

Financial Statements of

Coast Mountain College

Year ended March 31, 2022

Contents

Management's Report	
Independent Auditors Report	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Debt	3
Statement of Cash Flows	4
Notes to the Financial Statements	5

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, as required by Section 23.1 of the Budget Transparency and Accountability Act of the Province of BC, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

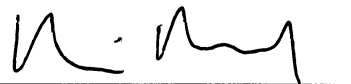
The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance and Audit Committee. The Finance and Audit Committee reviews internal financial statements on a quarterly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

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. Their examination considers internal control relevant to management's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Coast Mountain College's internal controls. The external auditors have full and free access to the Finance and Audit Committee of Coast Mountain College and meet with them when required.

On behalf of Coast Mountain College



Ernie Dusdal
Chair, Finance and Audit Committee



Michael Doyle
Vice-President, Corporate Services



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Independent Auditor's Report

To the Board of Governors of Coast Mountain College, and
To the Ministry of Advanced Education and Skills Training, Province of British Columbia

Opinion

We have audited the accompanying financial statements of Coast Mountain College (the College), which comprise the Statement of Financial Position as at March 31, 2022, and the Statements of Operations and Accumulated Surplus, Changes in Net Debt, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Coast Mountain College as at and for the year ended March 31, 2022 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the Act).

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the College 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 - Basis of Accounting

We draw attention to Note 2(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared in order for the College to meet the reporting requirements of the Act referred to above. Note 2(a) to the financial statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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 Act, 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 College'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 College, or to cease operations, or has no realistic alternative but to do so.

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



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Auditor's 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 auditor's 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 these 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 College'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 College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However future events or conditions may cause the College to cease to continue as a going concern.

We 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.

Chartered Professional Accountants

Vancouver, British Columbia
June 17, 2022

Coast Mountain College

Statement of Financial Position

As at March 31, 2022

[in thousands of dollars]

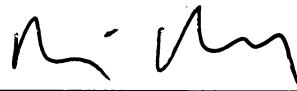
	<i>Note</i>	March 31, 2022	March 31, 2021
Financial assets			
Cash and cash equivalents	3	\$ 17,840	\$ 20,213
Accounts receivable	4	626	538
Inventory held for resale		322	270
		<u>18,788</u>	<u>21,021</u>
Liabilities			
Accounts payable and accrued liabilities	5	5,969	9,024
Accrued employee entitlements	6	1,626	1,503
Payroll liabilities	7	897	655
Deferred revenue	8	4,659	4,405
Deferred contributions	9	299	282
Deferred capital contributions	10	68,945	57,927
		<u>82,395</u>	<u>73,796</u>
Net debt		<u>(63,607)</u>	<u>(52,775)</u>
Non-financial assets			
Tangible capital assets	11	70,567	59,543
Accumulated surplus	13	<u>\$ 6,960</u>	<u>\$ 6,768</u>
<i>Contractual obligations</i>	15		
<i>Contingent liabilities</i>	16		

Signature



Ernie Dusdal, Chair, Finance and Audit Committee

Signature



Michael Doyle, Vice President, Corporate Services

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

Coast Mountain College

Statement of Operations and Accumulated Surplus

For the Year Ended March 31, 2022

[in thousands of dollars]

	Note	Budget Note 2(k)	2022	2021
Revenues				
Government transfers		\$ 23,403	\$ 24,746	\$ 23,751
Tuition and other fees		4,921	5,187	4,758
Contract services and other		2,473	3,770	2,417
Ancillary services		580	840	329
Gain on disposal of capital assets		-	-	102
Amortization of deferred capital contributions	10	4,100	3,804	4,094
		<u>35,477</u>	<u>38,347</u>	<u>35,451</u>
Expenses				
Instruction and support		30,080	32,777	30,160
Ancillary		847	1,115	1,062
Amortization		4,550	4,263	4,547
	17	<u>35,477</u>	<u>38,155</u>	<u>35,769</u>
Annual surplus (deficit)		<u>-</u>	<u>192</u>	<u>(318)</u>
Accumulated surplus, beginning of year			<u>6,768</u>	<u>7,086</u>
Accumulated surplus, end of year			<u>\$ 6,960</u>	<u>\$ 6,768</u>

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

Coast Mountain College

Statement of Change in Net Debt
For the Year Ended March 31, 2022
[In thousands of dollars]

	Budget (Unaudited)	2022	2021
Annual surplus (deficit)	\$ -	\$ 192	\$ (318)
Acquisition of tangible capital assets	-	(15,287)	(14,580)
Amortization of tangible capital assets	4,550	4,263	4,547
	4,550	(11,024)	(10,033)
(Increase) decrease in net debt	4,550	(10,832)	(10,351)
Net debt at beginning of year	(52,775)	(52,775)	(42,424)
Net debt at end of year	\$ (48,225)	\$ (63,607)	\$ (52,775)

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

Coast Mountain College

Statement of Cash Flows

For the Year Ended March 31, 2022

[In thousands of dollars]

	Note	2022	2021
Cash flows from operating transactions			
Annual (deficit) surplus		\$ 192	\$ (318)
Items not involving cash:			
Gain on disposal of tangible capital assets		-	(102)
Amortization of tangible capital assets		4,263	4,547
Amortization of deferred capital contributions		(3,804)	(4,094)
		651	33
Increase (decrease) in non-cash operating items	18	(2,830)	5,710
Increase in deferred revenues		271	1,358
Cash provided by operating transactions		(1,908)	7,101
Capital transactions			
Acquisition of tangible capital assets		(15,287)	(14,580)
Proceeds from sale of tangible capital assets		-	102
Cash utilized to invest in capital		(15,287)	(14,478)
Financing transactions			
Deferred capital contributions received		14,822	15,964
Increase (decrease) in cash		(2,373)	8,587
Cash at beginning of year		20,213	11,626
Cash at end of year		\$ 17,840	\$ 20,213

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

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

1. Authority and Purpose

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

2. Significant Accounting Policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act (BTAA) of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it. This requires that these financial statements be prepared in accordance with Canadian public sector accounting standards (PSAS) issued by the Public Sector Accounting Board except that the contributions received or receivable by the College for the purpose of acquisition of tangible capital assets are accounted for as deferred capital contributions.

The basis of accounting that the College has adopted is different from PSAS with respect to the timing of revenue recognition for government transfers. If the College had recorded government transfers under PSAS rather than the accounting policy described in note 2(g)(i), capital contributions recognized as revenue and the annual surplus for the year ended March 31, 2022 would have increased by \$11,018 (March 31, 2021 – \$11,870). Consequentially, as at March 31, 2022, deferred capital contributions would have decreased and the accumulated surplus would have increased by \$67,823 (March 31, 2021 – \$57,927). Under PSAS, the total cash flows from operating, financing, and capital transactions for the years ended March 31, 2022 and 2021 would have been the same as reported in these financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents include term deposits with a term to maturity of three months or less at the date of purchase.

(c) Financial assets

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

(i) Fair value category: Portfolio instruments that are quoted in an active market and derivative instruments are reflected at fair value as at the reporting date. Transaction costs related to the acquisition of financial assets is recorded as an expense. There were no financial instruments designated in the fair value category.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

2. Significant Accounting Policies

(c) Financial assets

- (ii) Cost/Amortized cost category: Assets are recorded at amortized cost, being original cost plus accumulated interest using effective interest method. 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 financial assets are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related financial assets.

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

(d) Non-financial assets

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

(i) Tangible capital assets

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

Land improvements	10 years
Buildings	
- Wood frame	20 years
- Concrete/steel	40 years
Furniture and equipment	5 years
Computer hardware and software	4 years
Library materials	10 years
Landscaping	15 years

Work in progress is not amortized until the asset is available for productive use.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

2. Significant Accounting Policies

(d) Non-financial assets

(i) Tangible capital assets

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

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

(ii) Works of art and historic assets

Contributed 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 and amortized over their useful life. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(e) Accrued employee entitlements

(i) Defined benefit plans

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The board 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, 2021, the College Pension Plan has about 16,500 active members, and approximately 9,500 retired members. As at December 31, 2020 the Municipal Pension Plan has about 220,000 active members, including approximately 7,000 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 an 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.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

2. Significant Accounting Policies

(e) Accrued employee entitlements

(i) Defined benefit plans

The most recent actuarial valuation for 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.

Coast Mountain College paid \$1,591 for employer contributions to the plans in fiscal 2022 (2021 - \$1,605).

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.

(ii) Retirement allowances and sick leave cash out benefits

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

(iii) Short-term employee benefits

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

The College's short-term employee benefits include accrued vacation, banked overtime and early retirement incentives. Employees of the College do not accumulate sick leave beyond one year and therefore there is no liability recognized.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

2. Significant Accounting Policies

(f) Payroll liabilities

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

The College's payroll liabilities include wages and payroll remittance accruals, employee benefits, professional development accruals, payments to the College and Municipal Pension Plans, and other short-term payroll accruals.

(g) Revenue recognition

Tuition and other fees are reported as revenues over the duration of the course or school year. Tuition fees are deferred for the portion of the courses held in the next fiscal year and for those students who need to delay their start date. The sale of goods, contract services and ancillary services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

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

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue commences when the tangible capital asset is put into use to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

Investment income includes interest recorded on an accrual basis and write-downs on investments where the loss in value is determined to be other-than-temporary.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

2. Significant Accounting Policies

(h) 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 estimated useful life of tangible capital assets and the present value of employee future benefits, 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.

(i) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the financial statement date when an environmental standard exists, contamination exceeds the standard, and it is expected that future economic benefits will be given up and the liability can be reasonably estimated.

(j) 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 are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the balance sheet date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or balance sheet date is recognized in the Statement of Operations.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the College's Fiscal 2021/2022 Budget approved by the Board of Governors of the College on April 9, 2021. The budget is reflected in the Statement of Operations and Accumulated Surplus.

As the budget was prepared in the spring of 2021 the estimates were based on Ministry and Contract funding secured at the time of preparation. Variances from budget often occur, as Management will obtain additional funding contracts throughout the year and incur related expenditures once funding is approved.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

3. Cash and cash equivalents

	2022	2021
Restricted	\$ 299	\$ 282
Unrestricted	17,541	19,931
Total	<u>\$ 17,840</u>	<u>\$ 20,213</u>

Restricted cash is comprised of funds held for externally restricted purposes and is related to bursary funds and funds held in trust. (Note 9).

4. Accounts receivable

Accounts receivable are recorded net of allowance for doubtful receivables of \$31 (2021 - \$31).

5. Accounts payable and accrued liabilities

	2022	2021
Trade accounts payable	\$ 878	\$ 253
Accrued liabilities	785	882
Capital projects and associated holdbacks	120	4,505
Other accrued liabilities	46	5
Student deposits	4,140	3,379
Balance, end of year	<u>\$ 5,969</u>	<u>\$ 9,024</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

6. Accrued employee entitlements

Accrued employee entitlements are comprised of the following:

	2022	2021
Accrued vacation	\$ 613	\$ 644
Accrued overtime	19	35
Retirement allowances	646	609
Executive benefits and days in lieu	92	81
Early retirement incentives	237	50
Severance	19	84
Balance, end of year	<u>\$ 1,626</u>	<u>\$ 1,503</u>

Retirement allowances:

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

The fair value has been determined using a discounted cash flow analysis with an appropriate discount factor, which at March 31, 2022 was determined to be 3.25% (2021 – 3.25%).

	2022	2021
Retirement allowances		
Balance, beginning of year	\$ 609	\$ 602
Current service cost	49	48
Interest cost	21	21
Amortization of net actuarial losses	10	10
Benefits paid	(43)	(72)
Accrued benefit liability, end of year	<u>\$ 646</u>	<u>\$ 609</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

6. Accrued employee entitlements

An actuarial valuation for these benefits was performed to determine the College's accrued benefit obligation as at March 31, 2022. The difference between the actuarially determined accrued benefit obligation of \$694 and the accrued benefit liability of \$646 is an unamortized actuarial loss of \$48. The actuarial loss is amortized over a period equal to the employees' average remaining service lifetime of 10 years.

	2022	2021
Accrued benefit obligation		
Liability, end of year	\$ 646	\$ 609
Unamortized actuarial loss	48	35
Balance, end of year	<u>\$ 694</u>	<u>\$ 644</u>

7. Payroll liabilities

Payroll liabilities are comprised of the following:

	2022	2021
Payroll accruals	\$ 800	\$ 357
Pension benefits	7	19
Professional development accruals	90	257
Other	-	22
Balance, end of year	<u>\$ 897</u>	<u>\$ 655</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

8. Deferred revenue

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

Changes in deferred revenue are as follows:

	2022		2021
Balance, beginning of year	\$ 4,405	\$	3,051
Contributions received during the year	8,368		6,706
Revenue recognized	(8,114)		(5,352)
Balance, end of year	<u>\$ 4,659</u>	<u>\$</u>	<u>4,405</u>

9. Deferred contributions

Deferred contributions are funds restricted for bursaries and scholarships:

	2022		2021
Balance, beginning of year	\$ 282	\$	278
Contributions received during the year	178		310
Revenue recognized	(161)		(306)
Balance, end of year	<u>\$ 299</u>	<u>\$</u>	<u>282</u>

10. Deferred capital contributions

Changes in the deferred capital contributions balance are as follows:

	2022		2021
Balance, beginning of year	\$ 57,927	\$	46,057
Contributions received during the year	14,822		15,964
Revenue recognized	(3,804)		(4,094)
Balance, end of year	<u>\$ 68,945</u>	<u>\$</u>	<u>57,927</u>

Included in deferred capital contributions at March 31, 2022 is \$1,122 of contributions not yet spent on tangible capital assets (2021 - \$1,460).

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

11. Tangible capital assets

Cost	Balance at March 31, 2021	Additions	Disposals	Transfers	Balance at March 31, 2022
Land and land improvements	\$ 1,623	\$ -	\$ -	\$ -	\$ 1,623
Buildings	77,692	10,985	-	13,352	102,029
Furniture and equipment	18,742	2,684	-	-	21,426
Computer hardware and software	2,084	73	-	-	2,157
Library materials	1,720	-	-	-	1,720
Work in progress	13,475	1,545	-	(13,352)	1,668
Total	\$ 115,336	\$ 15,287	\$ -	\$ -	\$ 130,623

Accumulated amortization	Balance at March 31, 2021	Amortization expense	Disposals	Balance at March 31, 2022
Buildings	\$ 37,010	\$ 2,954	\$ -	\$ 39,964
Furniture and equipment	15,372	1,036	-	16,408
Computer hardware and software	1,758	247	-	2,005
Library materials	1,653	26	-	1,679
Total	\$ 55,793	\$ 4,263	\$ -	\$ 60,056

	Net book value March 31, 2022
Land and land improvements	\$ 1,623
Buildings	62,065
Furniture and equipment	5,018
Computer hardware and software	152
Library materials	41
Work in progress	1,668
Total	\$ 70,567

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

11. Tangible capital assets

Cost	Balance at March 31, 2020	Additions	Disposals	Transfers	Balance at March 31, 2021
Land and land improvements	\$ 1,623	\$ -	\$ -	\$ -	\$ 1,623
Buildings	75,498	1,797	-	397	77,692
Furniture and equipment	18,779	164	(201)	-	18,742
Computer hardware and software	2,008	76	-	-	2,084
Library materials	1,720	-	-	-	1,720
Work in progress	1,329	12,543	-	(397)	13,475
Total	\$ 100,957	\$ 14,580	\$ (201)	\$ -	\$ 115,336

Accumulated amortization	Balance at March 31, 2020	Amortization expense	Disposals	Balance at March 31, 2021
Buildings	\$ 34,183	\$ 2,827	\$ -	\$ 37,010
Furniture and equipment	14,120	1,453	(201)	15,372
Computer hardware and software	1,524	234	-	1,758
Library materials	1,620	33	-	1,653
Total	\$ 51,447	\$ 4,547	\$ (201)	\$ 55,793

	Net book value March 31, 2021
Land and land improvements	\$ 1,623
Buildings	40,681
Furniture and equipment	3,370
Computer hardware and software	326
Library materials	68
Work in progress	13,475
Total	\$ 59,543

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

11. Tangible capital assets

(a) Work in progress

Work in progress has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Works of art and historical treasures

The College manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at the College sites and public display areas. These assets are not recorded on these financial statements.

(c) Write-down of tangible capital assets

There was no write-down of tangible capital assets during the year (2021 - \$NIL).

12. Financial risk management

The College has exposure to the following risks from its financial instruments: credit risk, market risk, liquidity risk and fair value. The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk

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

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

(b) Market and interest rate 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.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

12. Financial risk management

(b) Market and interest rate risk

It is management's opinion that the College is not exposed to significant market or interest rate risk arising from its financial instruments. Cash equivalents include deposits held in the Ministry of Finance's Central Deposit Program which are recorded at cost plus accrued interest. These deposits earn interest at the prime lending rate of the principal banker to the Province of BC minus 1.5%.

(c) Liquidity risk

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

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

(d) Fair value of financial instruments

Public sector accounting standards define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

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

The College is not exposed to any material fair value risk.

13. Accumulated surplus

Accumulated surplus is comprised of the following:

	2022	2021
Operating - unrestricted	\$ 3,094	\$ 2,232
Invested in tangible capital assets	2,744	3,076
Capital funds unspent	1,122	1,460
Total	<u>\$ 6,960</u>	<u>\$ 6,768</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

14. Endowments

The College has endowment funds with the Vancouver Foundation. The funds are permanent funds with the Foundation and provide income for scholarships and bursaries at the College. The Funds are not under College ownership or control and therefore have not been included in the financial statements. The College has recorded its contributions to the Fund as donation expenditures. The College received income of \$55 (2021 - \$52) from the Funds during the year. Income related to scholarships, awards or bursaries is recorded as deferred contributions until disbursed.

Endowment balances at year end are:

	2022		2021	
	Cost	Market Value	Cost	Market Value
Northwest Community College Endowment Fund	\$ 588	\$ 899	\$ 588	\$ 887
Morice Community Skills Centre Legacy Fund	181	249	181	245
NWCC School of Exploration and Mining Endowment Fund	203	295	203	302
Balance, end of year	\$ 972	\$ 1,443	\$ 972	\$ 1,434

15. 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:

	2022	2021	Thereafter	Total
Lease agreements	\$ 49	\$ 76	\$ 107	\$ 156

16. Contingent liabilities

The nature of the College's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2021, management is of the opinion that the College has valid defences and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have material effect on the College's financial position. Outstanding contingencies are reviewed on an ongoing basis and any unfunded risk is provided for based on management's best estimate of the ultimate settlement.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

17. Expenses by object

The following is a summary of expenses by object:

	2022	2021
Personnel	\$ 22,356	\$ 22,301
Instruction and service contracts	6,184	4,743
Supplies	1,056	525
Cost of goods sold	287	191
Advertising and promotion	561	318
Building and equipment maintenance	831	1,229
Building leases	12	12
Janitorial	690	668
Other	763	300
Telecommunications	213	232
Travel	275	126
Utilities	664	577
Amortization	4,263	4,547
Total	<u>\$ 38,155</u>	<u>\$ 35,769</u>

18. Supplementary cash flow information

Net change in non-cash working capital

	2022	2021
Accounts receivable	\$ (88)	\$ (31)
Inventory held for resale	(52)	(5)
Accounts payable and accrued liabilities	(3,055)	5,883
Accrued employee entitlements	123	(47)
Payroll liabilities	242	(90)
	<u>\$ (2,830)</u>	<u>\$ 5,710</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

[in thousands of dollars]

19. CMTN Foundation

The College has an economic interest in the CMTN Foundation ("Foundation"). The net assets and results of operations of the Foundation have not been included in these financial statements as it is controlled by a separate Board. The Foundation is a separate organization formed to provide scholarships and bursaries for students of the College and to raise funds and awareness to enrich the learning experience at the College. The College provides some financial support to the Foundation. During the year, financial support of \$NIL (2021 - \$NIL) was provided to the Foundation.

20. Uncertainty due to COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization.

The College has brought back staff and students to the campuses. Should the provincial government suggest a return to remote work and distributed learning, the College will comply and pivot quickly to ensure minimal disruption.

At this time, the full potential impact of COVID-19 on the College's operations, financial condition and liquidity cannot be estimated.