

**NORTH ISLAND COLLEGE
FINANCIAL STATEMENTS
For the year ended March 31, 2017**

North Island College
Index to the Financial Statements
For the year ended March 31, 2017

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets (Net Debt)	3
Statement of Remeasurement Gains and Losses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-17
Schedule 1 - Schedule of Expenses by Object	18



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

*To the Board of Governors of North Island College, and
To the Minister of Advanced Education, Province of British Columbia*

We have audited the accompanying financial statements of North Island College, which comprise the statement of financial position as at March 31, 2017, the statements of operations and accumulated surplus, change in net financial assets (net debt), remeasurement gains and losses 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 and fair presentation 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 entity's preparation and fair presentation 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 entity'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 is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements of North Island College, 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 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.

KPMG LLP

Chartered Professional Accountants

May 30, 2017
Victoria, Canada

STATEMENT OF MANAGEMENT RESPONSIBILITY

The College is responsible for the preparation of the financial statements as at March 31, 2017 and for the year then ended in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the College has developed and maintains a system of internal controls designed to provide reasonable assurance that College assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Board of Governors carries out its responsibility for review of the financial statements. The Board of Governors, through the Finance and Audit Committee, meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Board of Governors with and without the presence of management.

The financial statements for the year ended March 31, 2017 have been reported on by KPMG LLP, Chartered Accountants. The accompanying auditors' report outlines the scope of their examination and provides their opinion on the financial statements.



Derek Lamb
Chair of the Board of Governors



Colin Fowler
Vice President, Finance and Facilities

May 30, 2017

North Island College
Statement of Financial Position
As at March 31, 2017 with comparative information for 2016

	Note	2017	2016
Financial assets			
Cash and cash equivalents		\$ 7,522,590	\$ 6,208,638
Accounts receivable		667,700	414,730
Due from government organizations	3	533,922	396,853
Inventories held for resale		197,536	216,467
Portfolio investments	4	<u>18,590,369</u>	<u>17,627,734</u>
		27,512,117	24,864,422
Liabilities			
Accounts payable and accrued liabilities	5	7,119,585	7,488,960
Due to government organizations	3	495,274	389,463
Employee future benefits	6	381,902	267,467
Deferred revenue		1,914,773	1,493,395
Deferred contributions	7	10,651,682	10,745,757
Deferred capital contributions	8	<u>23,287,981</u>	<u>22,763,490</u>
		43,851,197	43,148,532
Net financial assets (net debt)		(16,339,080)	(18,284,110)
Non-financial assets			
Tangible capital assets	9	25,820,655	26,782,242
Prepaid expenses		<u>90,816</u>	<u>165,361</u>
		25,911,471	26,947,603
Accumulated surplus		<u>\$ 9,572,391</u>	<u>\$ 8,663,493</u>
Accumulated surplus is comprised of:			
Accumulated surplus		\$ 7,879,739	\$ 7,872,586
Accumulated remeasurement gains		<u>1,692,651</u>	<u>790,907</u>
		<u>\$ 9,572,391</u>	<u>\$ 8,663,493</u>

See accompanying notes to the financial statements

Approved on behalf of the Board of Governors



Derek Lamb,
Chair of the Board of Governors



Colin Fowler,
Vice President, Finance and Facilities

North Island College
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2017 with comparative information for 2016

	Budget 2017	2017	2016
Revenue			
Province of British Columbia	\$ 26,622,198	\$ 27,672,338	\$ 26,827,992
Government of Canada grants	402,290	434,646	416,709
Tuition and student fees	8,770,075	9,176,662	8,509,137
Contract services	738,681	825,649	421,353
Sales of goods and services	1,564,500	1,657,657	1,368,746
Investment income	552,350	686,889	1,179,925
Other income	589,437	639,128	545,472
Revenue recognized from deferred capital contributions	<u>2,007,000</u>	<u>2,073,203</u>	<u>1,855,312</u>
	41,246,531	43,166,172	41,124,646
Expenses (Schedule 1)			
Instructional and non-sponsored research	38,373,454	39,812,977	38,330,590
Ancillary services	1,572,357	1,741,331	1,434,846
Sponsored research	483,820	683,044	434,245
Special purpose	<u>816,900</u>	<u>921,667</u>	<u>922,968</u>
	41,246,531	43,159,019	41,122,649
Surplus for the year	-	7,153	1,997
Accumulated surplus, beginning of year	<u>7,872,586</u>	<u>7,872,586</u>	<u>7,870,589</u>
Accumulated surplus, end of year	<u>\$ 7,872,586</u>	<u>\$ 7,879,739</u>	<u>\$ 7,872,586</u>

See accompanying notes to the financial statements

North Island College
Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2017 with comparative information for 2016

	Budget 2017	2017	2016
Surplus for the year	\$ -	\$ 7,153	\$ 1,997
Acquisition of tangible capital assets	-	(1,837,353)	(2,298,407)
Amortization of tangible capital assets	2,763,000	2,794,159	2,611,391
Gain on sale of tangible capital assets	-	(1,534)	-
Proceeds on sale of tangible capital assets	<u>-</u>	<u>6,317</u>	<u>-</u>
	2,763,000	961,589	312,984
Acquisition of prepaid expenses	-	(59,214)	(140,233)
Use of prepaid expenses	<u>-</u>	<u>133,759</u>	<u>97,728</u>
	-	74,545	(42,505)
Net remeasurement gains (losses)	<u>-</u>	<u>901,744</u>	<u>(1,208,050)</u>
Change in net financial assets (net debt)	2,763,000	1,945,031	(935,574)
Net debt, beginning of year	<u>(18,284,110)</u>	<u>(18,284,110)</u>	<u>(17,348,536)</u>
Net debt, end of year	<u>\$ (15,521,110)</u>	<u>\$ (16,339,080)</u>	<u>\$ (18,284,110)</u>

See accompanying notes to the financial statements

North Island College
Statement of Remeasurement Gains and Losses
For the year ended March 31, 2017 with comparative information for 2016

	2017	2016
Accumulated remeasurement gains, beginning of year	\$ 790,907	\$ 1,998,957
Unrealized gains (losses) attributed to:		
Portfolio investments	1,011,192	(610,424)
Amounts reclassified to the statement of operations:		
Realized gains on pooled funds	<u>(109,448)</u>	<u>(597,626)</u>
Net remeasurement gains (losses) for the year	<u>901,744</u>	<u>(1,208,050)</u>
Accumulated remeasurement gains, end of year	<u>\$ 1,692,651</u>	<u>\$ 790,907</u>

See accompanying notes to the financial statements

North Island College
Statement of Cash Flows
For the year ended March 31, 2017 with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations		
Surplus for the year	\$ 7,153	\$ 1,997
Items not involving cash:		
Amortization of tangible capital assets	2,794,159	2,611,391
Revenue recognized from deferred capital contributions	(2,073,203)	(1,855,312)
Change in employee future benefits	114,435	(91,115)
Gain on sale of tangible capital assets	(1,534)	-
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(252,970)	144,420
Decrease (increase) in due from government organizations	(137,069)	498,167
Decrease (increase) in prepaid expenses	74,544	(42,505)
Decrease in inventories held for resale	18,931	42,448
Increase (decrease) in accounts payable and accrued liabilities	(369,375)	1,136,331
Increase (decrease) in due to government organizations	105,811	(194,725)
Increase (decrease) in deferred revenue	421,378	(790,449)
Increase (decrease) in deferred contributions	<u>(94,075)</u>	<u>447,140</u>
Net change in cash from operating activities	608,185	1,907,788
Capital activities		
Cash used to acquire tangible capital assets	(1,837,353)	(2,298,407)
Proceeds from deferred capital contributions	2,597,694	2,179,359
Proceeds on disposal of tangible capital assets	<u>6,317</u>	<u>-</u>
Net change in cash from capital activities	766,658	(119,048)
Investing activities		
Decrease (increase) in investments	(962,635)	648,034
Net remeasurement gains (losses)	<u>901,744</u>	<u>(1,208,050)</u>
Net change in cash from investing activities	(60,891)	(560,016)
Net change in cash and cash equivalents	1,313,952	1,228,724
Cash and cash equivalents, beginning of year	<u>6,208,638</u>	<u>4,979,914</u>
Cash and cash equivalents, end of year	<u>\$ 7,522,590</u>	<u>\$ 6,208,638</u>

See accompanying notes to the financial statements

North Island College

Notes to the Financial Statements

Year ended March 31, 2017

1 Authority and purpose

North Island College operates under the authority of the College and Institute Act of British Columbia. The College is a not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the provincial government of British Columbia. The College is a registered charity and is exempt from income taxes under section 149 of the Income Tax Act.

2 Summary of 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 related to accounting standards for not for profit organizations.

Regulation 198/2011 requires that restricted contributions received or receivable are to be 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 contributions in the form of a depreciable tangible capital asset are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related 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 those 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 contributions have been met.

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

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

2 Summary of significant accounting policies (continued)

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require 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.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

(c) Financial instruments

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

(i) Fair value category: all portfolio investments are quoted in an active market and therefore 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 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 Statements of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

(ii) Cost category: financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statements of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

(d) Inventories held for resale

Inventories held for resale, including books and merchandise for sale in campus bookstores are recorded at the lower of 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.

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

2 Summary of significant accounting policies (continued)

(e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) 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. Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Buildings and site improvements	
Concrete and steel buildings	40 years
Wood-framed buildings	20 years
Site improvements	10 years
Furniture and equipment	
Library books	10 years
Furniture, equipment, and vehicles	5 years
Computer servers	5 years
Computer equipment	3 years
Leasehold improvements	Remaining term of the lease

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.

(ii) Works of art and historic assets

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

(iii) Leased tangible capital assets

Leases which transfer substantially all of the benefits 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.

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

2 Summary of significant accounting policies (continued)

(f) Employee future benefits

The College and its employees make contributions to the College Pension Plan and the Municipal Pension Plan which are multi-employer joint trustee plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plans are not segregated by institution, the plan is accounted for as a defined contribution plan and any contributions of the College to the plan are expensed as incurred.

Sick leave benefits are also available to the College's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(g) Revenue recognition

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

Unrestricted 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 as set out in note 2(a).

The College leases certain land properties to third parties for a period of 99 years. Cash received from land leases is deferred and amortized to revenue on a straight-line basis over the term of the lease.

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

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

2 Summary of significant accounting policies (continued)

(h) Use of estimates

The preparation of 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 related disclosures. Key areas where management has made estimates and assumptions include those related to the fair value of financial instruments, useful life of tangible capital assets and the present value of employee future benefits and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(i) Foreign currency translation

The College's functional currency is the Canadian dollar. There are no significant foreign currency transactions.

(j) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the North Island College 2016-2017 Budget approved by the Board of Governors of North Island College on March 31, 2016.

Budget figures are presented only for information purposes.

3 Due from and to government organizations

Due from:	2017	2016
Federal government	\$ 1,063	\$ 86,971
Provincial government	524,747	172,203
Other government organizations	<u>8,112</u>	<u>137,679</u>
	<u>\$ 533,922</u>	<u>\$ 396,853</u>

Due to:	2017	2016
Federal government	\$ 337,043	\$ 296,312
Provincial government	22,963	26,961
Other government organizations	<u>135,268</u>	<u>66,190</u>
	<u>\$ 495,274</u>	<u>\$ 389,463</u>

4 Portfolio investments

Portfolio investments recorded at fair value are comprised of the following:

	2017	2016
Fixed income	\$ 403,020	\$ 720,572
Pooled bond funds	9,081,763	9,006,225
Pooled equity funds	<u>9,105,586</u>	<u>7,900,937</u>
	<u>\$ 18,590,369</u>	<u>\$ 17,627,734</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

5 Accounts payable and accrued liabilities

	2017	2016
Trade payables	\$ 1,297,906	\$ 1,550,818
Salaries and benefits payable	1,049,361	1,040,675
Accrued leaves payable	2,795,769	2,370,236
Other payables and accrued liabilities	<u>1,976,549</u>	<u>2,527,231</u>
	<u>\$ 7,119,585</u>	<u>\$ 7,488,960</u>

6 Employee future benefits

(a) Pension benefits:

The College and its employees contribute to the College Pension Plan and the 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, 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.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2015, indicated a \$67 million surplus for basic pension benefits. The next valuation will be as at 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. The next valuation will be as at 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 \$2,162,592 for employer contributions to the plans in fiscal 2017 (2016: \$2,101,441).

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

6 Employee future benefits (continued)

(b) Other benefits:

	2017	2016
Severance	\$ 318,902	\$ 201,467
Accumulated sick leave benefit	<u>63,000</u>	<u>66,000</u>
	<u>\$ 381,902</u>	<u>\$ 267,467</u>

(i) The College provides severance benefits to eligible employees based on eligibility, years of service, and final salary.

(ii) Employees of the College are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Sick leave credits accumulate for employees of the College, as they render services they earn the right to the sick leave benefit. The College recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits. The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation.

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

	2017	2016
Discount rates	2.00%	2.00%
Expected wage and salary increases	2.75%	2.75%

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

7 Deferred contributions

Deferred contributions are comprised of funds for restricted uses including special programs, facilities and research. Changes in the deferred contribution balances are as follows:

	2017		
	Land Sale	Other	Total
Balance, beginning of year	\$ 3,961,144	\$ 6,784,613	\$ 10,745,757
Contributions received	-	4,318,746	4,318,746
Revenue recognized	-	<u>(4,412,821)</u>	<u>(4,412,821)</u>
Balance, end of year	<u>\$ 3,961,144</u>	<u>\$ 6,690,538</u>	<u>\$ 10,651,682</u>

	2016		
	Land Sale	Other	Total
Balance, beginning of year	\$ 3,961,144	\$ 6,872,834	\$ 10,833,978
Contributions received	-	3,872,751	3,872,751
Revenue recognized	-	<u>(3,960,972)</u>	<u>(3,960,972)</u>
Balance, end of year	<u>\$ 3,961,144</u>	<u>\$ 6,784,613</u>	<u>\$ 10,745,757</u>

In 2012/13, the College sold 11.164 acres of land to the Vancouver Island Health Authority for \$4,030,114. Use of the sale proceeds is restricted under the College and Institute Act. The proceeds, net of land costs of \$68,970, have been recorded as deferred contributions until permission to use the funds for acquisition of specific capital assets is granted.

8 Deferred capital contributions

Funding contributions for tangible capital assets are referred to as deferred capital contributions. Amounts are recognized into revenue as the asset is amortized over the useful life of the asset. Treasury Board specifies this accounting treatment as disclosed in note 2. Changes in the deferred capital contributions balance are as follows:

	2017	2016
Balance, beginning of year	\$ 22,763,490	\$ 22,439,443
Contributions received and expended on tangible capital assets	2,597,694	2,179,359
Revenue recognized from deferred capital contributions	<u>(2,073,203)</u>	<u>(1,855,312)</u>
Balance, end of year	<u>\$ 23,287,981</u>	<u>\$ 22,763,490</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

9 Tangible capital assets

Cost	Mar 31, 2016	Additions	Disposals/Transfers	Mar 31, 2017
Land	\$ 457,919	\$ -	\$ -	\$ 457,919
Site improvements	2,306,379	98,554	-	2,404,933
Buildings	57,133,104	706,022	-	57,839,126
Furniture & equipment	4,215,697	560,029	(523,256)	4,252,470
Software & licences	59,638	-	(4,694)	54,944
Computer equipment	1,130,774	173,446	(192,050)	1,112,170
Leasehold improvements	19,674	-	57,495	77,169
Vehicles	335,333	35,909	(7,287)	363,955
Library books	504,514	41,849	(51,146)	495,217
Assets under construction	27,622	221,547	(57,495)	191,674
Total	\$ <u>66,190,654</u>	\$ <u>1,837,356</u>	\$ <u>(778,433)</u>	\$ <u>67,249,577</u>

Accumulated amortization	Mar 31, 2016	Amortization	Disposals	Mar 31, 2017
Site improvements	\$ 1,857,733	\$ 164,258	\$ -	\$ 2,021,991
Buildings	34,322,034	1,577,647	-	35,899,681
Furniture & equipment	2,271,612	736,642	(518,472)	2,489,781
Software & licences	39,265	8,206	(4,694)	42,777
Computer equipment	560,907	183,587	(192,050)	552,444
Leasehold improvements	2,388	13,629	-	16,017
Vehicles	73,724	66,208	(7,287)	132,645
Library books	280,750	43,982	(51,146)	273,586
Total	\$ <u>39,408,412</u>	\$ <u>2,794,159</u>	\$ <u>(773,649)</u>	\$ <u>41,428,922</u>

	Net Book Value Mar 31, 2016	Net Book Value Mar 31, 2017
Land	\$ 457,919	\$ 457,919
Site improvements	448,646	382,942
Buildings	22,811,070	21,939,445
Furniture & equipment	1,944,085	1,762,689
Software & licences	20,373	12,167
Computer equipment	569,867	559,726
Leasehold improvements	17,286	61,152
Vehicles	261,609	231,310
Library books	223,764	221,631
Assets under construction	27,622	191,674
Total	\$ <u>26,782,242</u>	\$ <u>25,820,655</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

9 Tangible capital assets (continued)

Cost	Mar 31, 2015	Additions	Disposals/Transfers	Mar 31, 2016
Land	\$ 457,919	\$ -	\$ -	\$ 457,919
Site improvements	2,306,379	-	-	2,306,379
Buildings	56,507,042	403,582	222,480	57,133,104
Furniture & equipment	3,589,950	1,010,314	(384,567)	4,215,697
Software & licences	162,518	4,482	(107,362)	59,638
Computer equipment	883,898	384,802	(137,926)	1,130,774
Leasehold improvements	6,333	13,341	-	19,674
Vehicles	145,776	189,557	-	335,333
Library books	551,067	42,227	(88,780)	504,514
Assets under construction	-	250,102	(222,480)	27,622
Total	\$ <u>64,610,882</u>	\$ <u>2,298,407</u>	\$ <u>(718,635)</u>	\$ <u>66,190,654</u>

Accumulated amortization	Mar 31, 2015	Amortization	Disposals	Mar 31, 2016
Site improvements	\$ 1,644,684	\$ 213,048	\$ -	\$ 1,857,733
Buildings	32,794,199	1,527,835	-	34,322,034
Furniture & equipment	2,025,765	630,414	(384,567)	2,271,611
Software & licences	135,713	10,914	(107,362)	39,265
Computer equipment	548,443	150,390	(137,926)	560,907
Leasehold improvements	1,293	1,095	-	2,388
Vehicles	41,118	32,606	-	73,724
Library books	324,441	45,089	(88,780)	280,750
Total	\$ <u>37,515,656</u>	\$ <u>2,611,391</u>	\$ <u>(718,635)</u>	\$ <u>39,408,412</u>

	Net Book Value Mar 31, 2015	Net Book Value Mar 31, 2016
Land	\$ 457,919	\$ 457,919
Site improvements	661,695	448,646
Buildings	23,712,843	22,811,070
Furniture & equipment	1,564,185	1,944,086
Software & licences	26,805	20,373
Computer equipment	335,455	569,867
Leasehold improvements	5,040	17,286
Vehicles	104,658	261,609
Library books	226,626	223,764
Assets under construction	-	27,622
Total	\$ <u>27,095,225</u>	\$ <u>26,782,242</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

9 Tangible capital assets (continued)

(a) Assets under construction

Assets under construction having a value of \$191,673 (2016: \$27,622) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

10 Financial risk management

The College is potentially exposed to credit risk, liquidity risk, foreign exchange risk and interest rate risk from the entity's financial instruments. Qualitative and quantitative analysis of the significant risks from the College's financial instruments is provided below by type of risk.

(a) Credit risk

Credit risk primarily arises from the College's cash and cash equivalents, accounts receivable and portfolio investments. The risk exposure is limited to their varying amounts at the date of the statement of financial position.

Accounts receivable primarily consist of amounts receivable from government organizations, students, clients and sponsors. To reduce the risk, the College regularly reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2017 the amount of allowance for doubtful debts was \$135,451 (2016: \$118,181), as these accounts receivable are deemed by management not to be collectible. The College historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

(b) Market and interest rate risk

Market risk is the risk that changes in market prices and inputs, such as interest rates, will affect the College's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

The College manages market risk by holding cash balances with a top rated Canadian Schedule I financial institution. The portfolio investments are professionally managed following the investment program which is approved by the College's Board of Governors and consistent with the requirements of the College and Institute Act. The College periodically reviews its investments and is satisfied that the portfolio investments are being managed in accordance with the investment program.

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

10 Financial risk management (continued)

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

It is management's opinion that the College is not exposed to significant market or interest rate risk arising from its financial instruments.

(c) 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 manages liquidity risk by continually monitoring actual and forecasted cash flows from operations, anticipated investing, and financial activities to ensure that its financial obligations are met.

(d) Foreign exchange risk

The College has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant. The foreign currency financial instruments are short-term in nature and do not give rise to significant foreign currency risk.

11 Contractual obligations

The nature of the College's activities can result in multiyear contracts and obligations whereby the College will be committed to make future payments. Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	Port Alberni Campus	Port Hardy Campus	Total
2018	\$ 112,642	\$ 121,322	\$ 233,964
2019	-	118,752	118,752
2020	-	118,752	118,752
2021	-	118,752	118,752
2022	-	49,480	49,480
Total lease obligations	<u>\$ 112,642</u>	<u>\$ 527,058</u>	<u>\$ 639,700</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2017

12 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. In the event that any such claims or litigation are resolved against the College, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of the College. At March 31, 2017 there are no outstanding claims.

13 Related parties

North Island College Foundation is a not-for-profit organization and a registered charity under the Income Tax Act. The Foundation was created to enhance the delivery of North Island College's programs and services by raising funds to provide scholarships and bursaries, and to support various College projects. Although there is no common control of the organizations through the Board appointment or other forms of control, the Foundation is related to the College by virtue of holding resources which are to be used to provide support to students attending the College. Transactions with the Foundation were recorded at the exchange amount.

At March 31, 2017, accounts payable of the College included \$140,394 (2016: \$867,859) due to the Foundation.

	2017	2016
Bursaries	\$ 291,037	\$ 261,955
Donations and other	86,547	45,778
Gifts-in-kind	<u>19,409</u>	<u>8,764</u>
Foundation contributions to the College	<u>\$ 396,993</u>	<u>\$ 316,497</u>
College contributions to the Foundation	<u>\$ 170,500</u>	<u>\$ 857,000</u>

14 Comparative Information

Certain comparative information has been reclassified to conform with the current year's financial statement presentation.

North Island College
Schedule 1 - Schedule of Expenses by Object
For the year ended March 31, 2017 with comparative information for 2016

Expenses	Budget 2017	2017	2016
Salaries and benefits	\$ 29,227,446	\$ 28,905,816	\$ 28,117,903
Other personnel costs	615,216	823,713	564,951
Advertising and promotion	455,895	611,550	541,797
Books and periodicals	235,119	255,792	195,114
Cost of goods sold	999,150	1,128,570	1,012,026
Equipment costs	886,305	1,708,259	1,297,554
Facility costs	2,429,929	2,740,941	2,392,597
Financial service charges	182,560	208,764	184,525
General fees and services	1,091,035	1,384,243	1,161,820
Student awards	607,180	684,575	670,597
Supplies and general expenses	867,210	861,972	723,804
Travel	686,486	667,016	570,144
Grant transfers	200,000	213,149	221,426
Donations to NIC Foundation	-	170,500	857,000
Amortization of tangible capital assets	<u>2,763,000</u>	<u>2,794,159</u>	<u>2,611,391</u>
	<u>\$ 41,246,531</u>	<u>\$ 43,159,019</u>	<u>\$ 41,122,649</u>