NORTH ISLAND COLLEGE
FINANCIAL STATEMENTS
For the year ended March 31, 2016

North Island College
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For the year ended March 31, 2016

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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, 2016, 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, 2016, 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 Professional Accountants

June 9, 2016
Victoria, Canada

North Island College
Statement of Financial Position
As at March 31, 2016 with comparative information for 2015

	Note	2016	2015
Financial assets			
Cash and cash equivalents		$ 6,208,638	$ 4,979,914
Accounts receivable		414,730	559,150
Due from government organizations	3	396,853	895,020
Inventories held for resale		216,467	258,915
Portfolio investments	4	17,627,734	18,275,768
		24,864,422	24,968,767
Liabilities			
Accounts payable and accrued liabilities	5	7,521,517	6,352,629
Due to government organizations	3	389,463	584,188
Employee future benefits	6	267,467	358,582
Deferred revenue		2,018,252	2,283,844
Deferred contributions	7	10,188,343	10,298,617
Deferred capital contributions	8	22,763,490	22,439,443
		43,148,532	42,317,303
Net financial assets (net debt)		(18,284,110)	(17,348,536)
Non-financial assets			
Tangible capital assets	9	26,782,242	27,095,225
Prepaid expenses		165,361	122,857
		26,947,603	27,218,082
Accumulated surplus		$ 8,663,493	$ 9,869,546
Accumulated surplus is comprised of:			
Accumulated surplus		$ 7,872,586	$ 7,870,589
Accumulated remeasurement gains		790,907	1,998,957
		$ 8,663,493	$ 9,869,546

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, 2016 with comparative information for 2015

	Budget 2016	2016	2015
Revenue			
Province of British Columbia	$ 26,296,357	$ 26,827,992	$ 27,944,965
Government of Canada grants	404,279	416,709	491,962
Tuition and student fees	7,920,296	8,509,137	7,617,348
Contract services	553,500	421,353	492,039
Sales of goods and services	1,338,500	1,368,746	1,354,599
Investment income	588,350	1,179,925	1,488,338
Other income	459,922	545,472	630,166
Revenue recognized from deferred capital contributions	2,076,508	1,855,312	1,839,202
	39,637,712	41,124,646	41,858,619
Expenses (Schedule 1)			
Instructional and non-sponsored research	37,159,760	38,330,590	39,338,165
Ancillary services	1,343,232	1,434,846	1,453,525
Sponsored research	483,820	434,245	402,353
Special purpose	650,900	922,968	662,173
	39,637,712	41,122,649	41,856,216
Surplus for the year	-	1,997	2,403
Accumulated surplus, beginning of year	7,870,589	7,870,589	7,868,186
Accumulated surplus, end of year	$ 7,870,589	$ 7,872,586	$ 7,870,589

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, 2016 with comparative information for 2015

	Budget 2016	2016	2015
Surplus for the year	$ -	$ 1,997	$ 2,403
Acquisition of tangible capital assets	-	(2,298,407)	(1,830,961)
Amortization of tangible capital assets	2,821,568	2,611,391	2,675,740
	2,821,568	312,984	844,779
Acquisition of prepaid expenses	-	(140,233)	(84,567)
Use of prepaid expenses	-	97,728	78,060
	-	(42,505)	(6,507)
Net remeasurement gains (losses)	-	(1,208,050)	307,324
Change in net financial assets (net debt)	2,821,568	(935,574)	1,147,999
Net debt, beginning of year	(17,348,536)	(17,348,536)	(18,496,535)
Net debt, end of year	$ (14,526,968)	$ (18,284,110)	$ (17,348,536)

See accompanying notes to the financial statements

North Island College

Statement of Remeasurement Gains and Losses

For the year ended March 31, 2016 with comparative information for 2015

	2016	2015
Accumulated remeasurement gains, beginning of year	$ 1,998,957	$ 1,691,633
Unrealized gains (losses) attributed to:		
Pooled funds	(610,424)	1,203,785
Amounts reclassified to the statement of operations:		
Realized gains on pooled funds	(597,626)	(896,461)
Remeasurement gains (losses) for the year	(1,208,050)	307,324
Accumulated remeasurement gains, end of year	**$ 790,907**	**$ 1,998,957**

See accompanying notes to the financial statements

North Island College
Statement of Cash Flows
For the year ended March 31, 2016 with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations		
Surplus for the year	$ 1,997	$ 2,403
Items not involving cash:		
Amortization of tangible capital assets	2,611,391	2,675,740
Revenue recognized from deferred capital contributions	(1,855,312)	(1,839,202)
Change in employee future benefits	(91,115)	105,815
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	144,420	(2,086)
Decrease (increase) in due from government organizations	498,167	(597,849)
Decrease (increase) in prepaid expenses	(42,505)	(6,507)
Increase in inventories held for resale	42,448	(31,346)
Increase in accounts payable and accrued liabilities	1,168,888	451,688
Increase (decrease) in due to government organizations	(194,725)	152,550
Increase (decrease) in deferred revenue	(265,593)	(1,349)
Increase (decrease) in non-capital contributions	(110,273)	163,000
Net change in cash from operating activities	1,907,788	1,072,857
Capital activities		
Cash used to acquire tangible capital assets	(2,298,407)	(1,830,961)
Proceeds from deferred capital contributions	2,179,359	1,554,012
Net change in cash from capital activities	(119,048)	(276,949)
Investing activities		
Increase in investments	648,034	(1,678,092)
Net remeasurement gains (losses)	(1,208,050)	307,324
Net change in cash from investing activities	(560,016)	(1,370,768)
Net change in cash and cash equivalents	**1,228,724**	**(574,860)**
Cash and cash equivalents, beginning of year	4,979,914	5,554,774
Cash and cash equivalents, end of year	$ 6,208,638	$ 4,979,914

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 2015-2016 Budget approved by the Board of Governors of North Island College on March 26, 2015.

Budget figures are presented only for information purposes.

3 Due from and to government organizations

Due from:	**2016**	**2015**
Federal government	$ 86,971	$ 61,835
Provincial government	172,203	695,497
Other government organizations	137,679	137,688
	$ 396,853	$ 895,020

Due to:	**2016**	**2015**
Federal government	$ 296,312	$ 275,680
Provincial government	26,961	301,409
Other government organizations	66,190	7,099
	$ 389,463	$ 584,188

4 Portfolio investments

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

Portfolio investments:	**2016**	**2015**
Fixed income	$ 720,572	$ 785,735
Pooled bond funds	9,006,225	9,472,349
Pooled equity funds	7,900,937	8,017,684
	$ 17,627,734	$ 18,275,768

5 Accounts payable and accrued liabilities

	2016	2015
Trade payables	$ 1,583,375	$ 1,147,615
Salaries and benefits payable	1,040,675	620,618
Accrued leaves payable	2,370,236	2,353,959
Other payables and accrued liabilities	2,527,231	2,230,437
	$ 7,521,517	$ 6,352,629

6 Employee future benefits

(a) Pension benefits:

The College and its employees contribute to the College Pension Plan and the Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2015, the College Pension Plan has about 14,000 active members, 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.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The College paid $2,101,441 for employer contributions to the plans in fiscal 2016 (2015: $2,075,916).

6 Employee future benefits (continued)

(b) Other benefits:

	2016	2015
Severance	$ 201,467	$ 295,582
Accumulated sick leave benefit	66,000	63,000
	$ 267,467	$ 358,582

(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:

	2016	2015
Discount rates	2.0%	3.9%
Expected wage and salary increases	2.75%	2.75%

North Island College
Notes to the Financial Statements
Year ended March 31, 2016

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:

	2016		
	Land Sale	**Other**	**Total**
Balance, beginning of year	$ 3,961,144	$ 6,337,473	$ 10,298,617
Contributions received	-	3,058,368	3,058,368
Revenue recognized	-	(3,168,642)	(3,168,642)
Balance, end of year	$ 3,961,144	$ 6,227,199	$ 10,188,343

	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

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:

	2016	**2015**
Balance, beginning of year	$ 22,439,443	$ 22,724,633
Contributions received and expended on tangible capital assets	2,179,359	1,554,012
Revenue recognized from deferred capital contributions	(1,855,312)	(1,839,202)
Balance, end of year	$ 22,763,490	$ 22,439,443

North Island College
Notes to the Financial Statements
Year ended March 31, 2016

9 Tangible capital assets

Cost	Mar 31, 2015	Additions	Disposals/Transfers	Mar 31, 2016
Land	$ 457,919	$ -	$ -	$ 457,919
Site improvements	2,306,379	-	-	2,306,379
Buildings	56,507,042	403,582	222,480	57,133,104
Furniture & equipment	3,589,950	1,010,314	(384,567)	4,215,697
Software & licences	162,518	4,482	(107,362)	59,638
Computer equipment	883,898	384,802	(137,926)	1,130,774
Leasehold improvements	6,333	13,341	-	19,674
Vehicles	145,776	189,557	-	335,333
Library books	551,067	42,227	(88,780)	504,514
Assets under construction	-	250,102	(222,480)	27,622
Total	$ 64,610,882	$ 2,298,407	$ (718,635)	$ 66,190,654

Accumulated amortization	Mar 31, 2015	Amortization	Disposals	Mar 31, 2016
Site improvements	$ 1,644,684	$ 213,048	$ -	$ 1,857,733
Buildings	32,794,199	1,527,835	-	34,322,034
Furniture & equipment	2,025,765	630,414	(384,567)	2,271,611
Software & licences	135,713	10,914	(107,362)	39,265
Computer equipment	548,443	150,390	(137,926)	560,907
Leasehold improvements	1,293	1,095	-	2,388
Vehicles	41,118	32,606	-	73,724
Library books	324,441	45,089	(88,780)	280,750
Total	$ 37,515,656	$ 2,611,391	$ (718,635)	$ 39,408,412

	Net Book Value Mar 31, 2015	Net Book Value Mar 31, 2016
Land	$ 457,919	$ 457,919
Site improvements	661,695	448,646
Buildings	23,712,843	22,811,070
Furniture & equipment	1,564,185	1,944,086
Software & licences	26,805	20,373
Computer equipment	335,455	569,867
Leasehold improvements	5,040	17,287
Vehicles	104,658	261,609
Library books	226,626	223,764
Assets under construction	-	27,622
Total	$ 27,095,225	$ 26,782,242

North Island College
Notes to the Financial Statements
Year ended March 31, 2016

9 Tangible capital assets (continued)

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

9 Tangible capital assets (continued)

(a) Assets under construction

Assets under construction having a value of $27,622 (2015: $0) 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, 2016 the amount of allowance for doubtful debts was $118,181 (2015: $100,037), as these accounts receivable are deemed by management not to be collectible. The College historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

(b) Market and interest rate risk

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

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

10 Financial risk management (continued)

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

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

(c) Liquidity risk

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

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

(d) Foreign exchange risk

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

11 Contractual obligations

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

	2017	2018
Port Hardy Campus	$ 78,075	$ -
Port Alberni Campus	110,325	110,325
	$ 188,400	$ 110,325

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, 2016 there are no outstanding claims.

North Island College
Notes to the Financial Statements
Year ended March 31, 2016

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, 2016, accounts payable of the College included $867,859 (2015: $673,699) due to the Foundation.

	2016	**2015**
Bursaries	$ 261,955	$ 327,010
Donations and other	45,778	21,011
Gifts-in-kind	8,764	10,567
Foundation contributions to the College	$ 316,497	$ 358,588
College contributions to the Foundation	$ 857,000	$ 921,000

14 Comparative Information

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

North Island College
Schedule 1 - Schedule of Expenses by Object
For the year ended March 31, 2016 with comparative information for 2015

	Budget 2016	2016	2015
Expenses			
Salaries and benefits	$ 27,889,627	$ 28,117,903	$ 27,848,332
Other personnel costs	588,897	564,951	663,894
Advertising and promotion	437,698	541,797	587,461
Books and periodicals	265,992	195,114	255,586
Cost of goods sold	945,950	1,012,026	953,266
Equipment costs	658,821	1,297,554	1,348,553
Facility costs	2,488,733	2,392,597	2,758,940
Financial service charges	182,560	184,525	166,574
General fees and services	1,164,253	1,161,820	1,611,548
Student awards	439,180	670,597	465,660
Supplies and general expenses	921,173	723,804	779,589
Travel	633,260	570,144	620,230
Grant transfers	200,000	221,426	199,843
Donations to NIC Foundation	-	857,000	921,000
Amortization of tangible capital assets	2,821,568	2,611,391	2,675,740
	$ 39,637,712	$ 41,122,649	$ 41,856,216