

Financial Statements of

COLLEGE OF NEW CALEDONIA

Year ended March 31, 2017



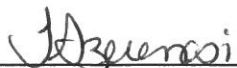
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 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 quarterly basis. The external auditor has full access to the Finance and Audit Committee, with and without management present.

KPMG 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
Acting Vice President, Administration and Finance



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INDEPENDENT AUDITORS' REPORT

*To the Board of the College of New Caledonia, and
To the Minister of Advanced Education, Province of British Columbia*

We have audited the accompanying financial statements of the College of New Caledonia (the "College"), which comprise the statement of financial position as at March 31, 2017, the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the College's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements of the College of New Caledonia, as at March 31, 2017 and for the year then ended are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

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

Comparative Information

The financial statements of the College of New Caledonia as at and for the year ended March 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 3, 2016.

KPMG LLP

Chartered Professional Accountants

June 2, 2017

Prince George, Canada

COLLEGE OF NEW CALEDONIA

Statement of Financial Position
(\$ in thousands)

Year ended March 31, 2017, with comparative figures for 2016

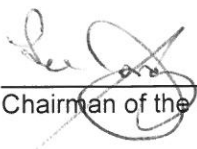
	2017	2016
Financial assets		
Cash and cash equivalents (note 3)	\$ 27,647	\$ 22,737
Investments (note 4)	1,000	1,000
Accounts receivable (note 5)	1,830	2,888
Inventories for resale	533	462
	<u>31,010</u>	<u>27,087</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 6)	9,413	7,929
Accrued leave entitlement	2,947	2,080
Employee future benefits (note 7)	2,176	2,135
Deferred contributions (note 8)	11,126	10,557
Deferred revenue (note 9)	2,971	2,709
Deferred capital contributions (note 10)	67,121	62,660
Long-term debt, net of sinking funds (note 11)	1,539	1,601
	<u>97,293</u>	<u>89,671</u>
Net debt	(66,283)	(62,584)
Non-financial assets		
Endowment (note 12)	4,285	4,206
Long-term usage rights	27	33
Tangible capital assets (note 13)	77,807	73,533
Prepaid expenses	396	311
	<u>82,515</u>	<u>78,083</u>
Accumulated surplus (note 14)	\$ 16,232	\$ 15,499

Contractual obligations (note 15)

Contingent liabilities (note 16)

See accompanying notes to financial statements.

Approved on behalf of the board:



Chairman of the Board



Acting Vice-President, Administration and Finance

COLLEGE OF NEW CALEDONIA

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

Year ended March 31, 2017, with comparative figures for 2016

	Budget (note 19)	2017	2016
Revenue:			
Ministry of Advanced Education and ITA grants	\$ 34,855	\$ 35,105	\$ 34,245
Ancillary services	3,411	3,314	3,330
Tuition	11,877	13,156	11,661
Special projects	385	191	171
Amortization of deferred capital contributions	2,192	2,315	1,726
Other	7,093	7,235	9,707
	59,813	61,316	60,840
Expenses (note 17):			
Instruction	36,139	37,372	38,436
Student and institutional support	11,548	11,242	9,377
Facilities operations, maintenance and infrastructure	5,676	5,507	5,210
Amortization	2,892	3,008	2,331
Ancillary services	3,195	3,079	3,110
Specific projects	363	425	397
	59,813	60,633	58,861
Excess of revenue over expenses before endowment	-	683	1,979
Endowment donations and matching grants	-	50	133
Annual surplus	-	733	2,112
Accumulated surplus, beginning of year	15,499	15,499	13,387
Accumulated surplus, end of year	\$ 15,499	\$ 16,232	\$ 15,499

See accompanying notes to financial statements.

COLLEGE OF NEW CALEDONIA

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

Year ended March 31, 2017, with comparative figures for 2016

	Budget (note 19)	2017	2016
Annual surplus	\$ -	\$ 733	\$ 2,112
Acquisition of tangible capital assets	-	(7,276)	(5,738)
Amortization of tangible capital assets	2,892	3,001	2,324
Amortization of track usage rights	-	7	7
	2,892	(4,268)	(3,407)
Endowment contributions		(79)	(158)
Use of prepaid expenses	-	(85)	(51)
(Increase) decrease in net debt	2,892	(3,699)	(1,504)
Net debt, beginning of year	(62,584)	(62,584)	(61,080)
Net debt, end of year	\$ (59,692)	\$ (66,283)	\$ (62,584)

See accompanying notes to financial statements.

COLLEGE OF NEW CALEDONIA

Statement of Cash Flows

(\$ in thousands)

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 733	\$ 2,112
Items not involving cash:		
Amortization of tangible capital assets	3,001	2,324
Amortization of track usage rights	7	7
Revenue recognized from deferred capital contributions	(2,315)	(1,726)
Change in non-cash operating working capital:		
Decrease in accounts receivable	1,058	15
Increase in prepaid expenses	(85)	(51)
Increase in inventories for resale	(71)	(98)
Increase in accounts payable and accrued liabilities	1,484	948
Increase (decrease) in accrued entitlement leave	867	(31)
Increase in employee future benefits	41	63
Increase in deferred revenue	831	695
Net change in cash from operating activities	5,551	4,258
Capital activities:		
Acquisition of tangible capital assets	(7,276)	(5,738)
Net change in cash from capital activities	(7,276)	(5,738)
Financing activities:		
Capital contributions received	6,776	4,668
Principal payments on long-term debt	(62)	(159)
Net change in cash from financing activities	6,714	4,509
Investing activities:		
Decrease in investments	(79)	(158)
Net change in cash from investing activities	(79)	(158)
Increase in cash and cash equivalents	4,910	2,871
Cash and cash equivalents, beginning of year	22,737	19,866
Cash and cash equivalents, end of year	\$ 27,647	\$ 22,737

See accompanying notes to financial statements.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements

(\$ in thousands)

Year ended March 31, 2017

1. Nature of operations:

The 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 (the "Ministry") provides the principal source of funding. The College is governed by a Board of Directors, 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.

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 requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410 Government Transfers; and

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2017

2. Significant accounting policies:

(a) Basis of accounting (continued):

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the 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.

(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 the asset.

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	20 - 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 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.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2017

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 expensed 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 of 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, 2017.
- (iv) The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for coverage of employees during the period.

(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.

(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.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2017

2. Significant accounting policies (continued):

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:

- (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 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-downs on investments where the loss in value is determined to be other-than-temporary.

(g) Expenses:

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

(h) Financial instruments:

Financial assets and financial liabilities are measured at cost or amortized cost, less any permanent impairment in value. The College does not hold any derivatives or equity investments that require fair value reporting and has not elected to record any other financial instruments at fair value.

A statement of remeasurement gains and losses is not presented as the College did not have remeasurement transactions to report.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2017

2. Significant accounting policies (continued):

(h) Financial instruments (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

(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 term cash commitments rather than investing.

(j) Measurement uncertainty:

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, and provisions for accounts receivable and contingencies. Where actual results differ from these estimates and assumptions, the impact is recorded in future periods when the differences become known.

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 prime minus 1.5% and are refundable on 3 days' notice.

4. Investments:

Investments consist of GICs which are held at a Canadian chartered bank, earning interest ranging from 1.71% to 1.96% (2016 – 1.75% to 1.96%), and mature in November 2017.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements

(\$ in thousands)

Year ended March 31, 2017

5. Accounts receivable:

	2017	2016
Accruals	\$ 686	\$ 943
General	820	1,311
Students	284	318
Other	189	465
Allowance for doubtful accounts	(149)	(149)
	\$ 1,830	\$ 2,888

6. Accounts payable and accrued liabilities:

	2017	2016
Trade	\$ 3,729	\$ 2,581
Student deposits	2,318	1,266
Payroll	1,506	2,068
Accruals	734	902
Other	1,126	1,112
	\$ 9,413	\$ 7,929

7. Employee 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 2017.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements

(\$ in thousands)

Year ended March 31, 2017

7. Employee future benefits (continued):

	2017	2016
Accrued benefit obligation:		
Balance, beginning of the year	\$ 1,900	\$ 1,812
Current benefit cost	7	200
Benefits paid	(135)	(112)
Accrued benefit liability, end of year	1,772	1,900
Unamortized actuarial gain	404	235
Accrued benefit obligation, end of year	\$ 2,176	\$ 2,135

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

	2017	2016
Projected service cost	\$ 143	\$ 140
Interest expense	59	60
Recognition of net actuarial gain	(195)	-
	\$ 7	\$ 200

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

	2017	2016
Discount rates	2.75%	3.40%
Expected future inflation rates	2.25%	2.25%
Expected wage and salary increases	2.25%	2.25%

(b) Pension plans:

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The board of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2016, the College Pension Plan has about 14,000 active members and approximately 7,000 retired members. As at December 31, 2015, the Municipal Pension Plan has about 189,000 active members, with approximately 5,800 from colleges.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2017

7. Employee future benefits (continued):

(b) Pension plans (continued):

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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2016 indicated a \$67 million surplus for basic pension benefits. The next valuation for the College Pension Plan will be August 31, 2018, with results available in 2019. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation for the Municipal Pension Plan will be December 31, 2018, with results available in 2019.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for the plans in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The College paid \$2,963 (2016 – \$3,006) for employer contributions and \$2,834 (2016 - \$2,859) in employee contributions to the plans in fiscal 2017.

8. Deferred contributions:

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

	April 1, 2016	Receipts during year	Transferred to revenue	March 31, 2017
Ministry of Advanced Education	\$ 7,091	\$ 2,823	\$ (2,753)	\$ 7,161
Other Provincial ministries and corporations	1,467	1,076	(1,052)	1,491
Other	1,999	1,137	(662)	2,474
	\$ 10,557	\$ 5,036	\$ (4,467)	\$ 11,126

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2017

9. Deferred revenue:

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

		2017		2016
Tuition fees	\$	2,152	\$	2,282
Other		819		427
	\$	2,971	\$	2,709

10. Deferred capital contributions:

Continuity of deferred capital contributions is as follows:

		2017		2016
Balance, beginning of year	\$	62,660	\$	59,718
Contributions received during the year		6,776		4,668
Amortization of deferred capital contributions		(2,315)		(1,726)
Balance, end of year	\$	67,121	\$	62,660

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2017

11. Long term debt, net of sinking fund:

	2017	2016
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	(1,036)	(974)
	<u>\$ 1,539</u>	<u>\$ 1,601</u>

Aggregate payments in the next five years are as follows:

2018	\$ 252
2019	252
2020	252
2021	252
2022	252
Thereafter	618
	<u>\$ 1,878</u>

12. Endowments

	2017	2016
Prescribed long-term securities	\$ 3,687	\$ 3,702
Interest bearing bank account	703	603
Accounts receivable less accounts payable	2	18
Less: Income available for distribution	(107)	(117)
	<u>4,285</u>	<u>4,206</u>

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.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements

(\$ in thousands)

Year ended March 31, 2017

12. Endowments (continued):

Long-term securities are composed mainly of GICs and federal, provincial and municipal bonds. Effective interest rates are between 1.25% and 4.4% (2016 – 1.25% and 4.75%) with maturities from 2017 and 2019.

Not included elsewhere in these financial statements are investments with the Prince George Community Foundation with an estimated market value of \$522,000 (2016 - \$473,000) and the Vancouver Foundation with a market value of \$494,000 (2016 - \$458,000). 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 \$21,500 (2016 - \$21,000) in interest income from these investments.

13. Tangible capital assets:

Cost	March 31, 2016	Additions	Transfers/ Disposals	March 31, 2017
Land	\$ 2,706	\$ 587	\$ -	\$ 3,293
Buildings	92,464	4,976	-	97,440
Furniture, fixtures and equipment	33,464	1,712	-	35,176
	\$ 128,634	\$ 7,275	\$ -	\$ 135,909

Accumulated amortization	March 31, 2016	Disposals	Amortization Expense	March 31, 2017
Buildings	\$ 28,881	\$ -	\$ 1,779	\$ 30,660
Furniture, fixtures and equipment	26,220	-	1,222	27,442
	\$ 55,101	\$ -	\$ 3,001	\$ 58,102

	Net book value March 31, 2016	Net book value March 31, 2017
Land	\$ 2,706	\$ 3,293
Buildings	63,583	66,780
Furniture, fixtures and equipment	7,244	7,734
	\$ 73,533	\$ 77,807

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements

(\$ in thousands)

Year ended March 31, 2017

14. Accumulated Surplus

The components of accumulated surplus are as follows:

	2017	2016
Investment in tangible capital assets	\$ 9,174	\$ 9,305
Endowment funds	4,285	4,206
Internally restricted and unrestricted amounts	2,773	1,988
	<hr/>	<hr/>
	\$ 16,232	\$ 15,499

15. Contractual obligations:

Operating leases:

The College is committed to minimum annual lease payments under various operating leases. The future minimum annual payments over the next five years are as follows:

2018	\$	178
2019		130
2020		130
2021		86
2022		-
	<hr/>	<hr/>
	\$	524

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, 2017, 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.

COLLEGE OF NEW CALEDONIA

Notes to Financial Statements

(\$ in thousands)

Year ended March 31, 2017

17. Expenses by object:

The following is a summary of expenses by object:

	2017	2016
Salaries and benefits	\$ 42,280	\$ 40,861
Supplies and services	7,111	7,200
Contract and professional services	3,308	3,758
Costs of goods sold	1,775	1,811
Utilities	1,644	1,562
Facility infrastructure maintenance	655	576
Interest	232	232
Scholarships and bursaries	620	530
Amortization	3,008	2,331
	<hr/>	<hr/>
	\$ 60,633	\$ 58,861

18. Financial risk 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 payables and accrued liabilities approximate fair value because of the short maturity of these instruments.

The insurance for the College property is the responsibility of the Province, which paid \$37 (2016 - \$11) for premiums and fees on behalf of the College for the coverage. The premiums paid are not recorded in the financial transactions of the College or in these financial statements. All claims for loss are submitted to the Province for consideration for replacement. The College has no direct insurance coverage against loss of any of its tangible capital assets.

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 June 3, 2016. The budget is reflected in the statement of operations and the statement of changes in net debt.

20. Comparative figures:

Certain comparative figures have been restated to conform to current year's presentation.