

**College of the Rockies**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2023**





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## Independent Auditor's Report

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

### Opinion

We have audited the accompanying financial statements of the College of the Rockies (the "College"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial debt and cash flows for the year ended March 31, 2023, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the College of the Rockies for the year ended March 31, 2023 are prepared, in all material respects, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### 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

Without modifying our opinion, we draw attention to Note 2(a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and to Note 16 which describes the significant differences between such basis of accounting and Canadian public sector accounting standards.

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

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

### 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.



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## Independent Auditor's Report (Continued)

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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:

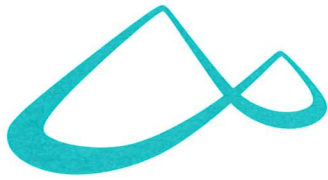
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*BDO Canada LLP*

Chartered Professional Accountants

Kelowna, British Columbia  
May 11, 2023



COLLEGE OF  
THE ROCKIES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

March 31, 2023

The accompanying Financial Statements are the responsibility of management and have been approved by the Board of Governors of the College of the Rockies. The Financial Statements were prepared in accordance with Public Sector Accounting Standards and the financial directives of the Ministry of Advanced Education and Skills Training and, of necessity, include some amounts that are based on estimates and judgements.

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

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

Paul Vogt, President & CEO  
May 11, 2023

Dianne Teslak, Vice President – Finance & Corporate Services  
May 11, 2023

# COLLEGE OF THE ROCKIES

## Statement of Financial Position

Year ended March 31, 2023, with comparative figures for 2022

|  |           | March 31,<br>2023    | March 31,<br>2022    |
|--|-----------|----------------------|----------------------|
| <b>Financial assets</b>                  |           |                      |                      |
| Cash and cash equivalents                |           | \$ 20,652,626        | \$ 22,183,543        |
| Accounts receivable                      | (Note 4)  | 3,948,576            | 3,451,315            |
| Inventories for resale                   |           | 302,804              | 315,524              |
| Investments                              | (Note 5)  | 11,372,116           | 11,393,779           |
|  |           | <u>36,276,122</u>    | <u>37,344,161</u>    |
| <b>Liabilities</b>                       |           |                      |                      |
| Accounts payable and accrued liabilities | (Note 6)  | 5,144,936            | 5,113,247            |
| Employee future benefits                 | (Note 7)  | 968,305              | 945,530              |
| Deferred revenue                         | (Note 8)  | 6,420,378            | 5,810,640            |
| Deferred contributions                   | (Note 9)  | 1,865,988            | 1,766,576            |
| Deferred capital contributions           | (Note 10) | 52,763,390           | 52,984,861           |
|  |           | <u>67,162,997</u>    | <u>66,620,854</u>    |
| Net financial debt                       |           | (30,886,875)         | (29,276,693)         |
| <b>Non-financial assets</b>              |           |                      |                      |
| Tangible capital assets                  | (Note 11) | 53,989,557           | 52,434,927           |
| Prepaid expenses                         |           | 469,364              | 199,646              |
|  |           | <u>54,458,921</u>    | <u>52,634,573</u>    |
| <b>Accumulated surplus</b>               | (Note 12) | <b>23,572,046</b>    | <b>23,357,880</b>    |
| Accumulated surplus is comprised of:     |           |                      |                      |
| Accumulated operating surplus            |           | 22,380,127           | 21,883,213           |
| Endowments                               | (Note 13) | 1,706,170            | 1,690,019            |
| Accumulated remeasurement gains (losses) |           | (514,251)            | (215,352)            |
|  |           | <u>\$ 23,572,046</u> | <u>\$ 23,357,880</u> |

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
Chair

  
Vice President Finance and Corporate Services

# COLLEGE OF THE ROCKIES

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2023, with comparative figures for 2022

|  | Budget               | 2023                 | 2022                 |
|--|----------------------|----------------------|----------------------|
| <b>Revenue:</b>  |                      |                      |                      |
| Province of British Columbia grants                      | \$ 24,442,112        | \$ 25,856,510        | \$ 23,676,631        |
| Tuition fees   | 4,167,789            | 4,443,179            | 4,334,774            |
| Sales of goods and services                              | 1,435,552            | 1,575,563            | 1,463,823            |
| Contracts, non-government grants and donations           | 8,967,395            | 11,964,105           | 10,446,484           |
| Investment income  | 520,000              | 1,055,250            | 402,958              |
| Recognized from deferred capital contributions (Note 10) | 3,894,888            | 3,906,249            | 4,692,746            |
|  | <u>43,427,736</u>    | <u>48,800,856</u>    | <u>45,017,416</u>    |
| <b>Expenses:</b>   |                      |                      |                      |
|  | (Note 15)            |                      |                      |
| Instruction  | 19,939,706           | 22,807,320           | 21,348,917           |
| College Support  | 23,026,666           | 19,688,592           | 21,383,285           |
| Ancillary  | 1,223,711            | 1,196,414            | 1,190,072            |
| Special Purpose  | 2,554,843            | 4,611,616            | 3,093,371            |
|  | <u>46,744,927</u>    | <u>48,303,942</u>    | <u>47,015,645</u>    |
| Annual surplus (deficit) before endowment funding        | (3,317,191)          | 496,914              | (1,998,229)          |
| Restricted endowment contributions                       | 25,000               | 16,151               | 101,642              |
| Annual surplus (deficit) for the year                    | <u>(3,292,191)</u>   | <u>513,065</u>       | <u>(1,896,587)</u>   |
| Accumulated operating surplus, beginning of year         | 23,881,442           | 21,883,213           | 23,881,442           |
| Less restricted endowment contributions                  | (25,000)             | (16,151)             | (101,642)            |
| <b>Accumulated operating surplus, end of year</b>        | <b>\$ 20,564,251</b> | <b>\$ 22,380,127</b> | <b>\$ 21,883,213</b> |

See accompanying notes to financial statements.

# COLLEGE OF THE ROCKIES

## Statement of Changes in Net Financial Debt

Year ended March 31, 2023, with comparative figures for 2022

|   | Budget                 | 2023<br>Total          | 2022<br>Total          |
|---|------------------------|------------------------|------------------------|
| Annual surplus (deficit)                            | \$ (3,292,191)         | \$ 513,065             | \$ (1,896,587)         |
| Acquisition of tangible capital assets              | (6,464,000)            | (5,456,941)            | (3,112,435)            |
| Amortization of tangible capital assets             | 3,902,311              | 3,902,311              | 5,121,789              |
| Loss on sale of tangible capital assets             | -                      | -                      | 53,248                 |
| Acquisition (use) of prepaid expense                | -                      | (269,718)              | (37,345)               |
| Net remeasurement gains (losses)                    | -                      | (298,899)              | (611,848)              |
| (Increase) decrease in net financial debt           | (5,853,880)            | (1,610,182)            | (483,178)              |
| Net financial debt, beginning of year               | (29,276,693)           | (29,276,693)           | (28,793,515)           |
| <b>Net financial assets (net debt), end of year</b> | <b>\$ (35,130,573)</b> | <b>\$ (30,886,875)</b> | <b>\$ (29,276,693)</b> |

See accompanying notes to financial statements.

# COLLEGE OF THE ROCKIES

## Statement of Remeasurement Gains (Losses)

Year ended March 31, 2023, with comparative figures for 2022

|  | <b>2023</b>         | <b>2022</b>         |
|--|---------------------|---------------------|
| Accumulated remeasurement losses, beginning of year          | \$ (215,352)        | \$ 396,496          |
| Unrealized gains (losses) attributed to:                     |                     |                     |
| Investments  | (298,899)           | (611,848)           |
| Net remeasurement gains (losses) for the year                | (298,899)           | (611,848)           |
| <b>Accumulated remeasurement gains (losses), end of year</b> | <b>\$ (514,251)</b> | <b>\$ (215,352)</b> |

See accompanying notes to financial statements.



# COLLEGE OF THE ROCKIES

## Statement of Cash Flows

Year ended March 31, 2023, with comparative figures for 2022

|  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| Cash provided by (used in):                            |                      |                      |
| Operating:   |                      |                      |
| Annual surplus (deficit)                               | \$ 513,065           | \$ (1,896,587)       |
| Items not involving cash:                              |                      |                      |
| Amortization of tangible capital assets                | 3,902,311            | 5,121,789            |
| Revenue recognized from deferred capital contributions | (3,906,249)          | (4,692,746)          |
| Loss on disposal of tangible capital assets            | -                    | 53,248               |
| Change in non-cash operating working capital:          |                      |                      |
| Accounts receivable                                    | (497,261)            | (1,010,386)          |
| Prepaid expenses                                       | (269,718)            | (37,343)             |
| Inventories for resale                                 | 12,720               | (6,632)              |
| Accounts payable and accrued liabilities               | 31,689               | 2,140,569            |
| Employee future benefits                               | 22,775               | (66,759)             |
| Deferred revenue                                       | 609,738              | (968,823)            |
| Deferred contributions                                 | 99,412               | (82,722)             |
|  | 518,482              | (1,446,392)          |
| Capital:   |                      |                      |
| Purchase of tangible capital assets                    | (5,456,941)          | (3,112,435)          |
| Contributions received for capital purchases           | 3,684,778            | 1,930,336            |
|  | (1,772,163)          | (1,182,099)          |
| Investing:   |                      |                      |
| Investments  | (277,236)            | (231,115)            |
|  | (277,236)            | (231,115)            |
| Net change in cash                                     | (1,530,917)          | (2,859,606)          |
| Cash, beginning of year                                | 22,183,543           | 25,043,149           |
| <b>Cash, end of year</b>                               | <b>\$ 20,652,626</b> | <b>\$ 22,183,543</b> |

Cash is comprised of cash and cash equivalents

See accompanying notes to financial statements.

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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### 1. Authority and Purpose

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

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

The College of the Rockies is a comprehensive college offering a full range of undergraduate, graduate and continuing studies programs.

The College is economically dependent on the Provincial Government's Ministry of Post-Secondary Education and Future Skills for the provision of operating and capital funding.

### 2. Summary of significant accounting policies

#### (a) Basis of accounting:

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

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". In November 2011, Treasury Board provided a directive in Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the College of the Rockies before or after this regulation was in effect. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Note 2(g)(i) and 2(g)(ii).

Further, the Office of the Comptroller General ("OCG") provided direction in memorandum ref. 250955 on the treatment of endowment funds, financial instruments, pension plans and employee future benefits. The OCG direction requires:

- (i) College of the Rockies to treat endowment contributions as described in Note 2(g)(iii);
- (ii) College of the Rockies to implement PS 3450 Financial Instrument as at April 1, 2012; and
- (iii) College of the Rockies to apply the discount rate for pension plans and/or employee future benefits at the next valuation date or within three years of transition to PSAS.

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

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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### 2. Summary of significant accounting policies (continued)

(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 instruments that are quoted in an active market are reflected at fair value as at the reporting date. Other financial instruments which the College of the Rockies has designated to be recorded at fair value include cash and cash equivalents, investments and endowments. 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: Financial instruments recorded by the College at cost include accounts receivable and accounts payable and accrued liabilities. 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 are included in the cost of the related investments.

(d) Inventories for resale and assets held for sale

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.

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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### 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. 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         | Rate        |
|---------------------------------|---------------|-------------|
| Buildings and renovations       | Straight Line | 10-40 years |
| Roads                           | Straight Line | 20 years    |
| Library acquisition             | Straight Line | 10 years    |
| Furniture and equipment         | Straight Line | 5 years     |
| Computer equipment and software | Straight Line | 4 years     |

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Assets under construction are not amortized until the asset is available for productive use.

When there has been a change in circumstances and the service potential of a tangible capital asset has declined, the asset is written down based upon the relative loss of the service potential. If a tangible capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

#### (f) Employee future benefits

Employee future benefits include vacation pay, banked overtime, retirement allowances and accrued extended health benefits.

Also included are sick leave cash-outs upon death and compensated absence benefits that are available to the College of the Rockies'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.

# COLLEGE OF THE ROCKIES

Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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## 2. Summary of significant accounting policies (continued)

### (g) Revenue recognition

Tuition, 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 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, in each case 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 are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as direct increases to accumulated surplus for the portion to be held in perpetuity and as deferred contributions for any restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis, 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) Use of estimates

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

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

### 2. Summary of significant accounting policies (continued)

#### (i) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the Government Reporting Entity Quarterly Reporting Forecast for 2022/23 approved by the Board of Governors of the College of the Rockies on September 15, 2022. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Financial Debt.

### 3. Financial Instruments

(a) The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown.

|                           | 2023                 |                      |                      |
|---------------------------|----------------------|----------------------|----------------------|
|                           | Fair Value           | Cost                 | Total                |
| Cash and cash equivalents | \$ -                 | \$ 20,652,626        | \$ 20,652,626        |
| Accounts receivable       | -                    | 3,948,576            | 3,948,576            |
| Inventories for resale    | -                    | 302,804              | 302,804              |
| Investments               | 11,372,116           | -                    | 11,372,116           |
|                           | <u>\$ 11,372,116</u> | <u>\$ 24,904,006</u> | <u>\$ 36,276,122</u> |

|                           | 2022                 |                      |                      |
|---------------------------|----------------------|----------------------|----------------------|
|                           | Fair Value           | Cost                 | Total                |
| Cash and cash equivalents | \$ -                 | \$ 22,183,543        | \$ 22,183,543        |
| Accounts receivable       | -                    | 3,451,315            | 3,451,315            |
| Inventories for resale    | -                    | 315,524              | 315,524              |
| Investments               | 11,393,779           | -                    | 11,393,779           |
|                           | <u>\$ 11,393,779</u> | <u>\$ 25,950,382</u> | <u>\$ 37,344,161</u> |

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

### 3. Financial Instruments (continued)

(b) Maturity profile of bonds held are as follows:

|                     | 2023             |                 |                  |                  |               |
|---------------------|------------------|-----------------|------------------|------------------|---------------|
|                     | Within 1<br>year | 2 to 5<br>years | 6 to 10<br>years | Over 10<br>years | Total         |
| Carrying value      | \$ 1,526,055     | 4,894,183       | 4,356,666        | 220,614          | \$ 10,997,518 |
| Percentage of total | 14%              | 44%             | 40%              | 2%               | 100%          |

|                     | 2022             |                 |                  |                  |               |
|---------------------|------------------|-----------------|------------------|------------------|---------------|
|                     | Within 1<br>year | 2 to 5<br>years | 6 to 10<br>years | Over 10<br>years | Total         |
| Carrying value      | \$ 1,368,788     | 4,484,082       | 4,952,660        | 180,061          | \$ 10,985,591 |
| Percentage of total | 12%              | 41%             | 45%              | 2%               | 100%          |

### 4. Accounts receivable

|                       | 2023                | 2022                |
|-----------------------|---------------------|---------------------|
| Provincial government | \$ 1,652,650        | \$ 164,500          |
| Other receivables     | 2,295,926           | 3,286,815           |
|                       | <u>\$ 3,948,576</u> | <u>\$ 3,451,315</u> |

### 5. Investments

- (a) Investments in the amount of \$10,997,518 market value (2022 - \$10,985,591) are primarily in various Provincial Government and Bank bonds. The interest rate yield on these bonds ranges from 1.60% - 6.00%, with maturity dates of June 2023 to May 2035.
- (b) Investments in the amount of \$99,117 market value (2022 - \$96,198) are with the Municipal Finance Authority in a Money Market Fund earning an annual compound interest rate of 0.19%.
- (c) Investments in the amount of \$275,482 market value (2022 - \$311,990) are held by the Vancouver Foundation. The investment is not controlled by the College, nor can it be converted to other uses by the College.
- (d) Included in investments are \$1,706,170 (2022 - \$1,690,019) of endowment contributions. Investment income earned on these funds is distributed in accordance with the provisions of each endowment agreement. Distribution of the contributed principal of the endowments is prohibited.

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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### 6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include payables to the Federal government for source deductions of \$38,331 (2022 - \$315,275).

### 7. Employee future benefits:

#### (a) Post-employment benefits:

The College of the Rockies provides a sick leave payout upon an employee's death in accordance with the terms and conditions of their employment contract. In the event of the death of a regular or term employee during their employment with the College, the College shall make a one-time payment to the employee's beneficiary of 50% of the employee's accumulated unused sick leave entitlement.

#### (b) Compensated absence benefits:

The College of the Rockies employees are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Sick leave credits accumulate for employees of College of the Rockies; as they render services, they earn the right to the sick leave benefit. College of the Rockies recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits.

#### (c) Other benefits:

The College of the Rockies other benefits includes vacation pay, banked overtime, retirement allowances and extended health benefits.

#### (d) Information about liabilities for the College of the Rockies employee future benefits is as follows:

|                              | 2023              |    | 2022           |
|------------------------------|-------------------|----|----------------|
| Post-employment benefits     | \$ 5,500          | \$ | 5,500          |
| Compensated absence benefits | 35,500            |    | 35,500         |
| Other benefits               | 927,305           |    | 904,530        |
|                              | <u>\$ 968,305</u> | \$ | <u>945,530</u> |



# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

### 8. Deferred revenue

Deferred revenue represents unspent funding received which relates to expenditures and program delivery in subsequent years, and is comprised of the following:

|  | 2023               | 2022               |
|--|--------------------|--------------------|
| Province of BC grants                          | \$2,107,222        | \$1,848,311        |
| Tuition fees                                   | 1,350,932          | 1,327,294          |
| Sales of goods and services                    | 218,909            | 118,449            |
| Donations, non-government grants and contracts | 2,743,315          | 2,516,586          |
|  | <u>\$6,420,378</u> | <u>\$5,810,640</u> |

Changes in the deferred revenue balance are as follows:

|   | 2023               | 2022               |
|---|--------------------|--------------------|
| Balance, beginning of year              | \$5,810,640        | \$6,779,463        |
| Tuition received                        | 4,466,817          | 4,300,026          |
| Grants and other revenue received       | 44,219,346         | 38,742,770         |
|   | <u>48,686,163</u>  | <u>43,042,796</u>  |
| Tuition revenue recognized              | 4,443,179          | 4,334,774          |
| Grants and other revenue recognized     | 43,633,246         | 39,676,845         |
|   | <u>48,076,425</u>  | <u>44,011,619</u>  |
| Increase (decrease) in deferred revenue | 609,738            | (968,823)          |
| Balance, end of year                    | <u>\$6,420,378</u> | <u>\$5,810,640</u> |

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

### 9. Deferred contributions

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year and is comprised of funds restricted for the following purposes:

|                | 2023               | 2022               |
|----------------|--------------------|--------------------|
| Scholarships   | \$453,486          | \$320,103          |
| Endowments     | 264,379            | 290,609            |
| Other reserves | 1,148,123          | 1,155,864          |
|                | <u>\$1,865,988</u> | <u>\$1,766,576</u> |

Changes in the deferred contribution balance are as follows:

|  | 2023              |                   |                     |                     |
|--|-------------------|-------------------|---------------------|---------------------|
|  | Scholarships      | Endowments        | Other               | Total               |
| Balance, beginning of year                     | \$ 320,103        | \$ 290,609        | \$ 1,155,864        | \$ 1,766,576        |
| Contributions received during the year         | 351,090           | 26,120            | 79,955              | 457,165             |
| Revenue recognized from deferred contributions | (217,707)         | (52,350)          | (87,696)            | (357,753)           |
| Balance, end of year                           | <u>\$ 453,486</u> | <u>\$ 264,379</u> | <u>\$ 1,148,123</u> | <u>\$ 1,865,988</u> |

|  | 2022              |                   |                     |                     |
|--|-------------------|-------------------|---------------------|---------------------|
|  | Scholarships      | Endowments        | Other               | Total               |
| Balance, beginning of year                     | \$ 283,219        | \$ 316,617        | \$ 1,249,462        | \$ 1,849,298        |
| Contributions received during the year         | 457,243           | 10,073            | 61,585              | 528,901             |
| Revenue recognized from deferred contributions | (420,359)         | (36,081)          | (155,183)           | (611,623)           |
| Balance, end of year                           | <u>\$ 320,103</u> | <u>\$ 290,609</u> | <u>\$ 1,155,864</u> | <u>\$ 1,766,576</u> |

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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### 10. Deferred capital contributions

Contributions for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Treasury Board provided direction on accounting treatment as disclosed in note 2.

Changes in the deferred capital contributions balance are as follows:

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| Balance, beginning of year                             | \$52,984,861        | \$55,747,269        |
| Contributions received during the year                 | 3,684,778           | 1,930,341           |
| Revenue recognized from deferred capital contributions | (3,906,249)         | (4,692,748)         |
| Balance, end of year                                   | <u>\$52,763,390</u> | <u>\$52,984,861</u> |

The balance of unamortized capital contributions related to capital assets consists of the following:

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| Unamortized capital contributions used to purchase assets | \$49,736,588        | \$49,115,291        |
| Unspent capital funding                                   | 3,026,802           | 3,869,570           |
| Balance, end of year                                      | <u>\$52,763,390</u> | <u>\$52,984,861</u> |

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

### 11. Tangible capital assets

| Cost                            | Balance at<br>March 31,<br>2022 | Additions           | Disposals           | Balance at<br>March 31,<br>2023 |
|---------------------------------|---------------------------------|---------------------|---------------------|---------------------------------|
| Land and land improvements      | \$ 1,093,131                    | \$ -                | \$ -                | \$ 1,093,131                    |
| Buildings and renovations       | 95,201,465                      | 4,486,007           | -                   | 99,687,473                      |
| Roads                           | 742,541                         | -                   | -                   | 742,541                         |
| Furniture and equipment         | 20,148,566                      | 711,658             | (73,227)            | 20,786,996                      |
| Computer equipment and software | 6,270,865                       | 259,276             | (56,141)            | 6,474,000                       |
| Assets under construction       | -                               | -                   | -                   | -                               |
| Library acquisition             | 206,725                         | -                   | -                   | 206,725                         |
| <b>Total</b>                    | <b>\$123,663,293</b>            | <b>\$ 5,456,941</b> | <b>\$ (129,369)</b> | <b>\$ 128,990,865</b>           |

| Accumulated<br>amortization     | Balance at<br>March 31,<br>2022 | Disposals           | Amortization<br>expense | Balance at<br>March 31,<br>2023 |
|---------------------------------|---------------------------------|---------------------|-------------------------|---------------------------------|
| Land and land improvements      | \$ -                            | \$ -                | \$ -                    | \$ -                            |
| Buildings and renovations       | 47,645,228                      | -                   | 2,742,645               | 50,387,873                      |
| Roads                           | 37,104                          | -                   | 37,127                  | 74,231                          |
| Furniture and equipment         | 18,121,502                      | (79,989)            | 686,659                 | 18,728,172                      |
| Computer equipment and software | 5,217,807                       | (49,380)            | 435,880                 | 5,604,307                       |
| Assets under construction       | -                               | -                   | -                       | -                               |
| Library acquisition             | 206,725                         | -                   | -                       | 206,725                         |
| <b>Total</b>                    | <b>\$ 71,228,366</b>            | <b>\$ (129,369)</b> | <b>\$ 3,902,311</b>     | <b>\$ 75,001,308</b>            |

|                                 | Net book value<br>March 31, 2022 | Net book value<br>March 31, 2023 |
|---------------------------------|----------------------------------|----------------------------------|
| Land and land improvements      | \$ 1,093,131                     | \$ 1,093,131                     |
| Buildings                       | 47,556,237                       | 49,299,599                       |
| Roads                           | 705,437                          | 668,310                          |
| Furniture and equipment         | 2,027,064                        | 2,058,823                        |
| Computer equipment and software | 1,053,058                        | 869,694                          |
| Assets under construction       | -                                | -                                |
| Library acquisition             | -                                | -                                |
| <b>Total</b>                    | <b>\$ 52,434,927</b>             | <b>\$ 53,989,557</b>             |

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

### 11. Tangible capital assets

| Cost                            | Balance at<br>March 31,<br>2021 | Additions    | Disposals    | Balance at<br>March 31,<br>2022 |
|---------------------------------|---------------------------------|--------------|--------------|---------------------------------|
| Land and land improvements      | \$ 1,093,131                    | \$ -         | \$ -         | \$ 1,093,131                    |
| Buildings and renovations       | 93,298,690                      | 1,902,775    | -            | 95,201,465                      |
| Roads                           | 792,211                         | 451          | (50,121)     | 742,541                         |
| Furniture and equipment         | 19,345,192                      | 823,647      | (20,273)     | 20,148,566                      |
| Computer equipment and software | 5,919,077                       | 385,562      | (33,774)     | 6,270,865                       |
| Assets under construction       | -                               | -            | -            | -                               |
| Library acquisition             | 206,725                         | -            | -            | 206,725                         |
| Total                           | \$120,655,026                   | \$ 3,112,435 | \$ (104,168) | \$ 123,663,293                  |

| Accumulated<br>amortization     | Balance at<br>March 31,<br>2021 | Disposals   | Amortization<br>expense | Balance at<br>March 31,<br>2022 |
|---------------------------------|---------------------------------|-------------|-------------------------|---------------------------------|
| Land and land improvements      | \$ -                            | \$ -        | \$ -                    | \$ -                            |
| Buildings and renovations       | 43,621,925                      | -           | 4,023,303               | 47,645,228                      |
| Roads                           | -                               | -           | 37,104                  | 37,104                          |
| Furniture and equipment         | 17,495,064                      | (17,226)    | 643,664                 | 18,121,502                      |
| Computer equipment and software | 4,833,783                       | (33,694)    | 417,718                 | 5,217,807                       |
| Assets under construction       | -                               | -           | -                       | -                               |
| Library acquisition             | 206,725                         | -           | -                       | 206,725                         |
| Total                           | \$ 66,157,497                   | \$ (50,920) | \$ 5,121,789            | \$ 71,228,366                   |

|                                 | Net book value<br>March 31, 2021 | Net book value<br>March 31, 2022 |
|---------------------------------|----------------------------------|----------------------------------|
| Land and land improvements      | \$ 1,093,131                     | \$ 1,093,131                     |
| Buildings                       | 49,676,765                       | 47,556,237                       |
| Roads                           | 792,211                          | 705,437                          |
| Furniture and equipment         | 1,850,128                        | 2,027,064                        |
| Computer equipment and software | 1,085,294                        | 1,053,058                        |
| Assets under construction       | -                                | -                                |
| Library acquisition             | -                                | -                                |
| Total                           | \$ 54,497,529                    | \$ 52,434,927                    |

# COLLEGE OF THE ROCKIES

Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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## 12. Accumulated surplus

Accumulated surplus is comprised of the following:

|                                     | 2023                | 2022                |
|-------------------------------------|---------------------|---------------------|
| Unrestricted net assets             | \$4,528,447         | \$5,392,404         |
| Invested in capital assets          | 4,252,969           | 3,319,636           |
| Restricted for endowments (Note 12) | 1,706,170           | 1,690,019           |
| Internally restricted net assets    | 13,084,460          | 12,955,821          |
|                                     | <u>\$23,572,046</u> | <u>\$23,357,880</u> |

## 13. Endowments

Endowment contributions form part of accumulated surplus. The OCG provided direction on the accounting treatment of endowment contributions as disclosed in note 2(g)(iii).

Changes to the endowment balances are as follows:

|  | 2023               | 2022               |
|--|--------------------|--------------------|
| Balance, beginning of year             | \$1,690,019        | \$1,588,377        |
| Contributions received during the year | 16,151             | 101,642            |
| Balance, end of year                   | <u>\$1,706,170</u> | <u>\$1,690,019</u> |

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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### 14. Pension Liability

The College of the Rockies and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee 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, 2022, the College Pension Plan has about 16,600 active members, and approximately 10,100 retired members. As at December 31, 2022, the Municipal Pension Plan has about 240,000 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.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2021, indicated a \$202 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The College of the Rockies paid \$2,109,598 for employer contributions to the plans in fiscal 2023.

The next valuation for the College Pension Plan will be as at August 31, 2024, with results available in 2025. The next valuation for the Municipal Pension Plan will be December 31, 2024, with results available in 2025.

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.

# COLLEGE OF THE ROCKIES

## Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

### 15. Expenses by object

The following is a summary of expenses by object:

|                           | 2023                | 2022                |
|---------------------------|---------------------|---------------------|
| Salaries and wages        | \$24,915,382        | \$23,212,167        |
| Employee benefits         | 6,052,149           | 6,466,817           |
| General supplies          | 1,576,487           | 1,476,935           |
| Repairs and maintenance   | 498,250             | 444,043             |
| Leases and rentals        | 11,375              | 26,754              |
| Hospitality and travel    | 1,031,583           | 364,227             |
| Telephone                 | 75,796              | 74,806              |
| Public relations          | 303,223             | 203,420             |
| Printing and photocopying | 256,376             | 232,665             |
| Postage and freight       | 102,302             | 108,992             |
| Data communications       | 170,708             | 193,562             |
| Facilities                | 1,582,840           | 1,583,680           |
| Professional fees         | 6,494,896           | 6,098,283           |
| College membership fees   | 397,467             | 350,917             |
| Amortization expense      | 3,902,311           | 5,121,789           |
| Scholarship payments      | 487,526             | 607,412             |
| Bookstore cost of sales   | 445,271             | 449,176             |
|                           | <u>\$48,303,942</u> | <u>\$47,015,645</u> |

### 16. Financial Instrument Risk Management

**Market Risk:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. The College's investment policy operates within the investment guidelines outlined by the Ministry of Post-Secondary Education and Future Skills using diversification techniques to minimize risk. It is management's opinion that College of the Rockies is not exposed to significant market risk arising from its financial instruments.

**Interest Rate Risk:** Interest rate risk is the risk that the fair value of future cash flows from floating rate instruments will fluctuate as a result of changes in market interest rates. It is management's opinion that College of the Rockies is not exposed to significant interest rate risk arising from its financial instruments.

**Credit Risk:** Credit risk is the risk of financial loss if the debtor fails to make payments or meet their contractual obligations. The College is exposed to this risk relating to its cash, investment portfolios and accounts receivable. Credit risk is mitigated by holding cash in federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation, investment diversification techniques, and by prompt collection processes. It is management's opinion that College of the Rockies is not exposed to significant credit risk arising from its financial instruments.

**Liquidity Risk:** Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and investment planning. It is management's opinion that College of the Rockies is not exposed to significant liquidity risk arising from its financial instruments.



# COLLEGE OF THE ROCKIES

Notes to Financial Statements

Year ended March 31, 2023, with comparative figures for 2022

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## 17. Contractual obligations

The College of the Rockies has several active contracts for janitorial, security and general maintenance services. The annual obligations of these contracts over the next four years that can be reasonably estimated are as follows:

|      |    |         |
|------|----|---------|
| 2024 | \$ | 568,892 |
| 2025 |    | 163,502 |
| 2026 |    | 65,672  |
| 2027 |    | 34,345  |

## 18. Impact of Accounting for Capital Contributions on a Deferral Basis

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

The impact of this difference from PSAS is as follows:

|                           |  |
|---------------------------|--|
| As at March 31, 2022      | overstate liabilities, overstate net debt and understate accumulated surplus by \$49,115,292 |
| As at March 31, 2023      | overstate liabilities, overstate net debt and understate accumulated surplus by \$49,736,588 |
| Year ended March 31, 2022 | overstate revenue and overstate annual surplus by \$1,580,311                                |
| Year ended March 31, 2023 | understate revenue and understate annual surplus by \$621,296                                |