NORTH ISLAND COLLEGE
FINANCIAL STATEMENTS
For the year ended March 31, 2015

North Island College
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For the year ended March 31, 2015

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of North Island College, which comprise the statement of financial position as at March 31, 2015, the statements of operations and accumulated surplus, change in net financial assets (net debt), remeasurement gains and losses and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' 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 our 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, we consider 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of North Island College, as at March 31, 2015, 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 28, 2015
Victoria, Canada

North Island College
Statement of Financial Position
As at March 31, 2015 with comparative information for 2014

	Note	2015	2014
Financial assets			
Cash and cash equivalents		$ 4,979,914	$ 5,554,774
Accounts receivable		559,150	557,062
Due from government organizations	3	895,020	297,171
Inventories held for resale		258,915	227,570
Portfolio investments	4	18,275,768	16,597,676
		24,968,767	23,234,253
Liabilities			
Accounts payable and accrued liabilities	5	6,352,629	5,900,941
Due to government organizations	3	584,188	431,638
Employee future benefits	6	358,582	252,767
Deferred revenue		2,283,844	2,285,193
Deferred contributions	7	10,298,617	10,135,616
Deferred capital contributions	8	22,439,443	22,724,633
		42,317,303	41,730,788
Net financial assets (net debt)		(17,348,536)	(18,496,535)
Non-financial assets			
Tangible capital assets	9	27,095,225	27,940,005
Prepaid expenses		122,857	116,349
		27,218,082	28,056,354
Accumulated surplus		$ 9,869,546	$ 9,559,819
Accumulated surplus is comprised of:			
Accumulated surplus		$ 7,870,589	$ 7,868,186
Accumulated remeasurement gains		1,998,957	1,691,633
		$ 9,869,546	$ 9,559,819

See accompanying notes to the financial statements

Approved on behalf of the Board of Governors

Bruce Bell,
Chair of the Board of Governors

Carol Baert,
Vice President, Finance and Facilities

North Island College

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2015 with comparative information for 2014

	Budget 2015	2015	2014
Revenue			
Province of British Columbia	$ 25,868,007	$ 27,944,965	$ 29,537,410
Government of Canada grants	563,785	491,962	188,320
Tuition and student fees	6,887,796	7,617,348	6,314,134
Contract services	625,766	492,039	482,450
Sales of goods and services	1,427,200	1,354,599	1,403,738
Investment income	513,350	1,488,338	597,490
Other income	396,422	630,166	494,081
Revenue recognized from deferred capital contributions	1,914,261	1,839,202	1,975,081
	38,196,587	41,858,619	40,992,704
Expenses (Schedule 1)			
Instructional and non-sponsored research	35,704,972	39,338,165	38,457,072
Ancillary services	1,422,895	1,453,525	1,495,850
Sponsored research	483,820	402,353	355,300
Special purpose	584,900	662,173	681,107
	38,196,587	41,856,216	40,989,329
Surplus for the year	-	2,403	3,375
Accumulated surplus, beginning of year	7,868,186	7,868,186	7,864,811
Accumulated surplus, end of year	$ 7,868,186	$ 7,870,589	$ 7,868,186

See accompanying notes to the financial statements

North Island College
Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2015 with comparative information for 2014

	Budget 2015	2015	2014
Surplus for the year	$ -	$ 2,403	$ 3,375
Acquisition of tangible capital assets	(739,354)	(1,830,961)	(2,082,472)
Amortization of tangible capital assets	2,687,303	2,675,740	2,851,252
	1,947,949	844,779	768,780
Acquisition of prepaid expenses	-	(84,567)	(59,915)
Use of prepaid expenses	-	78,060	72,557
	-	(6,507)	12,642
Net remeasurement gains	-	307,324	1,245,842
Change in net financial assets (net debt)	1,947,949	1,147,999	2,030,639
Net debt, beginning of year	(20,527,174)	(18,496,535)	(20,527,174)
Net debt, end of year	$ (18,579,225)	$ (17,348,536)	$ (18,496,535)

See accompanying notes to the financial statements

North Island College
Statement of Remeasurement Gains and Losses
For the year ended March 31, 2015 with comparative information for 2014

	2015	2014
Accumulated remeasurement gains, beginning of year	$ 1,691,633	$ 445,791
Unrealized gains (losses) attributed to:		
Pooled funds	1,203,785	1,307,438
Amounts reclassified to the statement of operations:		
Realized gains on pooled funds	(896,461)	(61,596)
Remeasurement gains for the year	307,324	1,245,842
Accumulated remeasurement gains, end of year	**$ 1,998,957**	**$ 1,691,633**

See accompanying notes to the financial statements

North Island College

Statement of Cash Flows

For the year ended March 31, 2015 with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations		
Surplus for the year	$ 2,403	$ 3,375
Items not involving cash:		
Amortization of tangible capital assets	2,675,740	2,851,252
Revenue recognized from deferred capital contributions	(1,839,202)	(1,975,081)
Change in employee future benefits	105,815	(44,318)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(2,086)	(250,632)
Decrease (increase) in due from government organizations	(597,849)	283,943
Decrease (increase) in prepaid expenses	(6,507)	12,642
Increase in inventories held for resale	(31,346)	(24,515)
Increase in accounts payable and accrued liabilities	451,688	273,900
Increase (decrease) in due to government organizations	152,550	(8,187)
Increase (decrease) in deferred revenue	(1,349)	666,026
Increase (decrease) in non-capital contributions	163,000	(1,783,958)
Net change in cash from operating activities	1,072,857	4,447
Capital activities		
Cash used to acquire tangible capital assets	(1,830,961)	(2,082,472)
Proceeds from deferred capital contributions	1,554,012	1,367,619
Net change in cash from capital activities	(276,949)	(714,853)
Investing activities		
Increase in investments	(1,678,092)	(1,717,551)
Net remeasurement gains	307,324	1,245,842
Net change in cash from investing activities	(1,370,768)	(471,707)
Net change in cash and cash equivalents	**(574,860)**	**(1,182,113)**
Cash and cash equivalents, beginning of year	5,554,774	6,736,887
Cash and cash equivalents, end of year	$ 4,979,914	$ 5,554,774

See accompanying notes to the financial statements

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. Land is not amortized as it is deemed to have a permanent value.

Buildings and site improvements	
Concrete and steel buildings	40 years
Wood-framed buildings	20 years
Site improvements	10 years
Furniture and equipment	
Library books	10 years
Furniture, equipment, and vehicles	5 years
Computer servers	5 years
Computer equipment	3 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.

2 Summary of significant accounting policies (continued)

(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.

(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 2014-2015 Budget approved by the Board of Governors of North Island College on March 27, 2014.

Budget figures are presented only for information purposes.

3 Due from and to government organizations

Due from:	**2015**	**2014**
Federal government	$ 61,835	$ 70,741
Provincial government	695,497	7,017
Other government organizations	137,688	219,413
	$ 895,020	$ 297,171

Due to:	**2015**	**2014**
Federal government	$ 275,680	$ 273,265
Provincial government	301,409	83,447
Other government organizations	7,099	74,926
	$ 584,188	$ 431,638

4 Portfolio investments

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

Portfolio investments:	**2015**	**2014**
Fixed income	$ 785,735	$ 559,460
Pooled bond funds	9,472,349	8,001,561
Pooled equity funds	8,017,684	8,036,655
	$ 18,275,768	$ 16,597,676

5 Accounts payable and accrued liabilities

	2015	2014
Trade payables	$ 1,147,615	$ 1,420,133
Salaries and benefits payable	620,618	623,201
Accrued leaves payable	2,353,959	2,552,499
Other payables and accrued liabilities	2,230,437	1,305,108
	$ 6,352,629	$ 5,900,941

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 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. The College Pension Plan has about 14,000 active members from college senior administration and instructional staff and approximately 6,000 retired members. As at December 31, 2013 the Municipal Pension Plan has about 182,000 active members, with approximately 5,800 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2012 indicated a $105 million funding deficit for basic pension benefits. The next valuation will be 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.

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 with the results that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The College paid $2,075,916 for employer contributions to the plans in fiscal 2015 (2014: $1,981,280).

6 Employee future benefits (continued)

(b) Other benefits:

	2015	2014
Severance	$ 295,582	$ 193,767
Accumulated sick leave benefit	63,000	59,000
	$ 358,582	$ 252,767

(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:

	2015	2014
Discount rates	3.9%	3.9
Expected wage and salary increases	2.75%	2%

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:

	2015		
	Land Sale	Other	Total
Balance, beginning of year	$ 3,961,144	$ 6,174,472	$ 10,135,616
Contributions received	-	1,906,215	1,906,215
Revenue recognized	-	(1,743,214)	(1,743,214)
Balance, end of year	$ 3,961,144	$ 6,337,473	$ 10,298,617

	2014		
	Land Sale	Other	Total
Balance, beginning of year	$ 3,961,144	$ 7,958,430	$ 11,919,574
Contributions received	-	1,994,510	1,994,510
Revenue recognized	-	(3,778,468)	(3,778,468)
Balance, end of year	$ 3,961,144	$ 6,174,472	$ 10,135,616

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. Changes in the deferred capital contributions balance are as follows:

	2015	2014
Balance, beginning of year	$ 22,724,633	$ 23,332,095
Contributions received and expended on tangible capital assets	1,554,012	1,367,619
Revenue recognized from deferred capital contributions	(1,839,202)	(1,975,081)
Balance, end of year	$ 22,439,443	$ 22,724,633

North Island College
Notes to the Financial Statements
Year ended March 31, 2015

9 Tangible capital assets

Cost	Mar 31, 2014	Additions	Disposals/Transfers	Mar 31, 2015
Land	$ 457,919	$ -	$ -	$ 457,919
Site improvements	2,306,379	-	-	2,306,379
Buildings	54,499,862	2,618	2,004,562	56,507,042
Furniture & equipment	3,586,394	206,744	(203,188)	3,589,950
Software & licences	173,046	9,686	(20,214)	162,518
Computer equipment	1,003,545	94,607	(214,254)	883,898
Leasehold improvements	6,333	-	-	6,333
Vehicles	89,068	56,708	-	145,776
Library books	505,864	45,203	-	551,067
Assets under construction	589,166	1,415,396	(2,004,562)	-
Total	$ 63,217,576	$ 1,830,962	$ (437,656)	$ 64,610,882

Accumulated amortization	Mar 31, 2014	Amortization	Disposals	Mar 31, 2015
Site improvements	$ 1,429,643	$ 215,041	$ -	$ 1,644,684
Buildings	31,240,579	1,553,620	-	32,794,199
Furniture & equipment	1,575,378	653,575	(203,188)	2,025,765
Software & licences	133,582	22,345	(20,214)	135,713
Computer equipment	596,758	165,939	(214,254)	548,443
Leasehold improvements	976	317	-	1,293
Vehicles	22,359	18,759	-	41,118
Library books	278,297	46,144	-	324,441
Total	$ 35,277,572	$ 2,675,740	$ (437,656)	$ 37,515,656

	Net Book Value Mar 31, 2014	Net Book Value Mar 31, 2015
Land	$ 457,919	$ 457,919
Site improvements	876,736	661,695
Buildings	23,259,283	23,712,843
Furniture & equipment	2,011,016	1,564,185
Software & licences	39,463	26,805
Computer equipment	406,787	335,455
Leasehold improvements	5,357	5,040
Vehicles	66,709	104,658
Library books	227,568	226,626
Assets under construction	589,166	-
Total	$ 27,940,005	$ 27,095,225

North Island College
Notes to the Financial Statements
Year ended March 31, 2015

9 Tangible capital assets (continued)

Cost	**Mar 31, 2013**	**Additions**	**Disposals/Transfers**	**Mar 31, 2014**
Land	$ 457,919	$ -	$ -	$ 457,919
Site improvements	2,300,822	5,557	-	2,306,379
Buildings	53,065,849	957,377	476,636	54,499,862
Furniture & equipment	4,356,753	336,062	(1,106,421)	3,586,394
Software & licences	223,818	3,308	(54,081)	173,046
Computer equipment	1,398,029	139,685	(534,169)	1,003,545
Leasehold improvements	15,103	-	(8,770)	6,333
Vehicles	97,074	5,821	(13,826)	89,068
Library books	623,309	45,495	(162,939)	505,864
Assets under construction	476,636	589,166	(476,636)	589,166
Total	$ 63,015,312	$ 2,082,471	$ (1,880,206)	$ 63,217,576

Accumulated amortization	**Mar 31, 2013**	**Amortization**	**Disposals**	**Mar 31, 2014**
Site improvements	$ 1,213,187	$ 216,456	$ -	$ 1,429,643
Buildings	29,549,868	1,690,710	-	31,240,579
Furniture & equipment	2,019,237	662,563	(1,106,421)	1,575,379
Software & licences	148,392	39,271	(54,081)	133,582
Computer equipment	952,625	178,303	(534,169)	596,758
Leasehold improvements	9,429	317	(8,770)	976
Vehicles	18,371	17,814	(13,826)	22,359
Library books	395,418	45,818	(162,939)	278,297
Total	$ 34,306,527	$ 2,851,252	$ (1,880,206)	$ 35,277,573

	Net Book Value Mar 31, 2013	**Net Book Value Mar 31, 2014**
Land	$ 457,919	$ 457,919
Site improvements	1,087,635	876,736
Buildings	23,515,980	23,259,283
Furniture & equipment	2,337,517	2,011,015
Software & licences	75,427	39,463
Computer equipment	445,404	406,787
Leasehold improvements	5,674	5,357
Vehicles	78,702	66,709
Library books	227,891	227,568
Assets under construction	476,636	589,166
Total	$ 28,708,785	$ 27,940,005

9 Tangible capital assets (continued)

(a) Assets under construction

Assets under construction having a value of $0 (2014: $589,166) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

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, 2015, the amount of allowance for doubtful debts was $100,037 (2014: $56,709), 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 receives its principal source of capital through funding received from the Province of British Columbia. The College defines capital to be net assets, long-term debt and deferred capital contributions.

The College’s objective when managing capital is to fund its operations and capital asset additions. The College manages the capital structure in conjunction with the Ministry of Advanced Education and makes adjustments based on available government funding and economic conditions. Currently, the College’s strategy is to monitor expenditures to preserve capital in accordance with budgeted funding granted by the Ministry of Advanced Education.

(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:

		2016
Port Hardy Campus	$	95,425
Port Alberni Campus		114,357
	$	209,782

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, 2015, there are no outstanding claims.

13 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, 2015, accounts payable of the College included $673,699 (2014: $98,285) due to the Foundation.

	2015	2014
Bursaries	$ 327,010	$ 213,234
Donations and other	21,011	-
Gifts-in-kind	10,567	-
Foundation contributions to the College	$ 358,588	$ 213,234
College contributions to the Foundation	$ 921,000	$ 60,000

North Island College
Schedule 1 - Schedule of Expenses by Object
For the year ended March 31, 2015 with comparative information for 2014

	Budget 2015	2015	2014
Expenses			
Salaries and benefits	$ 27,239,802	$ 27,848,332	$ 27,683,014
Other personnel costs	598,633	663,894	761,522
Advertising and promotion	377,159	587,461	529,359
Books and periodicals	241,383	255,586	243,265
Cost of goods sold	1,041,120	1,007,479	1,041,036
Equipment costs	589,916	1,348,553	1,483,271
Facility costs	2,531,693	2,758,940	2,791,772
Financial service charges	177,995	166,574	169,499
General fees and services	817,258	1,611,548	1,484,765
Student awards	427,900	465,660	374,844
Supplies and general expenses	903,165	725,376	643,872
Travel	413,260	620,230	555,765
Grant transfers	150,000	199,843	316,093
Donations to NIC Foundation	-	921,000	60,000
Amortization of tangible capital assets	2,687,303	2,675,740	2,851,252
	$ 38,196,587	$ 41,856,216	$ 40,989,329