SELKIRK COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

SELKIRK COLLEGE
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

The accompanying consolidated financial statements and related financial information are the responsibility of Selkirk College management and have been approved by the Board of Governors of Selkirk College. The Financial Statements were prepared in accordance with Generally Accepted Accounting Principles and the financial directives of the Ministry of Advanced Education and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board of Governors has established a code of ethics and corporate directives, which require communication of the code to the employees.

The Board of Governors carries out its responsibility for the financial statements through the Board Finance/Audit Committee. This Committee meets with management and the external auditor to discuss and review financial matters and recommends the financial statements to the Board for approval. The external auditor has full and free access to the Finance/Audit Committee.

Angus Graeme, President & CEO

May 15, 2015

Barb Ihlen, Director of Finance & Ancillary Services

May 15, 2015

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Independent Auditor's Report

To the Board of Directors of Selkirk College and
the Minister of Advanced Education of the Province of British Columbia

We have audited the accompanying consolidated financial statements of Selkirk College, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and presentation of these consolidated financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, which requires Canadian public sector accounting standards modified by B.C. Regulation 198/2011 "Restricted Contributions", and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated 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 consolidated financial statements of Selkirk College for the year ended 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
Without modifying our opinion, we draw attention to Note 2(a) to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and to Note 14 which describes the significant differences between such basis of accounting and Canadian public sector accounting standards.

BDO Canada LLP
Chartered Accountants

Cranbrook, BC
May 15, 2015

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

	March 31, 2015	March 31, 2014
FINANCIAL ASSETS		
Cash and cash equivalents	$ 6,441,472	$ 3,681,140
Accounts receivable (Note 3)	2,014,114	1,552,235
Inventories for resale (Note 4)	468,580	485,244
Portfolio investments (Note 5)	8,617,286	8,035,866
Total Assets	17,541,452	13,754,485
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	5,556,673	4,167,422
Deferred revenue (Note 7)	6,273,682	4,191,450
Employee future benefits (Note 8)	4,377,205	4,533,279
Deferred capital contributions (Note 9)	16,053,651	16,528,919
Total Liabilities	32,261,211	29,421,070
NET FINANCIAL DEBT	(14,719,759)	(15,666,585)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	25,138,160	25,966,985
Inventories held for use	31,892	33,067
Prepaid expenses	307,161	342,209
Total Non-Financial Assets	25,477,213	26,342,261
ACCUMULATED SURPLUS (Note 12)	$ 10,757,454	$ 10,675,676

Chairperson, Board of Directors

Director of Finance & Ancillary Services

The accompanying notes form an integral part of these consolidated financial statements

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended March 31, 2015

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Government grants	$ 26,333,688	$ 25,974,917	$ 27,159,937
Industry Trades Authority funding	1,836,298	2,020,300	2,165,876
Tuition	7,145,752	8,527,209	6,455,299
Sales	2,102,600	2,266,322	2,112,977
Investment income	250,000	283,004	505,159
Donations	250,000	132,695	174,286
Amortization of deferred capital contributions	988,149	1,019,621	964,527
Contracts and other revenue	2,253,531	2,873,675	3,585,778
	41,160,018	43,097,743	43,123,839
EXPENSES			
Academic programming and student support	25,308,234	26,937,628	26,810,771
Research & Innovation	712,293	923,713	1,331,285
Administrative support	4,840,693	4,470,978	4,646,839
Facilities support	8,031,215	8,236,070	8,170,169
Ancillary services	1,807,583	2,026,711	1,914,518
Foundation	460,000	486,199	505,918
	41,160,018	43,081,299	43,379,500
Annual surplus (deficit) before endowment funding	-	16,444	(255,661)
Endowment contributions	-	65,334	79,344
ANNUAL SURPLUS	-	81,778	(176,317)
Accumulated surplus, beginning of year	10,675,676	10,675,676	10,851,993
ACCUMULATED SURPLUS, end of year	$ 10,675,676	$ 10,757,454	$ 10,675,676

The accompanying notes form an integral part of these consolidated financial statements

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT
For the Year Ended March 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Annual surplus (deficit)	$ -	$ 81,778	$ (176,317)
Acquisition of tangible capital assets	-	(623,229)	(1,771,186)
Amortization of tangible capital assets	1,314,565	1,452,054	1,415,520
	1,314,565	828,825	(355,666)
Consumption (acquisition) of supplies inventories	-	1,175	2,705
Use of (acquisition of) prepaid expense	-	35,048	88,642
	-	36,223	91,347
Change in net financial debt	1,314,565	946,826	(440,636)
Net financial debt, beginning of year	(15,666,585)	(15,666,585)	(15,225,949)
Net financial debt, end of year	$ (14,352,020)	$ (14,719,759)	$ (15,666,585)

The accompanying notes form an integral part of these consolidated financial statements

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2015

	2015	2014
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	$ 81,778	$ (176,317)
Items not requiring an outlay of cash:		
Amortization of tangible capital assets	1,452,054	1,415,520
Amortization of deferred capital contributions	(1,019,621)	(964,527)
Unrealized gain	-	(9,838)
	514,211	264,838
Changes in Non-Cash Working Capital		
Accounts receivable	(461,879)	75,299
Prepaid expenses and deposits	35,048	88,642
Inventory for resale	16,664	25,220
Inventory held for use	1,175	2,705
Accounts payable and accrued liabilities	1,389,251	(332,068)
Deferred revenue	1,586,005	(292,275)
Accrued payroll benefits	(156,074)	71,786
	2,410,190	(360,691)
Capital Activities		
Acquisition of tangible capital assets	(623,229)	(1,771,186)
Deferred capital contributions received	544,353	1,270,000
	(78,876)	(501,186)
Investing Activities		
(Increase)/decrease in investments, net	(85,193)	(115,832)
Net increase/(decrease) in Cash and Cash Equivalents	2,760,332	(712,871)
Cash and Cash Equivalents, beginning of year	3,681,140	4,394,011
Cash and Cash Equivalents, end of year	$ 6,441,472	$ 3,681,140

The accompanying notes form an integral part of these consolidated financial statements

1. Authority and Purpose

Selkirk College (the College) operates under the authority of the *College and Institute Act* of British Columbia. The College is a not-for-profit entity governed by a Board of Governors.

The College is a registered charity and is therefore exempt from income taxes under section 149 of the *Income Tax Act*.

Selkirk College is a comprehensive college offering a full range of undergraduate, graduate, continuing studies programs, and applied research.

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

2. Summary of Significant Accounting Policies

(a) Basis of accounting

In 2010, directive was provided by the Province of British Columbia Treasury Board (Treasury Board) through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards (PSAS) established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) without any PS4200 elections from their first fiscal year commencing after January 1, 2012. Selkirk College transition date was effective April 1, 2011.

In March 2011, PSAB released a new public sector accounting standard PS 3410 "Government Transfers". In November 2011, Treasury Board provided a directive in Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the College 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(j)(i) and 2(j)(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(j)(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 PSAS.

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

2. Summary of Significant Accounting Policies (continued)

(b) Reporting entity

The reporting entity includes Selkirk College and all related entities which are accountable for the administration of their financial affairs and resources to the College and are either owned or controlled by the College.

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in net debt, and cash flows of SelAir Pilot's Association, which is an non-profit organization controlled by Selkirk College.

On consolidation all inter-fund and inter-organizational transactions, balances, and activities have been eliminated.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash-on-hand, bank balances, and guaranteed investment certificates or other highly liquid investments with a term to maturity of three months or less from the date of acquisition.

(d) Financial instruments

Financial instruments are classified into two categories: fair value or cost.

(i) Fair value category: Portfolio instruments that are quoted in an active market are reflected at fair value as at the reporting date. Other financial instruments which the College has designated to be recorded at fair value include cash and cash equivalents and sinking funds. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. All financial instruments held by the College with unrealized gains and losses are endowment assets. Any unrealized gains and losses as a result of a change in fair value for the period are reported as deferred revenue on the statement of financial position. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus as investment income, or on the Statement of Financial Position as deferred revenue if not yet spent as externally designated.

(ii) Cost category: All other financial instruments held by the College are measured at cost or amortized cost and include accounts receivable, accounts payable and accrued liabilities, and debentures payable. 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.

2. Summary of Significant Accounting Policies (continued)

(e) Inventories for resale

Inventories held for resale, including books and college supplies are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is defined as the estimated selling price less any estimated costs necessary to make the sale.

(f) 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.

(g) Tangible capital assets

Tangible capital assets are reported on the consolidated statement of financial position as non-financial assets. Purchased capital assets are recorded at cost and include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful life as follows:

Asset	Rate
Buildings and renovations	40 years
Siteworks	10 years
Furniture and equipment	5 years
Leasehold improvements	5-40 years
SelAir Aircraft	5 years
Computer equipment and software	1-3 years

Amortization of assets under construction will not commence until the asset is put into service.

2. Summary of Significant Accounting Policies (continued)

(h) Inventories held for use

Inventories held for use are reported on the consolidated statement of financial position as non-financial assets and 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.

(i) Employee future benefits

Employee future benefits include vacation pay, banked overtime, sick leave benefits and other compensated absences, extended health benefits, retirement severance benefits, pension benefits, and post-retirement benefits available to the College's current and past employees. The benefits that accumulate and do not vest are actuarially determined and reflect management's best estimate of future trends associated with such benefits and interest rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight line basis.

The College and its employees make contributions to the College Pension Plan and the Municipal Pension Plan. These plans are defined benefit plans, providing a pension on retirement based on the member's age, length of service, and earnings. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as a defined contribution plan and any contributions made by the College to the plans are expensed as incurred.

(j) Revenue recognition

Tuition, student fees, and the sale of goods and services are reported as revenue as the services are provided or at the time 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 contributions and grants received or receivable are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

2. Summary of Significant Accounting Policies (continued)

(j) Revenue recognition (continued)

(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 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 fiscal period 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-down's on non-portfolio investments where the loss in value is determined to be other-than-temporary.

For investments recorded at fair value, unrealized gains and losses are recorded in the Statement of Remeasurement Gains and Losses. Currently, such fair value differences are no significant, and therefore, a Statement of Remeasurement Gains and Losses has not been prepared.

(k) Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the fair value of financial instruments, useful life of tangible capital assets, and the present value of employee future benefits and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in periods when the difference becomes known.

(l) Budget figures

Budget figures have been provided for comparative purposes and were approved by the Board of Governors of the College on June 3, 2014. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

3. Accounts receivable

Accounts receivable consists of the following:

	2015	2014
Federal government	$ 90,910	$ 128,691
Provincial government	231,615	157,000
Other	1,691,589	1,266,544
	$2,014,114	$1,552,235

4. Inventories for resale

	2015	2014
Bookstore	$ 380,696	$ 352,573
Cafeteria	41,153	47,782
Fuel	10,653	8,185
Maintenance	33,380	70,643
Pilot Store	2,698	6,061
	$ 468,580	$ 485,244

In 2015, a total of $1,025,679 (2014 - $996,157) of inventories were included in the Statement of Operations and Accumulated Surplus as an expense. None of the inventories are pledged as security for liabilities.

5. Portfolio Investments

The investment portfolio is invested through a professional portfolio manager and consists of Canadian equity, bond and income funds. Financial assets and liabilities recorded at fair value are comprised of the following:

	Cost		Market Value	
	2015	2014	2015	2014
Portfolio investments in equity instruments that are quoted in an active market:				
Equities	$3,484,278	$3,066,384	$4,359,629	$3,882,121
Fixed Income	4,063,380	3,782,960	4,245,968	3,838,104
Corporate Stocks	-	38,337	-	42,540
Financial assets				
GIC – matured November 2014, 1.6% interest annually	-	258,160	-	258,160
Life Annuity	11,689	14,941	11,689	14,941
	$7,559,347	$7,160,782	$8,617,286	$8,035,866

5. Portfolio Investments (continued)

The College also holds a beneficial interest in funds held by the Vancouver Foundation. The fund is held in perpetuity and controlled by the Vancouver Foundation. As these amounts are not controlled by the College and are not an asset owned by the College, these fund balances are not recorded in the financial statements. Investment income earned on the fund is paid to the College annually. Investment income received by the College from the fund was $20,794 (2014 - $20,024).

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.

6. Accounts payable

Accounts payable includes $285,978 (2014 - $239,390) payable to the federal government for payroll deductions withheld and $14,822 (2014 – $11,079) for GST.

7. Deferred Revenue

	Beginning Balance	Unrealized Gain/(Loss)	Additions	Revenue Recognized	Ending Balance
Endowment Funds	$ 1,342,955	$187,057	$819,714	$341,078	$ 2,008,648
Tuition	1,322,438		1,358,743	1,322,438	1,358,743
Industry Trades Authority	410,627		590,547	410,627	590,547
Other	1,039,967		2,310,818	1,039,967	2,310,818
SelAir	75,463		4,926	75,463	4,926
	$4,191,450	$187,057	$5,084,748	$3,189,573	$6,273,682

8. Employee future benefits

a. Accumulated sick leave benefit and other retirement benefit arrangements liability:

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. The College recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits.

8. Employee future benefits (continued)

Retirement benefit payments represent the College's share of the cost to provide employees with various benefits upon retirement. The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation completed in March 2014. The accrued sick leave benefit liability is included as part of the employee future benefits.

Information about the accrued sick leave benefit liabilities for the College's employee benefit plans is as follows:

	2015	2014
Accrued benefit obligation		
Balance, beginning of year	$1,031,026	$ 951,983
Current service cost	164,840	136,069
Interest cost	38,800	37,932
Benefits paid	(173,900)	(61,000)
Actuarial loss (gain)	(53,426)	(33,958)
Accrued benefit obligation, end of year	$1,007,340	$1,031,026

(b) Accrued payroll benefits

The College accrues retirement allowances, holiday pay and sick leave as they are earned by the employee, however, it is expected that these unfunded liabilities will be met on a continuous basis over the long-term. Payment of these amounts will be funded from revenues of the period in which they are settled.

	2015	2014
Holiday Pay	$2,794,390	$2,841,913
Sick Leave	1,007,340	1,031,026
Banked overtime	32,112	30,306
Retirement allowance	543,363	630,034
	$4,377,205	$4,533,279

(c) Pension Liability

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, 2014, 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.

8. Employee future benefits (continued)

The most recent actuarial valuation for the College Pension Plan as at August 31, 2012 indicated a $105 million funding deficit for basic pension benefits. The next valuation will be August 31, 2015, with results available in 2016. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be December 31, 2015, with results available in 2016.

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

Selkirk College paid $2,257,161 for employer contributions to the plan in fiscal 2015 ($2,162,584 - 2014).

9. Deferred capital contributions

Contributions specified and used for the acquisition of tangible capital assets 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:

	2015	2014
Balance, beginning of year	$16,528,919	$16,198,209
Contributions received during the year	544,353	1,295,237
Revenue recognized from deferred capital contributions	(1,019,621)	(964,527)
Balance, end of year	$16,053,651	$16,528,919

10. Operating lease commitments

The College has annual contractual operating lease payments over the next five years for the Trail, Tenth Street and Grand Forks campuses, as follows:

	Trail Campus	Tenth Street Campus	Grand Forks Campus	Total
2015/16	149,217	331,054	17,545	497,816
2016/17	-	331,054	-	331,054
2017/18	-	331,054	-	331,054
2018/19	-	331,054	-	331,054
Thereafter	-	2,223,149	-	2,223,149
	$ 149,217	$ 3,547,365	$ 17,545	$ 3,714,127

11. Tangible capital assets

The College has no direct insurance coverage against liability or loss of any of its property and equipment except vehicles. The Ministry of Advanced Education's University, College & Institute Protection Program provides the College with property insurance and claims for loss of College property must be submitted to the Province of British Columbia to be considered for compensation. SelAir has direct insurance coverage against liability or loss of its property and equipment.

11. Tangible capital assets (continued)

	Land and land improvements	Buildings	Furniture and equipment	Computer equipment and software	Leasehold improvements	Siteworks	SelAir Aircraft	Assets under-construction	2015 Total
Cost									
Opening Balance	$90,000	$38,077,971	$25,748,792	$1,871,667	$13,820,721	$1,462,199	$1,165,417	-	$82,236,767
Additions	-	-	314,723	-	-	-	78,877	229,630	623,230
Disposals	-	-	(35,655)	(2,800)	-	-	(54,006)	-	(92,461)
Transfers	-	-	-	-	-	-	-	-	-
Closing Balance	90,000	38,077,971	26,027,860	1,868,867	13,820,721	1,462,199	1,190,288	229,630	82,767,536
Accumulated amortization									
Opening Balance	-	$21,756,295	$24,454,649	$1,701,852	$6,168,273	$1,317,202	$871,512	-	$56,269,783
Amortization	-	596,999	443,992	47,957	226,031	31,075	106,000	-	1,452,054
Disposal	-	-	(35,008)	(2,800)	-	-	(54,653)	-	(92,461)
Closing Balance	-	22,353,294	24,863,633	1,747,009	6,394,304	1,348,277	922,859	-	57,629,376
Net book value	$90,000	$15,724,677	$1,164,227	$121,858	$7,426,416	$113,922	$267,428	$229,630	$25,138,160

11. Tangible capital assets (continued)

	Land and land improvements	Buildings	Furniture and equipment	Computer equipment and software	Leasehold improvements	Siteworks	SelAir Aircraft	Assets under-construction	2014 Total
Cost									
Opening Balance	$90,000	$37,165,502	$25,557,785	$1,697,583	$13,481,646	$1,358,531	$1,114,534	-	$80,465,581
Additions	-	912,469	191,008	174,084	339,075	103,668	50,883	-	1,771,186
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Closing Balance	90,000	38,077,971	25,748,793	1,871,667	13,820,721	1,462,199	1,165,417	-	82,236,767
Accumulated amortization									
Opening Balance	-	$21,170,719	$24,032,438	$1,641,440	$5,946,513	$1,283,377	$779,775	-	$54,854,262
Amortization	-	585,576	422,211	60,412	221,760	33,825	91,737	-	1,415,520
Transfers	-	-	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-	-	-
Closing Balance	-	21,756,295	24,454,649	1,701,852	6,168,273	1,317,202	871,512	-	56,269,782
Net book value	$90,000	$16,321,676	$1,294,144	$169,815	$7,652,448	$144,997	$293,905	$ -	$25,966,985

12. Accumulated surplus

Accumulated surplus is comprised of the following:

	2015	2014
Investment in tangible capital assets	$9,084,509	$9,438,066
Endowment fund	6,596,948	6,562,462
Internally restricted	50,602	15,651
Unrestricted	(597,400)	(807,224)
Unfunded employee future benefits	(4,377,205)	(4,533,279)
Balance, end of year	$10,757,454	$10,675,676

13. Expenses by object

The following is a summary of expenses by object:

	2015	2014
Salaries, wages and benefits	$31,385,759	$31,660,411
Supplies and services	9,282,645	9,079,252
Operating lease payments	515,413	661,437
Awards and donation payments	397,274	423,361
Management fees	47,513	44,626
Amortization of property and equipment	1,452,054	1,415,519
Bad debt expense, net of recovery	641	94,894
	$43,081,299	$43,379,500

14. Impact of Accounting for Capital Contributions on a Deferral Basis

As set out in Notes 2(a) and (j), the College is required to defer recognition of government transfers for capital and recognize them in revenue over the life of the funded asset. This policy is not in accordance with PSAS which requires that such transfers be deferred only if the funding agreements contain stipulations that create a liability and then to recognize revenue over the period that the liability is extinguished.

The impact of this difference from PSAS is as follows:

Year ended March 31, 2014	understate revenue and understate annual surplus by $330,710
Year ended March 31, 2014	overstate liabilities, overstate net debt and understate accumulated surplus by $16,528,919
Year ended March 31, 2015	overstate revenue and overstate annual surplus by $475,268
Year ended March 31, 2015	overstate liabilities, overstate net debt and understate accumulated surplus by $16,053,651.