Financial Statements of

VANCOUVER COMMUNITY COLLEGE

Year ended March 31, 2021

VANCOUVER COMMUNITY COLLEGE

Statement of Management Responsibility

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

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

The Vancouver Community College Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Finance and Audit Committee. The Finance and Audit Committee reviews the internal financial statements on a quarterly basis and external audited financial statements yearly. The Finance and Audit Committee also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, KPMG LLP, conducts an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Vancouver Community College and meet when required. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Vancouver Community College

Ajay Patel	Jamie Choi
President and CEO	Executive Director, Finance & CFO
May 27, 2021	May 27, 2021

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Vancouver Community College, and

To the Minister of the Ministry of Advanced Education, Skills and Training, Province of British Columbia

Opinion

We have audited the financial statements of Vancouver Community College (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2021 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

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

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

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

Emphasis of Matter – Financial Reporting Framework

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

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The financial statements for the year ended March 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on May 31, 2020 because those financial statements were not prepared in accordance with Canadian public sector accounting standards.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

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

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

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

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 27, 2021

VANCOUVER COMMUNITY COLLEGE
Statement of Financial Position

March 31, 2021, with comparative information for 2020

		2021		2020
Financial assets				
Cash and cash equivalents	$	42,341,754	$	30,600,051
Investments (note 3)		237,500		237,500
Accounts receivable		3,073,522		2,939,969
Due from government and government organizations (note 4)		188,813		1,609,765
Inventories for resale		938,347		931,592
		46,779,936		36,318,877
Liabilities				
Accounts payable and accrued liabilities (note 5)		34,400,014		26,099,128
Due to government organizations (note 4)		741,443		444,588
Employee future benefits (note 6)		2,587,000		2,397,000
Deferred tuition fees (note 7)		7,014,483		7,528,898
Deferred revenue (note 8)		9,717,823		3,776,913
Deferred capital contributions (note 9)		73,290,568		73,293,557
Capital lease obligation (note 10)		8,714,173		10,818,028
		136,465,504		124,358,112
Net debt		(89,685,568)		(88,039,235)
Non-financial assets				
Tangible capital assets (note 11)		106,970,650		108,421,361
Inventories held for use		101,611		122,349
Prepaid expenses		957,260		999,852
		108,029,521		109,543,562
Accumulated surplus	$	18,343,953	$	21,504,327

Contractual obligations (note 13)
Contingent liabilities (note 15)

See accompanying notes to financial statements.

Approved on behalf of the Board:

President

J Hartman

Chair of the Board

VANCOUVER COMMUNITY COLLEGE

Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	Budget (note 2 k)	2021	2020
Revenue			
Province of British Columbia grants and contributions	$ 62,262,205	$ 64,274,504	$ 62,128,367
Province of British Columbia contracts	39,868	1,356,651	1,353,869
Federal Government grants and contracts	4,050,000	4,279,681	4,611,546
Tuition and student fees	45,979,544	41,139,801	40,135,973
Sales of goods and services	6,163,666	2,328,967	5,908,777
Other grants and contracts	889,648	810,744	923,976
Miscellaneous income	2,883,270	2,539,928	2,720,497
Investment income	700,000	288,185	707,535
Revenue recognized from deferred capital contributions	5,410,612	5,678,318	5,471,593
	128,378,813	122,696,779	123,962,133
Expenses (note 16)			
Instruction and instructional support	120,470,937	121,142,013	115,196,550
Ancilliary operations	6,720,865	3,719,345	6,666,676
Special purpose	1,187,011	995,795	1,206,091
	128,378,813	125,857,153	123,069,317
Annual surplus (deficit)	$ -	$ (3,160,374)	$ 892,816
Accumulated surplus, beginning of year	21,504,327	21,504,327	20,611,511
Accumulated surplus, end of year	$ 21,504,327	$ 18,343,953	$ 21,504,327

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Statement of Changes in Net Debt

Year ended March 31, 2021, with comparative information for 2020

	Budget (note 2 k)	2021	2020
Annual surplus (deficit)	$ -	$ (3,160,374)	$ 892,816
Acquisition of tangible capital assets	(3,000,000)	(7,580,248)	(9,675,878)
Amortization of tangible capital assets	7,545,282	9,616,953	8,998,782
Acquisition of tangible capital assets through capital lease	1,439,233	(585,994)	(1,635,329)
	5,984,515	1,450,711	(2,312,425)
Acquisition of inventories	-	(101,611)	(122,349)
Acquisition of prepaid expenses	-	(957,260)	(999,852)
Use of inventories	-	122,349	120,659
Use of prepaid expenses	-	999,852	361,838
	-	63,330	(639,704)
Increase in net debt	5,984,515	(1,646,333)	(2,059,313)
Net debt, beginning of year	(88,039,235)	(88,039,235)	(85,979,922)
Net debt, end of year	$ (82,054,720)	$ (89,685,568)	$ (88,039,235)

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

		2021		2020
Cash provided by (used in):				
Operations:				
Annual surplus (deficit)	$	(3,160,374)	$	892,816
Items not involving cash:				
Amortization of tangible capital assets		9,616,953		8,998,782
Revenue recognized from deferred capital contributions		(5,678,318)		(5,471,594)
Change in employee future benefits		190,000		192,001
Change in non-cash operating working capital:				
Decrease (increase) in accounts receivable		(133,553)		55,265
Decrease (increase) in inventories for resale		(6,755)		85,129
Decrease (increase) in due from government and other government organizations		1,420,952		(608,688)
Decrease (increase) in prepaid expenses		42,592		(638,014)
Decrease (increase) in inventories held for use		20,738		(1,690)
Increase in accounts payable and accrued liabilities		8,300,886		5,129,507
Increase in due to government and other government organizations		296,855		177,340
Decrease in deferred tuition fees		(514,415)		(701,595)
Increase in deferred revenues		5,940,910		766,418
Net change in cash from operating activities		16,336,471		8,875,677
Capital activities:				
Acquisition of tangible capital assets		(7,580,247)		(9,675,877)
Net change in cash from capital activities		(7,580,247)		(9,675,877)
Financing activities:				
Principal payment on capital lease obligation		(2,689,850)		(1,362,796)
Deferred capital contributions received		5,675,329		5,359,605
Net change in cash from financing activities		2,985,479		3,996,809
Net increase in cash and cash equivalents		11,741,703		3,196,609
Cash and cash equivalents, beginning of year		30,600,051		27,403,442
Cash and cash equivalents, end of year	$	42,341,754	$	30,600,051

See accompanying notes to financial statements.

Tangible capital assets acquired through capital lease obligations - $585,994 (2020 - $1,635,329).
Interest received during the year was $288,185 (2020 - $707,535). Interest paid during the year was $433,119 (2020 - $449,714).

1. Authority, Purpose and Nature of Operations:

Vancouver Community College (the “College”) is a post-secondary educational institution funded in part by the Province of British Columbia and incorporated under the College and Institute Act on November 28, 1978. The College is a not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the provincial government of British Columbia. The College is exempt from income taxes under Section 149 of the Income Tax Act.

The College serves a diverse urban community by providing excellent programs and services that prepare learners for ongoing education, direct entry into employment, career advancement and greater participation in the community.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The College continues to closely monitor the recommendations from public health agencies and government authorities and has implemented its business continuity plans in efforts to reduce the financial impact and continue operations.

2. Summary of significant accounting policies:

The financial statements of Vancouver Community College are prepared by management in accordance with the basis of accounting described below. Significant accounting policies 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 effective their first fiscal year commencing after January 1, 2012.

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. 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. 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

2. Summary of significant accounting policies (continued):

(a) Basis of accounting (continued):

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

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian Public Sector Accounting Standards which requires 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 Accumulated Surplus 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: Portfolio investments in equity instruments that are quoted in an active market and derivative instruments are 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 is recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

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

(iii) The College does not have any financial instruments that are recorded at fair value and hence does not have any remeasurement gains and losses.

(iv) The following items are included in the cost category and measured as follows:

(A) Accounts receivable are measured at amortized cost using the effective interest method.

(B) Investments are comprised of a term deposit that is capable of prompt liquidation. The investments are cashable on demand and are recorded at amortized cost based on the transaction price on the trade date. All interest income, gains and losses are recognized in the Statement of Operations and Accumulated Surplus in the period in which they arise.

(C) Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method.

2. Summary of significant accounting policies (continued):

(d) Inventories for resale:

Inventories held for resale, including books and school 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 the estimated selling price less any costs to sell. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of write down previously recorded is reversed.

(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 during construction is capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Asset	Basis
Buildings	30 - 50 years
Building improvements	15 years
Building under capital lease	30 years
Furniture and equipment	5 years
Leasehold improvements	remaining lease term
Computer hardware and software	4 years
Computer equipment under capital lease	3 - 5 years

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.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased tangible capital assets. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs. The maximum-recorded value of the leased assets cannot exceed the leased property's fair value when determining the discount rate to be used.

2. Summary of significant accounting policies (continued):

(e) Non-financial assets (continued):

(ii) Inventories held for use:

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

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

(iii) Prepaid expenses:

Prepaid expenses are recorded at cost and amortized over the period where the service benefits are received.

(f) Employee future benefits:

(i) The College and its employees make contributions to the College Pension and Municipal Pension Plans 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. Defined contribution plan accounting is applied because the assets and liabilities of the plan are not segregated by employer. Contributions are expensed as they become payable.

(ii) Sick leave benefits are also available to the College's employees. The costs of these benefits are actuarially determined based on length of service and best estimates of benefit usage, retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected employee average remaining service life. The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation completed for the year ended March 31, 2021.

(iii) The College provides long-service and gratuity benefits to the employees. The costs of these benefits are actuarially determined based on length of service and best estimates of benefit usage, retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected employee average remaining service life. The most recent valuation of the College's future employee benefits was completed for the year ended March 31, 2021.

(iv) Employees who are retiring at age 55 or over and who receive pension under the provisions of the Pension Act, receive a benefit where the College pays for the premiums of Group Life Insurance coverage in the amount of $10,000 for a period of five years from the date of retirement. These benefits are recognized based on the net present value of the expected obligations.

(v) Certain College employees are entitled to the continuation of health and dental benefits while on disability leave. The accrued benefit obligation for currently disabled employees was estimated by an actuarial valuation for accounting purposes at March 31, 2021. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for coverage of employees during the period.

2. Summary of significant accounting policies (continued):

(g) Revenue recognition:

(i) Fees for services:

Tuition fees are collected in advance and recognized as revenue at the time services are provided. 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.

(ii) Contributions:

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

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 in accordance with Regulation 198/2011 (note 2(a)) which requires that they be 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.

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

(iii) Investment income:

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

(h) Expense recognition:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

(i) Asset retirement obligations:

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

2. Summary of significant accounting policies (continued):

(i) Foreign currency translation:

The College’s functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities which were designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the Statement of Financial Position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the Statement of Operations and Accumulated Surplus.

(k) Budget figures:

The budget figures have been derived from the 2020/21 Budget approved by the Board of Governors of the College on March 25, 2020. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

(l) 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 useful lives of tangible capital assets, amortization of related deferred capital contributions, the present value of employee future benefits, and provisions for contingencies and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

3. Investments:

Investments consist of a GIC with an automatic monthly renewal that bears interest of 0.2% per annum.

4. Due from / to government and government organizations:

	2021	2020
Due from the Province of British Columbia	$ 131,734	$ 357,633
Due from the Federal Government	57,079	1,252,132
	$ 188,813	$ 1,609,765
Due to BCIT	$ 741,443	$ 444,588
	$ 741,443	$ 444,588

The amounts due from and due to are due on demand and are non-interest bearing.

5. Accounts payable and accrued liabilities:

		2021		2020
Accounts payable and accrued liabilities	$	9,818,138	$	8,651,966
Salaries and benefits payable		5,274,546	$	4,605,072
Accrued vacation payable		3,624,872	$	3,092,650
Student deposits		15,682,458	$	9,749,440
	$	34,400,014	$	26,099,128

6. Employee future benefits:

(a) Pension plan:

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2019, the College Pension Plan has about 15,000 active members, and approximately 9,000 retired members. As at December 31, 2019, the Municipal Pension Plan has about 213,000 active members, including approximately 6,000 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines and appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age

normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2018, indicated a $303 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a $2,866 million funding surplus for basic pension benefits on a going concern basis.

The College paid $7,062,538 (2020 - $6,627,011) for employer contributions to the plan in fiscal 2021.

The next valuation for the College Pension Plan will be as at August 31, 2021, with results available in 2022. The next valuation for the Municipal Pension Plan will be December 31, 2021, with results available in 2022.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans

record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

6. Employee future benefits (continued):

(b) Employee future benefits:

		2021		2020
Sick leave (i)	$	1,351,000	$	1,350,000
Long-service and gratuity (ii)		298,000		301,000
Long term disability health & dental benefits (iii)		938,000		746,000
Accrued benefit liability, end of year	$	2,587,000	$	2,397,000

(i) Certain employees of the College are entitled to sick leave benefits in accordance with the terms and conditions of their employment contracts. These include post-retirement benefits, benefits that are expected to be provided after employment but prior to retirement and which vest or accumulate during service; and compensated absence benefits, benefits paid during employment, including sick pay benefits that accumulate and are payable upon a future illness or injury-related absence. The benefit expense associated with the covered benefits attributed to the accounting period is included in the College’s Statement of Operations and Accumulated Surplus and the accrued benefit liability for the benefits attributed to employee service to the accounting date are included in the College’s Statement of financial position. The accrued benefit obligation and the net periodic benefit costs were estimated by an actuarial valuation completed on December 31, 2020 with results extrapolated to March 31, 2021.

(ii) Certain excluded employees (employed prior to August 2010) earn 3 days per year in addition to vacation in accordance with the terms and conditions of their employment contracts. The current gratuity plan for support staff ceased to accumulate as of December 31, 2016, and the balance of gratuity plan will not increase in the future. The accrued benefit obligation for long service days and gratuity plan was estimated by an actuarial valuation for accounting purposes on December 31, 2020 with results extrapolated to March 31, 2021.

(iii) Certain employees of the College are entitled to the continuation of extended health, dental and Medical Service Plan (“MSP”) benefits in accordance with the terms and conditions of their employment contracts. Coverage is extended to disabled employees, their spouses and dependent children while on disability. Faculty and exempt employees receive these benefits from their date of disability to the earlier of recovery from disability and return to work or age 65. The accrued benefit obligation for currently disabled employees was estimated by an actuarial valuation for accounting purposes on December 31, 2020 with results extrapolated to March 31, 2021.

6. Employee future benefits (continued)

		2021		2020
Balance, beginning of the year	$	2,333,000	$	2,129,000
Current benefit cost		129,000		125,000
Interest cost		66,000		63,000
Benefits paid		(171,000)		(160,000)
Expense for long term disabilty health & dental benefits		171,000		170,000
Recognized actuarial (gain)/loss		229,000		6,000
Accrued benefit obligation, end of year	$	2,757,000	$	2,333,000
Accrued benefit obligation, end of year consists of:				
Accrued obligation, end of year	$	2,757,000	$	2,333,000
Unamortized actuarial gain/(loss)		(170,000)		64,000
Accrued benefit liability, end of year	$	2,587,000	$	2,397,000

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

	2021	2020
Discount rates	2.60%	2.80%
Expected future base wage and salary increases	2.50%	2.50%

7. Deferred tuition fees:

Deferred tuition includes tuition received in advance of the related activity performed.

	Opening balance	Receipts during year	Recognized as revenue	2021
Deferred tuition	$ 7,528,898	$ 40,625,386	$ (41,139,801)	$ 7,014,483

	Opening balance	Receipts during year	Recognized as revenue	2020
Deferred tuition	$ 8,230,493	$ 39,434,377	$ (40,135,972)	$ 7,528,898

8. Deferred revenue:

Deferred revenue includes grants, contributions and contract fees received in advance of the related activity performed.

	Opening balance	Receipts during year	Recognized as revenue	2021
Deferred contract	$ 224,948	$ 8,620,406	$ (6,399,564)	$ 2,445,790
Deferred contributions	3,551,965	15,810,314	(12,090,246)	7,272,033
Deferred revenue and contribution	$ 3,776,913	$ 24,430,720	$ (18,489,810)	$ 9,717,823

	Opening balance	Receipts during year	Recognized as revenue	2020
Deferred contract	$ 301,979	$ 6,715,525	$ (6,792,556)	$ 224,948
Deferred contributions	2,708,516	7,670,791	(6,827,342)	3,551,965
Deferred revenue and contribution	$ 3,010,495	$ 14,386,316	$ (13,619,898)	$ 3,776,913

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of externally restricted grants and other funding received for the purchase of tangible capital assets. Amortization of deferred capital contributions is recorded as revenue in the Statement of Operations and Accumulated Surplus over the useful life of the related asset.

9. Deferred capital contributions (continued)

		2021		2020
Balance at beginning of the year	$	73,293,557	$	73,405,545
Contributions received		5,675,329		5,359,605
Less amortization to revenue		(5,678,318)		(5,471,593)
	$	73,290,568	$	73,293,557

Deferred capital contributions are comprised of the following:

		2021		2020
Unamortized capital contributions	$	73,223,250	$	73,214,290
Unspent contributions		67,318		79,268
	$	73,290,568	$	73,293,557

10. Capital lease obligation:

(a) Annacis Island Campus:

During 2014/15, Vancouver Community College and BCIT entered into a Memorandum of Understanding to share a facility space on Annacis Island in Delta, British Columbia. As part of this arrangement, Vancouver Community College and BCIT entered into a joint lease agreement for a building with a third party. The term of the lease is 30 years and commenced August 1, 2014. The future minimum lease payments are as follows:

2022	$	390,350
2023		390,350
2024		390,350
2025		416,301
2026		429,276
Therafter		9,247,142
Total minimum lease payments		11,263,769
Less amounts representing interest (at 4.19% per annum)		(4,333,339)
Present value of net minimum capital lease payments	$	6,930,430
Total interest on the capital lease for the year	$	292,612

10. Capital lease obligation (continued):

(b) Computer and copier equipment:

During 2017/18 up to 2020/21, the College has entered into various capital leases for computer and copier equipment. The future minimum lease payments for all computer and copier equipment capital lease is as follows:

2022	$ 829,339
2023	660,117
2024	278,620
2025	137,370
2026	4,011
Total minimum lease payments	1,909,457
Less amounts representing interest (Nil to 1.85% per annum)	(125,714)
Present value of net minimum capital lease payments	$ 1,783,743
Total interest on the capital leases for the year	$ 140,507

Total interest on capital leases for the year was $433,119 (2020 - $449,714).

11. Tangible capital assets:

2021	Land	Buildings	Building improvements	Building under capital lease	Furniture and equipment	Leasehold improvements	Computer hardware and software	Computer equipment under capital lease	2021 Total
Cost									
Opening balance	$ 7,744,768	$ 144,414,647	$ 22,554,003	$ 7,350,333	$ 27,954,854	$ 4,202,525	$ 20,308,191	$ 6,422,987	$ 240,952,308
Additions	-	-	5,124,942	-	2,045,874	-	409,432	585,994	8,166,242
Ending	7,744,768	144,414,647	27,678,945	7,350,333	30,000,728	4,202,525	20,717,623	7,008,981	249,118,550
Accumulated amortization									
Opening balance	-	81,876,787	4,591,779	1,388,405	23,885,334	785,151	17,266,237	2,737,254	132,530,947
Amortization	-	3,449,328	1,674,432	245,016	1,430,436	140,088	1,122,085	1,555,568	9,616,953
Closing balance	-	85,326,115	6,266,211	1,633,421	25,315,770	925,239	18,388,322	4,292,822	142,147,900
Net book value	$ 7,744,768	$ 59,088,532	$ 21,412,734	$ 5,716,912	$ 4,684,958	$ 3,277,286	$ 2,329,302	$ 2,716,159	$ 106,970,650

2020	Land	Buildings	Building improvements	Building under capital lease	Furniture and equipment	Leasehold improvements	Computer hardware and software	Computer equipment under capital lease	2020 Total
Cost									
Opening balance	$ 7,744,768	$ 144,414,647	$ 15,962,879	$ 7,350,333	$ 26,858,764	$ 4,202,525	$ 18,319,528	$ 4,787,658	$ 229,641,102
Additions	-	-	6,591,124	-	1,096,090	-	1,988,663	1,635,329	11,311,206
Ending	7,744,768	144,414,647	22,554,003	7,350,333	27,954,854	4,202,525	20,308,191	6,422,987	240,952,308
Accumulated amortization									
Opening balance	-	78,377,346	3,307,883	1,143,390	22,425,324	645,064	16,219,527	1,413,632	123,532,166
Amortization	-	3,499,441	1,283,896	245,015	1,460,010	140,087	1,046,710	1,323,622	8,998,781
Closing balance	-	81,876,787	4,591,779	1,388,405	23,885,334	785,151	17,266,237	2,737,254	132,530,947
Net book value	$ 7,744,768	$ 62,537,860	$ 17,962,224	$ 5,961,928	$ 4,069,520	$ 3,417,374	$ 3,041,954	$ 3,685,733	$ 108,421,361

12. Associated organization:

The Vancouver Community College Foundation ("the Foundation") is a separate society formed to raise funds to further the interests of the College and to provide scholarships and bursaries for students of the College. The College does not control the Foundation; therefore, the Foundation's assets, liabilities, revenues and expenses are not included in these financial statements.

The College had the following transactions with the Foundation:

		2021		2020
Foundation contributed awards and bursaries to the College	$	656,377	$	761,319
Foundation provided project funding and equipment to the College		210,186		284,575
Foundation reimbursed the College for salaries expenses		557,179		462,264
College contributed grants to the Foundation for operating expenses		647,179		522,264

As of March 31, 2021, the College had accounts receivable from the Foundation of $871 (2020 - $24,220) for expenses that were paid for by the College on behalf of the Foundation. At March 31, 2021, the Foundation had net assets of $17.6 million (2020 - $14.3 million).

For the year ended March 31, 2021, gift in kind donations from the Foundation to the College were $197,162 (2020 - $96,483).

13. Contractual obligations:

(a) Building construction contracts:

During the year ended March 31, 2009, the College completed construction of a new campus building. At year end, the College has an outstanding letter of credit with the City of Vancouver, secured by a term deposit for $237,500. This letter of credit will be held until Phase II of the campus redevelopment has been completed.

(b) Operating lease land:

In 2014/15, Vancouver Community College entered into a partnership with BCIT to share a joint facility from a third party. As part of this lease, land has been segregated as an operating lease. The term is 30 years commencing August 1, 2014.

Payments required under this lease are as follows:

2022	$	127,438
2023		127,438
2024		127,438
2025		135,910
2026		140,146
Thereafter		3,018,877
Total minimum lease payments	$	3,677,247

13. Contractual obligations (continued):

(c) Service contracts:

The College entered into a number of long term service contracts for equipment rentals and services with expected payments as follows:

2022	$	2,944,842
2023		2,474,886
2024		1,849,247
2025		100,000
2026		41,666
	$	7,410,641

14. Contractual rights:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future.The College's contractual rights arise because of contracts entered into to lease building space and to provide educational services. The following table summarize the contractual rights of the College for future assets:

2022	$	4,989,428
2023		4,605,500
2024		4,529,500
2025		4,537,661
2026		329,200
	$	18,991,289

15. Contingent liabilities:

The College is currently engaged in or party to certain pending matters. A reasonable estimate of these future contingent liabilities is made and is recorded in the financial statements as a liability where the outcome is assessed as likely and the amount is determinable. No amounts are recorded where the outcomes of amounts or losses are uncertain.

16. Expenses by object:

The following is a summary of expenses by object:

	2021	2020
Salaries and benefits	$ 93,484,154	$ 87,611,249
Supplies and services	14,715,999	15,801,996
Building and telecom	6,021,887	7,030,730
Cost of goods sold	2,018,160	3,626,560
Amortization	9,616,953	8,998,782
	$ 125,857,153	$ 123,069,317

17. Financial risk management:

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

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

(a) Credit risk:

Credit risk is the risk of financial loss to the College if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the College consisting of investments and accounts receivable. The College assesses these financial assets, on a continuous basis for any amounts that are not collectible or realizable.

(b) Market and interest risk:

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

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

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

(c) Liquidity risk:

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

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

18. Comparative information:

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