

Financial Statements of
(\$ in thousands)



And Independent Auditor's Report thereon
Year ended March 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

The College of New Caledonia Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance and Audit Committee. The Finance and Audit Committee reviews the external audited financial statements yearly and the internal financial reports on a regular basis. The external auditor has full access to the Finance and Audit Committee, with and without management present.

KPMG LLP conducts an independent examination, in accordance with Canadian auditing standards, and expresses an opinion on the financial statements. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of the examination and their opinion on the financial statements.



Tara Szerencsi
Vice President, Finance & Corporate Services



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of College of New Caledonia

Opinion

We have audited the financial statements of College of New Caledonia (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

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

Basis for Opinion

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

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

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

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 2(a) of the financial statements, which describes the basis of accounting and significant differences between such basis of accounting and Canadian public sector accounting standards.



Page 2

Our opinion is not modified in respect of this matter.

We draw attention to Note 22 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Note 22 explains the reason for the misstatement and also explains the adjustments that were applied to restate certain comparative information.

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

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

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

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 the financial statements.

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

We also:

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

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

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



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

May 26, 2023

College
of New
Caledonia
CNC

Statement of Financial Position
(\$ in thousands)

March 31, 2023, with comparative information for 2022

	2023	2022 (restated - note 22)
Financial assets		
Cash and cash equivalents (note 3)	\$ 30,827	\$ 62,905
Accounts receivable (note 4)	2,615	1,821
Inventories for resale	401	460
Investments (note 5)	32,004	-
	<u>65,847</u>	<u>65,186</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 6)	15,577	12,445
Accrued leave entitlement	5,142	4,632
Employee future benefits (note 7)	2,132	2,180
Deferred contributions (note 8)	9,225	11,124
Deferred revenue (note 9)	30,153	28,608
Deferred capital contributions (note 10)	106,713	106,071
Long-term debt, net of sinking funds (note 11)	1,099	1,123
Asset retirement obligations (note 12)	6,320	6,320
	<u>176,361</u>	<u>172,503</u>
Net debt	(110,514)	(107,317)
Non-financial assets		
Endowments (note 13)	5,391	5,110
Tangible capital assets (note 14)	121,235	119,664
Prepaid expenses	895	933
	<u>127,521</u>	<u>125,707</u>
Contractual obligations		
Contingent liabilities (note 16)		
Accumulated surplus (note 15)	\$ 17,007	\$ 18,390
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 17,056	\$ 18,390
Accumulated rereasurement losses	(49)	-
	<u>\$ 17,007</u>	<u>\$ 18,390</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Governors:


Chair, CNC Board of Governors


Vice President, Finance & Corporate Services

Statement of Operations and Accumulated Surplus
(\$ in thousands)

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

	2023 Budget (note 19)	2023 Actual	2022 Actual (restated - note 22)
Revenue:			
Ministry of Post-Secondary Education and Future Skills	\$ 43,311	\$ 44,940	\$ 42,497
Tuition	19,507	18,239	17,894
Other	9,196	8,017	7,044
Amortization of deferred capital grants	4,813	4,842	4,615
Ancillary services	2,542	2,837	2,289
Specific projects	133	1,132	967
	<u>79,502</u>	<u>80,007</u>	<u>75,306</u>
Expenses (note 17):			
Instruction	42,385	45,949	45,143
Student and institutional support	25,013	18,845	16,696
Facilities operations, maintenance and infrastructure	6,048	6,647	6,473
Amortization	5,354	5,959	5,580
Ancillary services	2,829	3,001	2,618
Specific projects	133	1,123	1,052
	<u>81,762</u>	<u>81,524</u>	<u>77,562</u>
Deficiency of revenue over expenses before endowment donations and matching grants	(2,260)	(1,517)	(2,256)
Endowment donations and matching grants	-	183	236
Annual deficit	(2,260)	(1,334)	(2,020)
Accumulated surplus, beginning of year	18,390	18,390	23,851
Adjustment on adoption of the asset retirement obligation standard	-	-	(3,441)
Accumulated surplus, end of year	<u>\$ 16,130</u>	<u>\$ 17,056</u>	<u>\$ 18,390</u>

See accompanying notes to financial statements.



Statement of Changes in Net Debt
(\$ in thousands)

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

	Budget (note 19)	Total 2023	Total 2022 (restated - note 22)
Annual deficit	\$ (2,260)	\$ (1,334)	\$ (2,020)
Acquisition of tangible capital assets	(3,765)	(7,530)	(5,216)
Amortization of tangible capital assets	-	5,959	5,580
	(3,765)	(1,571)	364
Endowment contributions	-	(281)	(267)
Change in remeasurement losses	-	(49)	-
Use of prepaid expense	-	38	(293)
	-	(292)	(560)
Decrease in net debt	(6,025)	(3,197)	(2,216)
Net debt, beginning of year	(107,317)	(107,317)	(98,781)
Adjustment on adoption of the asset retirement obligation standard (note 12)	-	-	(6,320)
Net debt, beginning of year, as restated	(107,317)	(107,317)	(105,101)
Net debt, end of year	\$ (113,342)	\$ (110,514)	\$ (107,317)

See accompanying notes to financial statements.



Statement of Cash Flows
(\$ in thousands)

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

	2023	2022 (restated - note 22)
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (1,334)	\$ (2,020)
Items not involving cash:		
Amortization of tangible capital assets	5,959	5,580
Revenue recognized from deferred capital contributions	(4,842)	(4,615)
Changes in non-cash operating working capital:		
Accounts receivable	(794)	1,320
Inventories for resale	59	(19)
Prepaid expenses	38	(293)
Accounts payable and accrued liabilities	3,132	2,293
Accrued entitlement leave	510	205
Employee future benefits	(48)	(9)
Deferred contributions and revenue	(354)	1,932
Net change in cash from operating activities	2,326	4,374
Capital activities:		
Acquisition in tangible capital assets	(7,530)	(5,216)
Net change in cash from capital activities	(7,530)	(5,216)
Financing activities		
Capital contributions received	5,484	3,902
Cash restricted for repayment of long-term debt	(24)	22
	5,460	3,924
Investing activities:		
Purchase of investments	(32,053)	-
Endowments	(281)	(267)
Net change in cash from investing activities	(32,334)	(267)
(Decrease) increase in cash and cash equivalents	(32,078)	2,815
Cash and cash equivalents, beginning of year	62,905	60,090
Cash and cash equivalents, end of year	\$ 30,827	\$ 62,905

See accompanying notes to financial statements.



Statement of Remeasurement Gains and Losses
(\$ in thousands)

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

	2023	2022
Accumulated remeasurement gains, beginning of year	\$ -	\$ -
	-	-
Unrealized gains generated during the year from:		
Pooled investments	(49)	-
	(49)	-
Accumulated remeasurement gains, end of year	\$ (49)	\$ -

1. Nature of operations:

College of New Caledonia (the "College") is a post-secondary educational institution funded by the Province of British Columbia (the "Province") and incorporated under *the College and Institute Act* of British Columbia. The British Columbia Ministry of Advanced Education and Skills Training (the "Ministry") provides the principal source of funding. The College is governed by a Board of Governors, the majority of which are appointed by the Province. 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:

The financial statements of the College are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the College are as follows:

(a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

2. Significant accounting policies (continued):

Basis of accounting (continued):

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

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

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirement of Canadian public sector accounting standards which required that:

- government transfers, which do not contain a stipulation that created a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410 Government Transfers; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for purpose or purposes specified in accordance with public sector accounting standard PS3100 Restricted Assets and Revenues; and
- deferred contributions met the liability criteria in accordance with PS3200 Liabilities.

As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(b) Inventories for resale:

Inventories held for resale, comprised of bookstore inventory, is recorded at the lower of average 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.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Category	Period
Buildings	5 - 70 years
Furniture, fixtures and equipment	5 - 30 years

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(d) Employee future benefits:

- i) The College and its employees contribute to the College Pension Plan and the Municipal Pension Plan, which are multi-employer joint trustee plans. The plans are defined benefit plans providing a pension on retirement based on the member's age at retirement, length of service and earnings. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions of the College to the plans are expenses as incurred.
- ii) Sick leave benefits are also available to certain College employees. The costs of these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations 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. Similarly, the cost and obligation of non-vesting sick leave benefits is actuarially determined using management's best estimate salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.
- iii) Certain College employees are entitled to the continuation of health and dental benefits while on disability leave. The accrued benefit obligation for currently disabled employees was estimated by an actuarial valuation for accounting purposes at March 31, 2023.
- iv) The cost of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for coverage of employees during the period.

(e) Prepaid expenses:

Prepaid expenses include lease and contract payments that will be charged to expense over the periods the College is expected to benefit from them.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(f) Revenue recognition:

Tuition and student fees and sales of inventory are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured. Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

Fee for services revenues and expenditures are recognized as activities are performed, using the percentage of completion method. Provision for all anticipated losses is made in the period in which they become evident.

Unrestricted contributions, 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. Under Restricted Contributions Regulation 198/2011, government transfers are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

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

Investment income includes interest recorded on an accrual basis, realized gains and losses on the sale of investments, and write-down on investments where the loss in value is determined to be other than temporary.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(g) Expenses:

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

(h) Financial instruments:

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

Fair value category: The College manages and reports performance for groups of financial assets on a fair-value basis. Cash and cash equivalents and investments are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets except for those related to restricted endowments and the research forest 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. Unrealized gains and losses on endowment and research forest investment assets, where earnings are restricted as to the use, are recorded as deferred revenue and recognized in revenue when disposed or when the related expenses are incurred.

Cost category: Amounts receivable are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(i) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of change in value. These short term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short tem cash commitments rather than investing.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Key areas where management has made estimates and assumptions include those related to the determination of the useful lives of tangible capital assets, amortization of related deferred capital contributions, determination of employee future benefits, provisions for accounts receivable, asset retirement obligations, and contingencies.

In addition, the College's implementation of PS 3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Actual results could differ from these estimates. Where actual results differ from these estimates and assumptions, the impact is recorded in future periods when the differences become known.

(k) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the amortization policies outlined in (c).

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

3. Cash and cash equivalents:

Cash and cash equivalents includes cash and cash equivalents on deposit and amounts held under the Province of BC Central Deposit Program which pays interest at 5.20% and are refundable on 3 days' notice.

4. Accounts receivable:

	2023	2022
Accruals	\$ 1,506	\$ 169
General	693	1,009
Students	206	196
Other	359	596
	2,764	1,970
Allowance for doubtful accounts	(149)	(149)
	\$ 2,615	\$ 1,821

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

5. Investments:

Level 1 investments are recorded at fair value and are comprised of the following:

Fixed income pooled - operating	\$	8,549
Fixed income pooled - research forest		7,675
Canadian equities pooled - operating		2,173
Canadian equities pooled - research forest		5,801
International equities pooled - operating		1,854
International equities pooled - research forest		5,952
	\$	32,004

The financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in their fair value determination. The different levels are defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

6. Accounts payable and accrued liabilities:

	2023	2022
Trade	\$ 2,240	\$ 2,884
Student deposits	9,980	6,173
Payroll	1,570	1,444
Accruals	693	760
Other	1,094	1,184
	\$ 15,577	\$ 12,445

7. Employees future benefits:

(a) Employee future benefits:

Certain employees of the College are entitled to sick leave benefits in accordance with the terms and conditions of their employment contracts. These include post-retirement benefits, benefits that are expected to be provided after employment but prior to retirement and which vest or accumulate during service; and compensated absence benefits, benefits paid during employment, including sick pay benefits that accumulate and are payable upon a future illness or injury-related absence. The benefit expense associated with the covered benefits attributed to the accounting period is included in the College's statement of operations and the accrued benefit liability for the benefits attributed to employee service to the accounting date are included in the College's statement of financial position. The accrued benefit obligation and the net periodic benefit costs were estimated by an actuarial valuation completed in March 2023.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

7. Employees future benefits (continued):

(a) Employee future benefits (continued):

	2023	2022
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,490	\$ 1,493
Current benefit cost, net	(141)	96
Benefits paid	(122)	(99)
Accrued benefit liability, end of year	1,227	1,490
Unamortized actuarial gain	905	690
Accrued benefit obligation, end of year	\$ 2,132	\$ 2,180

The components of the net benefit expense for this item are as follows:

	2023	2022
Projected service cost	\$ 126	\$ 149
Interest expense	50	35
Recognition of net actuarial gain	(317)	(88)
	\$ (141)	\$ 96

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

7. Employees future benefits (continued):

(a) Employee future benefits (continued):

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

	2023	2022
Discount rates	4.00%	3.50%
Expected future inflation rates	2.00%	2.00%
Expected wage and salary increases	1.14%	1.14%

(b) Pension plans:

The College 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 provided 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, 2021, the Municipal Pension Plan has about 227,000 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 surplus and will be adjusted for the amortization of any unfunded actuarial liability.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

7. Employees future benefits (continued):

(b) Pension plans (continued):

The most recent actuarial valuation for the College Pension Plan as at August 31, 2021, indicated a \$202 million funding surplus for basic pension benefits. The next valuation will be August 31, 2024, with results available later in 2025. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits. The next valuation will be December 31, 2024, with results available later 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 the plans in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The College paid \$4,216 (2022 – \$4,218) for employer contributions and \$4,100 (2022 - \$4,066) in employee contributions to the plans in fiscal 2022.

8. Deferred contributions:

Deferred contributions are comprised of funds restricted by the following sources:

	April 1, 2022	Receipts during year	Recognized to revenue	March 31, 2023
Ministry of Advanced Education	\$ 6,252	\$ 1,121	\$ 2,666	\$ 4,707
Other Provincial ministries and corporations	1,449	809	1,084	1,174
Other	3,423	2,058	2,137	3,344
	\$ 11,124	\$ 3,988	\$ 5,887	\$ 9,225

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

9. Deferred revenue:

Deferred revenue includes tuition and other fees received in advance of the related activity performed:

	2023	2022
Research forest	\$ 25,655	\$ 25,393
Tuition fees	3,763	2,370
Other	735	845
	\$ 30,153	\$ 28,608

10. Deferred capital contributions:

Continuity of deferred capital contributions is as follows:

	2023	2022
Balance, beginning of year	\$ 106,071	\$ 106,784
Contributions received during the year	4,902	3,226
Amortization of deferred capital contributions	(4,842)	(4,615)
Unspent contributions	582	676
Balance, end of year	\$ 106,713	\$ 106,071

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

11. Long-term debt:

	2023	2022
Ministry of Finance loan, repayable in annual payments of 0.88% of the principal amount in each year prior to maturity. Interest payments at 9.00% per annum, payable semi-annually. Matures August, 2024.	\$ 2,575	\$ 2,575
Sinking fund asset	(1,476)	(1,452)
	\$ 1,099	\$ 1,123

Sinking fund payments in the next two years are as follows:

2024	\$ 23
2025	925
	948
Estimated sinking fund income	151
	\$ 1,099

12. Asset retirement obligations:

The College owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the buildings and there is a legal obligation to remove it. Following the adoption of PS 3280 - Asset Retirement Obligations, the College recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at April 1, 2021 in the amount of \$6,320.

The transition and recognition of asset retirement obligations involved an accompanying increase to buildings and the restatement of prior year numbers (note 22).

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

13. Endowments:

	2023	2022
Prescribed long-term securities	\$ 4,668	\$ 4,584
Prescribed short-term investments	316	-
Interest bearing bank account	407	604
Accounts receivable	-	5
Accounts payable and deferred revenue	-	(83)
	\$ 5,391	\$ 5,110

The College has established a permanent endowment fund to provide income from which scholarships and bursaries can be awarded to students at the College. The capital of the fund is provided partly from designated funds, partly through donations from third parties and partly by matching government or other grants; the capital cannot be used for any other purpose.

As at March 31, 2023, the College received \$183 (2022 - \$236) of external contributions and has internally transferred \$98 (2022 - \$31) to endowments.

Long-term securities are composed mainly of level 1 fixed income and equity investments. The market values for endowment fixed income securities is \$2,762 and equities \$1,906.

Not included elsewhere in these financial statements are investments with the Prince George Community Foundation with an estimated market value of \$547 (2022 - \$565) and the Vancouver Foundation with a market value of \$526 (2022 - \$549). These amounts are held in perpetuity by the stated Foundations and because they are not controlled by the College are not included as assets of the College. The College does receive payments from these investments based on investment earnings of the Foundations and reports this as income when declared. During the year, the College received \$29 (2022 - \$21) in interest income from these investments.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

14. Tangible capital assets:

	Land	Buildings	Furniture, fixtures, and equipments	2023
Cost				
Balance, beginning of year	\$ 3,293	\$ 175,101	\$ 52,891	\$ 231,285
Additions	-	4,728	2,802	7,530
Balance, end of the year	3,293	179,829	55,693	238,815
Accumulated amortization:				
Balance, beginning of year	-	(71,319)	(40,302)	(111,621)
Amortization	-	(3,644)	(2,315)	(5,959)
Balance, end of year	-	(74,963)	(42,617)	(117,580)
Net book value, end of year	\$ 3,293	\$ 104,866	\$ 13,076	\$ 121,235

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

14. Tangible capital assets (continued):

	Land	Buildings	Furniture, fixtures, and equipments	2022 (restated - note 22)
Cost:				
Balance, beginning of year	\$ 3,293	\$ 142,020	\$ 46,260	\$ 191,573
Additions	-	3,155	2,061	5,216
Disposals	-	-	(8)	(8)
Adjustment relating to recognition of asset retirement obligation	-	6,320	-	6,320
Transfers	-	23,606	4,578	28,184
Balance, end of the year	3,293	175,101	52,891	231,285
Accumulated amortization:				
Balance, beginning of year	-	(40,726)	(33,698)	(74,424)
Amortization	-	(3,405)	(2,175)	(5,580)
Dispositions	-	-	8	8
Adjustment relating to recognition of asset retirement obligation	-	(3,441)	-	(3,441)
Transfers	-	(23,747)	(4,437)	(28,184)
Balance, end of year	-	(71,319)	(40,302)	(111,621)
Net book value, end of year	\$ 3,293	\$ 103,782	\$ 12,589	\$ 119,664

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

15. Accumulated surplus:

The components of accumulated surplus are as follows:

	2023	2022 (restated - note 22)
Investment in tangible capital assets	\$ 7,685	\$ 10,218
Endowment funds	5,391	5,110
Internally restricted and unrestricted amounts	3,980	6,503
Adjustment relating to recognition of asset retirement obligation	-	(3,441)
Accumulated remeasurement loss	(49)	-
	\$ 17,007	\$ 18,390

16. Contingent liabilities:

The College may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. At March 31, 2023, there are claims outstanding and management has determined the outcome to be undeterminable and thus no accrual has been recorded. It is considered that the potential claims would not materially affect the College's financial statements and any amounts ultimately settled will be recorded in the period in which the claim is resolved.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

17. Expenses by object:

The following is a summary of expenses by object:

	2023	2022 (restated - note 22)
Salaries and benefits	57,948	56,307
Supplies and services	7,662	6,945
Contract and professional services	5,856	4,748
Cost of goods sold	1,509	1,278
Utilities	1,508	1,548
Facility infrastructure maintenance	389	438
Interest	232	232
Scholarships and bursaries	461	486
Amortization	5,959	5,580
	81,524	77,562

18. Financial risks management:

It is management's opinion that the College is not exposed to significant interest, currency liquidity or credit risks arising from its financial instruments. The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instrument.

19. Budget data:

Budget figures have been provided for comparative purposes and have been derived from the budget approved by the Board of the College on May 13, 2022. The budget is reflected in the statement of operations and the statement of changes in net debt.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

20. Related parties:

The College is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed by the related parties.

21. Contractual rights:

The College has entered into contracts or agreements in the normal course of operations that it expects will result in the realization of assets and revenues in future fiscal years. The College is the recipient of research grants from various federal, provincial and municipal funding agencies. These funding agreements do not abnormally impact the College's financial position and do not guarantee the College the right to future funding.

22. Change in accounting policy:

On April 1, 2021, the College adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 - Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method the assumptions used on initial recognition are those as of the date of adoption of the standard.

Notes to Financial Statements (continued)
(\$ in thousands)

Year ended March 31, 2023

22. Change in accounting policy (continued):

The College recognized an asset retirement obligation related to several buildings owned by the College that contain asbestos. The liability was measured as of the date of when the Hazardous Materials Act was enacted in Canada in 1989 and asbestos was banned. In accordance with the provisions of this new standard, the College reflected the following adjustments at April 1, 2021:

- an increase of \$6,320 to the buildings tangible capital asset account, representing the original estimate of the obligation as of the date asbestos was banned, and an accompanying increase of \$3,441 to accumulated amortization representing the increased amortization had the liability originally been recognized from 1989 onward.
- a decrease of \$3,441 to opening accumulated surplus as a result of the recognition of the liability and accompanying increase in amortization expense since 1989 onward and an increase of \$117 for the fiscal 2022 amortization on the increased assets recognized.

	As previously reported	Increase (decrease)	As restated
Statement of financial position:			
Asset retirement obligation	\$ -	\$ 6,320	\$ 6,320
Tangible capital assets	116,902	2,762	119,664
Opening accumulated surplus	23,851	(3,441)	20,410
Statement of operations and accumulated surplus:			
Amortization	5,463	117	5,580

23. Comparative amounts:

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.