Financial Statements of

And Independent Auditor's Report thereon

Year ended March 31, 2024

DRAFT *- May 29, 2024*

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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of

Statement of Financial Position

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash and cash equivalents (note 4)	$ 30,658,247	$ 27,193,130
Accounts receivable (note 5):		
Due from government and other government organizations	5,350,070	7,064,585
Other	3,742,550	3,146,713
Inventories for resale (note 6)	726,636	721,711
	40,477,503	38,126,139
Accounts payable and accrued liabilities (note 7):		
Due to government and other government organizations	3,563,736	3,048,177
Other	27,663,310	27,137,551
Employee future benefits (note 8)	2,951,808	3,028,771
Deferred contributions (note 9)	9,109,377	6,579,659
Deferred revenue (note 10)	8,229,177	10,114,062
Deferred capital contributions (note 11)	117,201,297	122,162,477
Asset retirement obligations (note 12)	749,180	681,073
	169,467,885	172,751,770
Net debt	(128,990,382)	(134,625,631)
Tangible capital assets (note 13)	141,951,955	145,460,930
Prepaid expenses	1,426,164	1,242,215
	143,378,119	146,703,145
Accumulated surplus	$ 14,387,737	$ 12,077,514

Contingent liabilities (note 14)
Contractual obligations (note 16(c))

See accompanying notes to financial statements.

On behalf of the Board:

Chair, Board of Governors

Vice President Administration
and Chief Financial Officer

***DRAFT** - May 29, 2024*

Statement of Changes in Net Debt

Year ended March 31, 2024

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 2,310,223	$ 1,140,927
Items not involving cash:		
Contributed assets	(114,563)	(133,144)
Amortization of tangible capital assets	9,780,334	9,668,031
Accretion expense	68,107	61,915
Revenue recognized from deferred capital contributions	(7,890,344)	(7,689,063)
Change in employee future benefits	(76,963)	(177,957)
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	1,118,678	(4,730,271)
Decrease (increase) in prepaid expenses	(183,949)	242,143
Increase in inventories for resale	(4,925)	(34,677)
Increase in accounts payable and accrued liabilities	1,041,318	5,610,685
Increase (decrease) in deferred contributions	2,529,718	(348,382)
Increase (decrease) in deferred revenue	(1,884,885)	435,710

(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 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 the purpose or purposes specified in accordance with public sector accounting standard PS3100 *Restricted Assets and Revenues*; and
- deferred contributions meet the liability criteria in accordance with PS3200 *Liabilities*.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions are 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,ble opm cD sataanat. tand asset.

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Notes to Financial Statements

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(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 on April 1, 2022. 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 is adjusted yearly based on a remediation cost escalation percentage as an accretion expense. The recognition of a liability resulted in an accompanying increase in the respective tangible capital assets. The buildings capital assets

(k) Measurement uncertainty:

The preparation of the financial statements 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 capital assets, amortization of related deferred capital contributions, asset retirement obligations, determination of employee future benefits, and provisions for accounts receivable

(a) Due to government and other government organizations:

	2024	2023
Federal government	$ 2,578,317	$ 2,217,523
Provincial government	5,471	-
Other government organizations	979,948	830,654
	$ 3,563,736	$ 3,048,177

(b) Due to other:

	2024	2023
Trade payables and accrued liabilities	$ 18,405,284	$ 19,053,933
Accrued vacation pay and earned time off	6,291,339	5,048,476
Professional development and training	2,966,687	3,035,142
	$ 27,663,310	$ 27,137,551

(a) Employee future benefits (continued):

(*i*) Continued:

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

	April 1, 2023	Receipts during year	Transferred to revenue	March 31, 2024
Provincial	$ 5,961,467	$ 6,425,677	$ (4,318,201)	$ 8,068,943
Federal	609,742	717,504	(391,351)	935,895
Other	8,450	104,539	(8,450)	104,539
	$ 6,579,659	$ 7,247,720	$ (4,718,002)	$ 9,109,377

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The College owns and operates some buildings that are known to contain asbestos and other hazardous materials, which represents a health hazard when undergoing certain repairs and maintenance work and upon demolition of the building. As there is a legal obligation to remove hazardous materials, the College has recognized a liability relating to the removal and post-removal care of the asbestos and other hazardous materials in these buildings. Changes to the asset retirement obligations in the year are as follows:

	2024	2023
Asset retirement obligations, beginning of year	$ 681,073	$ 619,158
Accretion expense	68,107	61,915
Asset retirement obligations, end of year	$ 749,180	$ 681,073

Cost	March 31, 2023	Additions	Transfers/ Disposals	March 31, 2024
Land	$ 14,484,612	$ -	$ -	$ 14,484,612
Buildings	210,868,628	1,511,052	761,296	213,140,976
Assets under construction	761,296	1,110,465	(761,296)	1,110,465
Furniture, fixtures and equipment	17,027,086	2,376,120	(1,621,921)	17,781,285
Computers and software	8,219,637	1,273,722	(1,490,700)	8,002,659
	$ 251,361,259	$ 6,271,359	$ (3,112,621)	$ 254,519,997

Accumulated amortization	March 31, 2023	Disposals	Amortization Expense	March 31, 2024
Land	$ -	$ -	$ -	$ -
Buildings	90,779,616	-	5,489,223	96,268,839
Furniture, fixtures and equipment	9,809,759	(1,621,921)	2,769,376	10,957,214
Computers and software	5,310,954	(1,490,700)	1,521,735	5,341,989
	$ 105,900,329	$ (3,112,621)	$ 9,780,334	$ 112,568,042

(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-y y ea(er)]TJ0 Tc 0 T2.18831 0 Td( )Tj-0.001 Tc 0.0

Notes to Financial Statements

Year ended March 31,