2015, the College Pension Plan has about 14,000 active members from college senior administration and instructional staff and approximately 6,500 retired members. As at December 31, 2014, the Municipal Pension Plan has about 185,000 active members, with approximately 5,800 from colleges.

Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan.

(ii) Severance benefits

Severance benefits are also available to the College's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service life of the employees.

(iii) Short-term employee benefits

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

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

(g) Payroll liabilities

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

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

2. Summary of significant accounting policies (continued)

(h) Revenue recognition

Tuition and student fees are reported as revenues over the duration of the course or school year. Tuition fees are deferred for the portion of the courses held in the next fiscal year. The sale of goods 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. Pledges from donors are recorded as revenue when payment is received by the College or the transfer of property is completed.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

(ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

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

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, 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.

2. Summary of significant accounting policies (continued)

(i) Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the determination of 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.

(j) Asset retirement obligation

The College recognizes asset retirement obligations in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset, including leased premises resulting from the acquisition, construction, development, and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is amortized over the life of the asset. The liability may be changed to reflect the passage of time and changes in the fair value assessment of the retirement obligation.

(k) Foreign currency translation

The College's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities which were designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the balance sheet date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or balance sheet date is recognized in the Statement of remeasurement gains and losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the Statement of remeasurement gains and losses and the exchange gain or loss in relation to the exchange rate at the date of the item's initial recognition is recognized in the Statement of operations.

2. Summary of significant accounting policies (continued)

(l) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the College's Fiscal 2015/2016 Budget approved by the Board of Governors of the College on June 19, 2015. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Financial Assets.

Budget figures have not been audited, and are presented only for information purposes.

3. Cash and cash equivalents

	2016	2015
Restricted cash	$ 475	$ 200
Unrestricted cash, term deposits and GICs	10,842	10,418
	$ 11,317	$ 10,618

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

4. Accounts receivable

Accounts receivable are recorded net of allowance for doubtful receivables of $166 (2015 - $108).

5. Financial instruments

(a) Financial assets and liabilities recorded at fair value are comprised of the following:

	2016	2015
Financial assets designated to fair value category		
Cash and cash equivalents	$ 11,317	$ 10,618

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

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

	2016	2015
Accounts receivable	$ 1,358	$ 2,314
Accounts payable and accrued liabilities	2,029	1,607
Accrued employee entitlements	1,520	2,533
Payroll liabilities	1,185	1,102
	$ 6,092	$ 7,556

6. Accounts payable and accrued liabilities

	2016	2015
Accounts payable	$ 1,590	$ 700
Accrued liabilities	288	725
Other	151	182
	$ 2,029	$ 1,607

7. Accrued employee entitlements

Accrued employee entitlements are comprised of the following:

	2016	2015
Accrued vacation	$ 432	$ 521
Accrued overtime	28	34
Retirement allowances (a)	571	568
Executive benefits	84	175
Early retirement incentives	275	513
Severance benefits	130	722
Balance, end of year	$ 1,520	$ 2,533

7. Accrued employee entitlements (continued)

(a) Retirement allowances:

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

The fair value has been determined using a discounted cash flow analysis with an appropriate discount factor, which at March 31, 2015 was determined to be 4.0% (2014 – 4.0%).

	2016	2015
Accrued benefit liability		
Balance, beginning of year	$ 568	$ 587
Current service cost	42	41
Interest cost	24	24
Amortization of net actuarial losses	4	4
Benefits paid	(67)	(88)
Balance, end of year	$ 571	$ 568

An actuarial valuation for these benefits was performed to determine the College's accrued benefit obligation as at March 31, 2016. The difference between the actuarially determined accrued benefit obligation of $601 and the accrued benefit liability of $571 is an unamortized actuarial loss of $30. The actuarial loss is amortized over a period equal to the employees' average remaining service lifetime of 10 years.

	2016	2015
Accrued benefit obligation		
Liability, end of year	$ 571	$ 568
Unamortized actuarial loss (gain)	30	34
Balance, end of year	$ 601	$ 602

8. Payroll liabilities

Payroll liabilities are comprised of the following:

	2016	2015
Payroll accruals	$ 812	$ 612
Pension benefits (a)	8	86
Professional development accruals	345	324
Other	20	80
Balance, end of year	$ 1,185	$ 1,102

(a) Pension benefits:

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 as at 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 as at December 31, 2015 with results available in 2016. The College paid $1,382 for employer contributions to the two plans in fiscal 2016 (2015 - $1,412).

9. Deferred revenue

Deferred revenue is comprised of deferred contract services and deferred tuition revenue.

Changes in deferred revenue are as follows:

	2016	2015
Balance, beginning of year	$ 4,740	$ 3,315
Less: amount recognized as revenue in the year	(388)	(1,425)
Add: amount received related to the following year	-	2,850
Balance, end of year	$ 4,352	$ 4,740

10. Deferred contributions

Deferred contributions are comprised of funds restricted for the following purposes:

	2016	2015
Capital	$ 1,423	$ 1,140
Endowment	475	200
	$ 1,898	$ 1,340

10. Deferred contributions (continued)

Changes in the deferred contribution balance are as follows:

	2016		
	Capital	Endowment	Total
Balance, beginning of year	$ 1,140	$ 200	$ 1,340
Contributions received during the year	283	275	558
Revenue recognized from deferred contributions	-	-	-
Balance, end of year	$ 1,423	$ 475	$ 1,898

	2015		
	Capital	Endowment	Total
Balance, beginning of year	$ 880	$ 205	$ 1,085
Contributions received during the year	260	-	260
Revenue recognized from deferred contributions		(5)	(5)
Balance, end of year	$ 1,140	$ 200	$ 1,340

11. Deferred capital contributions

Contributions for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Treasury Board provided direction on accounting treatment as disclosed in note 2. Changes in the deferred capital contributions balance are as follows:

Changes in the deferred capital contributions balance are as follows:

	2016	2015
Balance, beginning of year	$ 31,147	$ 30,455
Contributions received during the year	3,815	3,382
Revenue recognized from deferred capital contributions	(2,901)	(2,690)
Balance, end of year	$ 32,061	$ 31,147

12. Tangible capital assets

Cost	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land and land improvements	$ 1,623	$ -	$ -	$ 1,623
Buildings	53,001	1,628	-	54,629
Furniture and equipment	14,088	2,249	(24)	16,313
Computer hardware and software	1,513	240	-	1,753
Library holdings	1,719	-	-	1,719
Total	$ 71,944	$ 4,116	$ (24)	$ 76,037

Accumulated amortization	Balance at March 31, 2015	Disposals	Amortization expense	Balance at March 31, 2016
Land and land improvements	$ -	$ -	$ -	$ -
Buildings	24,550	-	1,771	26,319
Furniture and equipment	10,390	(24)	1,227	11,593
Computer hardware and software	1,127	-	244	1,372
Library holdings	1,368	-	57	1,426
Total	$ 37,435	$ (24)	$ 3,299	$ 40,710

	Net book value March 31, 2015	Net book value March 31, 2016
Land and land improvements	$ 1,623	$ 1,623
Buildings	28,451	28,308
Furniture and equipment	3,698	4,720
Computer hardware and software	386	382
Buildings under capital lease	-	-
Library holdings	351	294
Total	$ 34,509	$ 35,327

12. Tangible capital assets (continued)

Cost	Balance at March 31, 2014	Additions	Disposals	Balance at March 31, 2015
Land and land improvements	$ 1,623	$ -	$ -	$ 1,623
Buildings	50,402	3,026	(427)	53,001
Furniture and equipment	16,537	327	(2,776)	14,088
Computer hardware and software	2,265	110	(862)	1,513
Library holdings	1,651	69	-	1,719
Total	$ 72,478	$ 3,532	$ (4,065)	$ 71,944

Accumulated amortization	Balance at March 31, 2014	Disposals	Amortization expense	Balance at March 31, 2015
Land and land improvements	$ -	$ -	$ -	$ -
Buildings	23,339	(427)	1,638	24,550
Furniture and equipment	11,926	(2,758)	1,222	10,390
Computer hardware and software	1,743	(862)	246	1,127
Library holdings	1,312	-	56	1,368
Total	$ 38,320	$ (4,047)	$ 3,162	$ 37,435

	Net book value March 31, 2014	Net book value March 31, 2015
Land and land improvements	$ 1,623	$ 1,623
Buildings	27,063	28,451
Furniture and equipment	4,611	3,698
Computer hardware and software	522	386
Buildings under capital lease	-	-
Library holdings	339	351
Total	$ 34,158	$ 34,509

12. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction having a value of $147 (2015 - $ 331) have not been amortized and are included under buildings. Amortization of these assets will commence when the asset is put into service.

(b) Works of art and historical treasures

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

(c) Write-down of tangible capital assets

There was no write-down of tangible capital assets during the year (2015 - $ Nil).

13. Financial risk management

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

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

(a) Credit risk

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

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

(b) Market risk

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

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

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

13. Financial risk management (continued)

(c) Liquidity risk

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

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the College's reputation.

(d) Fair value of financial instruments

Generally accepted accounting principles define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The College uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which the carrying amounts are included in the Statement of Financial Position under the following captions:

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

The financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The College's instruments are all considered to be level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. Changes in fair valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year there were no significant transfers of securities between the different levels.

14. Accumulated surplus (deficit)

Accumulated surplus (deficit) is comprised of the following:

		2015		2015
Operating	$	2,232	$	1,975
Capital		3,119		3,362
Endowment		-		-
Total	$	5,351	$	5,337

15. Endowments

The College has endowment funds totalling $976 (2015 - $966) with the Vancouver Foundation. The funds are permanent funds with the Foundation which provide income for scholarships and bursaries at the College. The Funds are not under College ownership or control and therefore have not been included in the financial statements. The College has recorded its contributions to the Fund as donation expenditures. The College earned income of $41 (2015 - $36) from the Funds during the year.

Changes to the endowment balances are as follows:

	2016				2015	
	Cost		Market Value		Cost	
Northwest Community College Endowment Fund	$	588	$	743	$	578
Morice Community Skills Centre Legacy Fund		183		207		183
NWCC School of Exploration and Mining Endowment Fund		206		242		205
Balance, end of year	$	977	$	1,192	$	966

16. Contractual obligations

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

		2016		2015		Thereafter		Total
Lease agreements	$	55	$	55	$	89	$	199

17. Contingent liabilities

The College may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. In the event that any such claims or litigation are resolved against the College, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of the College. At March 31, 2016, the College has the following claims outstanding:

1) Workplace Environment – A claim has been made against the College from the Union, claiming the College failed to provide a safe workplace for an employee. The amount of the claim is unknown at this time.
2) Travel Grievance – An employee has filed a grievance against the College related to compensation for travel. The potential liability and damages related to this grievance are undeterminable at this time.
3) Compensation Grievance – An employee has filed a grievance with respect to the College's compensation for temporary employees. The potential liability and damages related to this grievance are undeterminable at this time.

18. Expenses by object

The following is a summary of expenses by object:

	2016	2015
Personnel	$ 20,338	$ 21,332
Instructional and service contracts	2,627	3,269
Supplies	1,370	1,482
Cost of Goods Sold	543	585
Advertising and promotion	181	160
Building and equipment costs	1,247	910
Building leases	55	55
Janitorial	395	378
Other	467	533
Telecommunications	288	266
Travel	690	659
Utilities	550	667
Amortization	3,299	3,162
	$ 32,050	$ 33,458

19. Supplementary cash flow information

Net change in non-cash working capital

	2016	2015
Accounts receivable	$ 956	$ (818)
Inventory	(29)	118
Accounts payable and accrued liabilities	422	(282)
Employee future benefits	(1,013)	998
Payroll liabilities	83	68
	$ 419	$ 84

20. Comparative figures

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