

Financial Statements of

**CAMOSUN COLLEGE**

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

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KPMG LLP



### ***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 sector accounting standards.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the 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 confidence that the financial statements are free from material misstatement.

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# CAMOSUN COLLEGE

## Statement of Financial Position

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

|  | 2023               | 2022                |
|--|--------------------|---------------------|
|  |                    | (Restated - note 3) |
| <b>Financial assets</b>                                |                    |                     |
| Cash and cash equivalents (note 4)                     | \$ 27,193,130      | \$ 25,073,781       |
| Accounts receivable (note 5):                          |                    |                     |
| Due from government and other government organizations | 7,064,585          | 2,741,960           |
| Other  | 3,146,713          | 2,739,067           |
| Inventories for resale (note 6)                        | 721,711            | 687,034             |
|  | <u>38,126,139</u>  | <u>31,241,842</u>   |
| <b>Liabilities</b>                                     |                    |                     |
| Accounts payable and accrued liabilities (note 7):     |                    |                     |
| Due to government and other government organizations   | 3,048,177          | 2,079,786           |
| Other  | 27,137,551         | 22,495,257          |
| Employee future benefits (note 8)                      | 3,028,771          | 3,206,728           |
| Deferred contributions (note 9)                        | 6,579,659          | 6,928,041           |
| Deferred revenue (note 10)                             | 10,114,062         | 9,678,352           |
| Deferred capital contributions (note 11)               | 122,162,477        | 127,620,322         |
| Asset retirement obligations (note 3)                  | 681,073            | 619,158             |
|  | <u>172,751,770</u> | <u>172,627,644</u>  |
| <b>Net debt</b>  | (134,625,631)      | (141,385,802)       |
| <b>Non-financial assets</b>                            |                    |                     |

# CAMOSUN COLLEGE

## Statement of Operations and Accumulated Surplus

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

|  | Budget<br>(note 17) | 2023          | 2022          |
|--|---------------------|---------------|---------------|
| Revenue:   |                     |               |               |
| Provincial grants:   |                     |               |               |
| Ministry of Post Secondary Education<br>And Future Skills                      | \$ 68,650,705       | \$ 73,355,071 | \$ 69,398,339 |
| Other  | 6,100,000           | 6,790,621     | 6,700,467     |
| Federal grants   | 1,030,955           | 815,928       | 614,211       |
| Other grants   | 40,000              | 257,331       | 186,220       |
| Tuition  | 42,881,980          | 47,330,061    | 40,722,078    |
| Fees (other)   | 1,710,250           | 1,857,562     | 1,821,644     |
| Other revenue  | 1,862,750           | 2,191,032     | 2,455,059     |
| Amortization of deferred capital contributions                                 | 8,316,075           | 7,689,063     | 7,263,217     |
| Rentals and leases   | 190,000             | 124,757       | 125,901       |
| Investment income  | 125,000             | 773,418       | 127,557       |
| Sales of goods and services:   |                     |               |               |
| To the Province of BC  | 375,000             | 379,044       | 366,099       |
| To Crown Corporations or<br>government organizations                           | 4,626,760           | 3,207,574     | 3,764,670     |
| To other entities  | 10,880,725          | 10,663,317    | 9,254,731     |
|  | 146,790,200         | 155,434,779   | 142,800,193   |
| Expenses (note 14):  |                     |               |               |
| Instruction and support  | 146,454,175         | 146,017,916   | 139,784,303   |
| Ancillary operations   | 6,119,125           | 6,614,581     | 6,136,601     |
| Applied research   | 1,500,140           | 1,661,355     | 1,524,762     |
|  | 154,073,440         | 154,293,852   | 147,445,666   |
| Annual surplus (deficit)   | (7,283,240)         | 1,140,927     | (4,645,473)   |
| Accumulated surplus, beginning of year   | 10,936,587          | 10,936,587    | 16,185,654    |
| Adjustment on adoption of the asset<br>retirement obligation standard (note 3) | -                   | -             | (603,594)     |
| As restated  | 10,936,587          | 10,936,587    | 15,582,060    |
| Accumulated surplus, end of year   | \$ 3,653,347        | \$ 12,077,514 | \$ 10,936,587 |

See accompanying notes to financial statements.

# CAMOSUN COLLEGE

## Statement of Changes in Net Debt

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

|  | Budget<br>(note 17)     | 2023                    | 2022                    |
|--|-------------------------|-------------------------|-------------------------|
| Annual surplus (deficit)   | \$ (7,283,240)          | \$ 1,140,927            | \$ (4,645,473)          |
| Acquisition of tangible capital assets   | (5,033,000)             | (4,290,930)             | (12,905,391)            |
| Amortization of tangible capital assets  | 10,441,475              | 9,668,031               | 9,393,818               |
|  | 5,408,475               | 5,377,101               | (3,511,573)             |
| Use of prepaid expenses  | -                       | 242,143                 | 74,560                  |
| Decrease (increase) in net debt  | (1,874,765)             | 6,760,171               | (8,082,486)             |
| Net debt, beginning of year  | (141,385,802)           | (141,385,802)           | (132,684,158)           |
| Adjustment on adoption of the asset<br>retirement obligation standard (note 3) | -                       | -                       | (619,158)               |
| As restated  | (141,385,802)           | (141,385,802)           | (133,303,316)           |
| <b>Net debt, end of year</b>   | <b>\$ (143,260,567)</b> | <b>\$ (134,625,631)</b> | <b>\$ (141,385,802)</b> |

See accompanying notes to financial statements.



# CAMOSUN COLLEGE

## Statement of Cash Flows

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

|   | 2023         | 2022           |
|---|--------------|----------------|
| Cash provided by (used in):                             |              |                |
| Operating activities:                                   |              |                |
| Annual surplus (deficit)                                | \$ 1,140,927 | \$ (4,645,473) |
| Items not involving cash:                               |              |                |
| Contributed assets                                      | (133,144)    | (1,198,915)    |
| Amortization of tangible capital assets                 | 9,668,031    | 9,393,818      |
| Accretion expense                                       | 61,915       | -              |
| Revenue recognized from deferred capital contributions  | (7,689,063)  | (7,263,217)    |
| Change in employee future benefits                      | (177,957)    | 470,742        |
| Changes in non-cash operating working capital:          |              |                |
| Increase in accounts receivable                         | (4,730,271)  | (635,822)      |
| Decrease in prepaid expenses                            | 242,143      | 74,560         |
| Decrease (increase) in inventories for resale           | (34,677)     | 301,997        |
| Increase in accounts payable<br>and accrued liabilities | 5,610,685    | 1,257,142      |
| Decrease in deferred contributions                      | (348,382)    | (259,758)      |
| Increase in deferred revenue                            | 435,710      | 4,155,297      |
| Net change in cash from operating activities            | 4,045,917    | 1,650,371      |
| Capital activities:                                     |              |                |
| Acquisition of tangible capital assets                  | (4,157,786)  | (11,706,476)   |
| Net change in cash from capital activities              | (4,157,786)  | (11,706,476)   |
| Financing activities:                                   |              |                |
| Capital contributions received                          | 2,231,218    | 12,929,700     |
| Net change in cash from financing activities            | 2,231,218    | 12,929,700     |

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2023

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Notes to Financial Statements

Year ended March 31, 2023

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2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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



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Notes to Financial Statements

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## Notes to Financial Statements

Year ended March 31, 2023

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### 2. Significant accounting policies (continued):

#### (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.

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) Asset retirement obligation:

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 liability for the removal of asbestos in several of the buildings owned by the College has been recognized based on estimated cost of remediation 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. Assumptions used in the subsequent calculations are revised yearly.

The liability is estimated at the current cost of remediation if this was to occur at the financial statement date. This liability will be adjusted yearly based on a remediation cost escalation percentage as an accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The buildings capital assets affected by the asbestos liability are being amortized with the buildings over their original remaining useful lives.

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Notes to Financial Statements

Year ended March 31, 2023

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# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2023

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4. 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 redeemable on 3 days notice.

5. Accounts receivable:

(a) Due from government and other government organizations:

|                                | 2023                | 2022                |
|--------------------------------|---------------------|---------------------|
| Federal government             | \$ 359,821          | \$ 411,210          |
| Provincial government          | 5,644,114           | 1,285,605           |
| Other government organizations | 1,060,650           | 1,045,145           |
|                                | <u>\$ 7,064,585</u> | <u>\$ 2,741,960</u> |

(b) Due from other:

|                     | 2023         | 2022         |
|---------------------|--------------|--------------|
| Accounts receivable | \$ 3,752,915 | \$ 3,345,025 |
| Accrued interest    | 94,313       | 14,148       |



# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2023

### 7. Accounts payable and accrued liabilities:

#### (a) Due to government and other government organizations:

|                                | 2023                | 2022                |
|--------------------------------|---------------------|---------------------|
| Federal government             | \$ 2,217,523        | \$ 924,935          |
| Provincial government          | -                   | 7,000               |
| Other government organizations | 830,654             | 1,147,851           |
|                                | <u>\$ 3,048,177</u> | <u>\$ 2,079,786</u> |

#### (b) Due to other:

|  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| Trade payables and accrued liabilities   | \$ 19,053,933        | \$ 14,462,221        |
| Accrued vacation pay and earned time off | 5,048,476            | 5,177,903            |
| Professional development and training    | 3,035,142            | 2,855,133            |
|  | <u>\$ 27,137,551</u> | <u>\$ 22,495,257</u> |

### 8. Employee future benefits:

#### (a) Employee future benefits:

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| Sick leave                                      | \$ 1,855,329        | \$ 1,747,840        |
| Long-term disability health and dental benefits | 1,173,442           | 1,458,888           |
|   | <u>\$ 3,028,771</u> | <u>\$ 3,206,728</u> |

- (i) 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

# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2023

### 8. Employee future benefits (continued):

#### (a) Employee future benefits (continued):

##### (i) Continued:

Actuarial gains and losses are amortized over six years (2022 - six years), being the expected average remaining service life of the employees.

|   | 2023         | 2022         |
|---|--------------|--------------|
| Accrued benefit obligation:             |              |              |
| Balance, beginning of the year          | \$ 1,747,840 | \$ 1,764,220 |
| Current benefit cost                    | 220,871      | 216,871      |
| Benefits paid                           | (113,382)    | (233,251)    |
| Balance, end of year                    | 1,855,329    | 1,747,840    |
| Unamortized actuarial losses            | 74,914       | 99,886       |
| Accrued benefit obligation, end of year | \$ 1,930,243 | \$ 1,847,726 |

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

|                                     | 2023       | 2022       |
|-------------------------------------|------------|------------|
| Projected service cost              | \$ 153,100 | \$ 149,000 |
| Interest expense                    | 42,800     | 42,900     |
| Recognition of net actuarial losses | 24,971     | 24,971     |
|                                     | \$ 220,871 | \$ 216,871 |

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

|                                    | 2023  | 2022  |
|------------------------------------|-------|-------|
| Discount rates                     | 2.25% | 2.25% |
| Expected future inflation rates    | 2.00% | 2.00% |
| Expected wage and salary increases | 2.75% | 2.75% |

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2023

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8. Employee future benefits (continued):

(a) Employee future benefits (continued):

- (ii) Certain employees of the College are entitled to the continuation of extended health and dental benefits in accordance with the terms and conditions of their employment contracts. Coverage is extended to disabled employees, their spouses, dependent children, and dependent parents.

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## Notes to Financial Statements

Year ended March 31, 2023

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8. Employee future benefits (continued):

(b) Pension plans (continued):

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 on a going concern basis.

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

Employers participating in the plans record their pension expense as the amount of employer

# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2023

### 11. Deferred capital contributions:

Continuity of deferred capital contributions is as follows:

| March 31, 2023                    | Deferred            | Unamortized           | Total                 |
|-----------------------------------|---------------------|-----------------------|-----------------------|
| Opening balance                   | \$ 3,480,428        | \$ 124,139,894        | \$ 127,620,322        |
| Restricted contributions received | 4,764,778           | -                     | 4,764,778             |
| Contributions spent               | (5,174,570)         | 5,174,570             | -                     |
| Amounts amortized to revenue      | -                   | (7,689,063)           | (7,689,063)           |
| Amounts recognized as revenue     | -                   | (2,533,560)           | (2,533,560)           |
| <b>Closing balance</b>            | <b>\$ 3,070,636</b> | <b>\$ 119,091,841</b> | <b>\$ 122,162,477</b> |

| March 31, 2022                    | Deferred            | Unamortized           | Total                 |
|-----------------------------------|---------------------|-----------------------|-----------------------|
| Opening balance                   | \$ 2,584,030        | \$ 119,369,809        | \$ 121,953,839        |
| Restricted contributions received | 16,313,562          | -                     | 16,313,562            |
| Contributions spent               | (15,417,164)        | 15,417,164            | -                     |
| Amounts amortized to revenue      | -                   | (7,263,217)           | (7,263,217)           |
| Amounts recognized as revenue     | -                   | (3,383,862)           | (3,383,862)           |
| <b>Closing balance</b>            | <b>\$ 3,480,428</b> | <b>\$ 124,139,894</b> | <b>\$ 127,620,322</b> |

### 12. Tangible capital assets:

| Cost                              | March 31,<br>2022     | Additions           | Transfers/<br>Disposals | March 31,<br>2023     |
|-----------------------------------|-----------------------|---------------------|-------------------------|-----------------------|
| Land                              | \$ 14,484,612         | \$ -                | \$ -                    | \$ 14,484,612         |
| Buildings (restated note 3)       | 201,872,802           | 1,149,303           | 7,846,523               | 210,868,628           |
| Assets under construction         | 8,017,877             | 761,296             | (8,017,877)             | 761,296               |
| Furniture, fixtures and equipment | 18,724,396            | 1,207,295           | (2,904,605)             | 17,027,086            |
| Computers and software            | 8,562,268             | 1,173,036           | (1,515,667)             | 8,219,637             |
|                                   | <b>\$ 251,661,955</b> | <b>\$ 4,290,930</b> | <b>\$ (4,591,626)</b>   | <b>\$ 251,361,259</b> |

| Accumulated amortization          | March 31,<br>2022     | Disposals             | Amortization<br>Expense | March 31,<br>2023     |
|-----------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Land                              | \$ -                  | \$ -                  | \$ -                    | \$ -                  |
| Buildings (restated note 3)       | 85,407,200            | -                     | 5,372,416               | 90,779,616            |
| Furniture, fixtures and equipment | 9,883,289             | (2,937,217)           | 2,863,687               | 9,809,759             |
| Computers and software            | 5,533,435             | (1,654,409)           | 1,431,928               | 5,310,954             |
|                                   | <b>\$ 100,823,924</b> | <b>\$ (4,591,626)</b> | <b>\$ 9,668,031</b>     | <b>\$ 105,900,329</b> |

# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2023

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### 12. Tangible capital assets (continued):

|                                   | Net book value<br>March 31, 2022 | Net book value<br>March 31, 2023 |
|-----------------------------------|----------------------------------|----------------------------------|
| Land                              | \$ 14,484,612                    | \$ 14,484,612                    |
| Buildings                         | 116,465,602                      | 120,089,012                      |
| Assets under construction         | 8,017,877                        | 761,296                          |
| Furniture, fixtures and equipment | 8,841,107                        | 7,184,715                        |
| Computers and software            | 3,028,833                        | 2,941,295                        |
|                                   | <hr/>                            | <hr/>                            |
|                                   | \$ 150,838,031                   | \$ 145,460,930                   |

(a) Assets under construction:

The assets under construction include expenses for renovations to the Ewing building to support the installation of an elevator. This work is expected to complete by summer 2023.

(b) Contributed tangible capital assets<sup>5</sup> (b08u)

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2023

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## 15. Related party transactions:

### (a) Other agency operations:

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

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## Notes to Financial Statements

Year ended March 31, 2023

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### 15. Related party transactions (continued):

#### (c) Pacific Institute for Sport Education Society (continued):

PISE's facilities, located at the Interurban campus, were completed in September 2008 at which time the College signed a long term lease and license agreement with PISE under which PISE will operate the facility for a 25 year term with a 29 year extension option at an annual rent of \$1 per year. At the same time, PISE has signed a long term sub lease with the College under similar terms under which the College will operate its sport education programs, recreation and athletics programs and teams and applied research activities at an annual cost of \$709,397 (2023) and \$727,049 (2024). A renewal of the sublease is expected in the 2024 fiscal year.

At the date of occupancy, the related \$28 million cost of the capital assets under construction and associated deferred capital grants were removed from the College's financial statements. The College provides custodial, grounds, maintenance and other specialist facility services to PISE on a cost recovery basis under a service agreement. Fees and expenses for these services amounted to \$302,985 (2022 - \$302,985) during the year. Included in the College's accounts receivable at March 31, 2023 is \$1,763 (2022 - \$11,001) due from PISE. Included in the College's accounts payable at March 31, 2023 is \$3,000 (2022 - \$3,045) due to PISE.

### 16. Financial risk management:

It is management's opinion that the College is not exposed to significant risk from its use of financial instruments which could affect its ability to achieve its strategic objectives.

#### (a) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due. The College establishes budgets and cash flow projections to ensure that it has the necessary funds to meet its obligations .0001le.7(caa 8n)5scc1a.994 1((aac(hl)7.3(e8.6(d)-.4(994 T



# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2023

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### 16. Financial risk management (continued):

#### (c) Credit risk (continued):

The College accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable.

There has been no change to the risk exposure from 2022.

The insurance on College property is the responsibility of the Province, which paid \$259,371 (2022 - \$197,602) 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 capital assets.

### 17. Budget data:

Budget figures have been provided for comparative purposes and have been derived from the