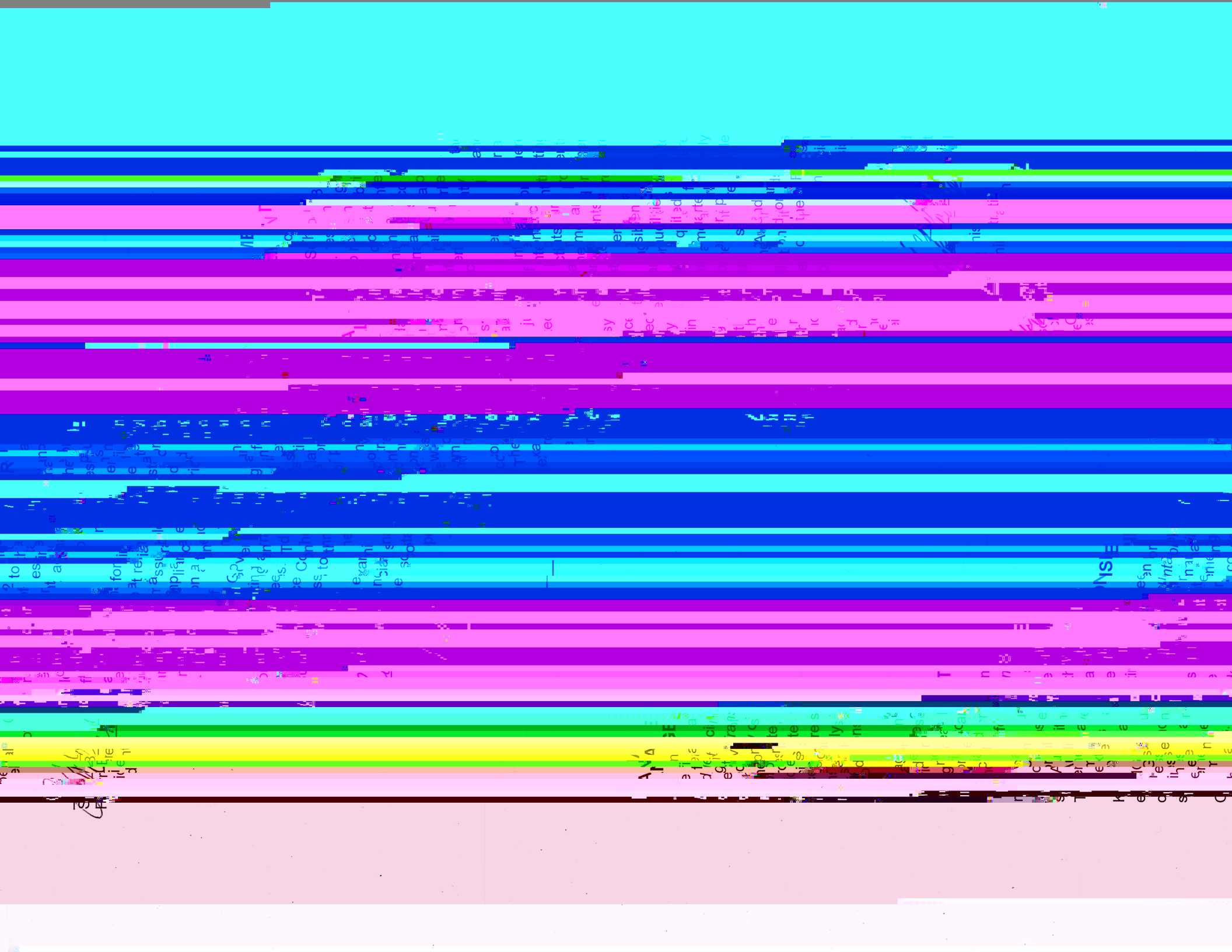
Financial Statements of

CAMOSUN COLLEGE

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Camosun College, and
To the Minister of Advanced Education, Skills and Training, Province of British Columbia

Opinion

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

- the statement of financial position as at March 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2019 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

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

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

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

Emphasis of Matter – Financial Reporting Framework

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

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
June 10, 2019

CAMOSUN COLLEGE

Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative figures for 2018

	Budget (note 16)	2019	2018
Revenue:			
Provincial grants:			
Ministry of Advanced Education	$ 59,077,307	$ 60,527,804	$ 55,419,176
Other	5,652,314	6,383,813	5,684,357
Federal grants	832,848	715,355	647,320
Other grants	-	44,046	16,100
Tuition	48,891,661	46,663,741	45,203,052
Fees (other)	1,169,992	901,112	950,060
Other revenue	1,219,221	1,965,273	1,478,469
Amortization of deferred capital contributions	6,247,815	5,777,827	5,711,674
Rentals and leases	127,720	174,377	182,404
Investment income	415,000	837,250	473,827
Sales of goods and services:			
To the Province of BC	895,064	839,833	1,191,408
To Crown Corporations or government organizations	2,448,988	2,274,949	2,416,396
To other entities	12,042,722	12,819,119	12,670,178
	139,020,652	139,924,499	132,044,421
Expenses (note 13):			
Instruction and support	130,700,073	129,549,124	121,097,080
Ancillary operations	7,264,579	7,543,505	7,195,266
Applied research	1,056,000	1,297,087	1,163,199
	139,020,652	138,389,716	129,455,545
Annual surplus	-	1,534,783	2,588,876
Accumulated surplus, beginning of year	21,948,788	21,948,788	19,359,912
Accumulated surplus, end of year	$ 21,948,788	$ 23,483,571	$ 21,948,788

See accompanying notes to financial statements.

CAMOSUN COLLEGE

Statement of Changes in Net Debt

Year ended March 31, 2019, with comparative information for 2018

	Budget (note 16)	2019	2018
Annual surplus	$ -	$ 1,534,783	$ 2,588,876
Acquisition of tangible capital assets	(43,593,000)	(38,078,826)	(22,444,265)
Amortization of tangible capital assets	9,045,216	8,166,573	7,810,605
	(34,547,784)	(29,912,252)	(14,633,660)
Use (acquisition) of prepaid expenses	-	(577,628)	160,082
Increase in net debt	(34,547,784)	(28,955,098)	(11,884,702)
Net debt, beginning of year	(83,990,395)	(83,990,395)	(72,105,693)
Net debt, end of year	$ (118,538,179)	$ (112,945,493)	$ (83,990,395)

See accompanying notes to financial statements.

CAMOSUN COLLEGE

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 1,534,783	$ 2,588,876
Items not involving cash:		
Amortization of tangible capital assets	8,166,573	7,810,605
Revenue recognized from deferred capital contributions	(5,777,827)	(5,711,674)
Change in employee future benefits	108,026	7,812
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(3,271,706)	7,080,331
Decrease (increase) in prepaid expenses	(577,628)	160,082
Increase (decrease) in inventories for resale	26,269	(10,177)
Increase in accounts payable and accrued liabilities	8,693,629	3,706,013
Increase in deferred contributions	1,296,555	1,313,134
Increase (decrease) in deferred revenue	(9,596)	920,568
Net change in cash from operating activities	10,189,078	17,865,570
Capital activities:		
Cash used to acquire tangible capital assets	(38,078,826)	(22,444Tw ( )Tj 0.(6)Tj 0.(6)T

1.

2. Significant accounting policies (continued):

   (c) Tangible capital assets (continued):

   Works of art and historic assets are not recognized in these financial statements.

   Leases which transfer substantially all of the benefit and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

   C86 ( )0.7 (A)3.3 (03 Tw 0 -n Tw)-1.a1penses

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, (c) 2.6 (f) 3.5 (1) 7.4 (0) 3.5 (t) 3.6 (he) 3.5 (re) 3.5 (st) 3.6 (ric) 3.5 (te) 3.5 (d) 3.5 (co) 3.5 (nt) 3.5 (ri) 3.5 (bu) 3.5 (ti) 3.5 (on) 3.5 (s) 3.5 (a) 3.5 (re) 3.5 (re) 3.5 (co) 3.5 (gn) 3.5 (iz) 3.5 (ed) 3.5 (s) 2.6 (y) 2.6 (e) 3.5 (a) 3.5 (r) 3.5 (fo) 3.5 (ll) 3.5 (ow) 2.6 (s:) -2 (ec) -2 (om) 7 (h)

7. Employee future benefits (continued) :

(a) Employee future benefits (continued):

(*i*) Continued:

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

	2019	2018
Projected service cost	$ 119,400	$ 116,200
Interest expense	53,500	55,000
Recognition of net actuarial losses	40,300	40,300
	$ 213,200	$ 211,500

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

	2019	2018
Discount rates	3.00%	3.00%
Expected future inflation rates	2.00%	2.00%
Expected wage and salary increases	2.75%	2.75%

(*ii*) Certain employees of the College are entitled to the continuation of extended health, dental and Medical Services Plan (MSP) benefits in accordance with the terms and conditions of their employment contracts. Coverage is extended to disabled employees, their spouses and dependent children while on disability. Faculty and Exempt employees receive these benefits from their date of disability to the earlier of recovery to s

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11. Tangible capital assets:

Cost	March 31, 2018	Additions/ Transfers	Disposals	March 31, 2019
Land	$ 14,484,612	$ -	$ -	$ 14,484,612
Buildings	134,230,421	190,205	-	134,420,626
Assets under construction	13,015,698	34,885,454	-	47,901,152
Furniture, fixtures and equipment	15,297,515	2,345,317	(1,206,306)	16,436,526
Computers and software	6,323,074	657,850	(1,080,739)	5,900,185
	$ 183,351,320	$ 38,078,826	$ (2,287,045)	$ 219,143,101

Accumulated amortization	March 31, 2018	Disposals	Amortization Expense	March 31, 2019
Land	$ -	$ -	$ -	$ -
Buildings	65,361,497	-	4,147,121	69,508,618
Furniture, fixtures and equipment	8,077,325	(1,206,306)	2,542,203	9,413,222
Computers and software	4,526,596	(1,080,739)	1,477,249	4,923,106
	$ 77,965,418	$ (2,287,045)	$ 8,166,573	$ 83,844,946

	Net book value March 31, 2018	Net book value March 31, 2019
Land	$ 14,484,612	$ 14,484,612
Buildings	68,868,924	64,912,008
Assets under construction	13,015,698	47,901,152
Furniture, fixtures and equipment	7,220,190	7,023,304
Computers and software	1,796,478	977,079
	$ 105,385,902	$ 135,298,155

(a) Assets under construction:

The assets under construction include expenses for construction of a new health building at the Interurban Campus, expected to complete in Fall 2019. Amortization of this asset will commence when the building is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets are recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is $nil (2018 - $nil).

CAMOSUN COLLEGE

14. Related party transactions (continued) :

(b) Camosun College Foundation:

The College has an economic interest in the Camosun College Foundation (the "Foundation"). The net assets and results of operations of the Foundation have not been included in these financial statements. The Foundation is a separate society formed to provide scholarships and bursaries for students of the College and to raise funds for furthering the interest of the College. The College provides some financial support to the Foundation. During the year, financial support of $654,631 (2018 - $761,719) was provided to the Foundation.

For the year ended March 31, 2019, gift in kind donations from the Foundation to the College were $47,870 of which $nil was recorded as capital assets (2018 - $20,535 of which nil was recorded as capital assets). Included in the College's accounts receivable at March 31, 2019 is $795,357 (2018 - $84,399) due from the Foundation. Included in the College's accounts payable at March 31, 2019 is $nil (2018 - $81,891) due to the Foundation.

(c) Pacific Institute for Sport Excellence Society:

The College has an economic interest in the Pacific Institute for Sport Excellence Society ("PISE"). The net assets and results of operations of PISE have not been included in these financial statements. PISE is a separate society formed to bring sport education and athlete development under one roof, incorporating health and wellness programs, high performance sport services, applied sport research and innovation and community programs. PIS

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15. 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 on College property is the responsibility of the Province, which paid $164,899 (2018 - $163,179) 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.