

Audited Financial Statements of

**CAMOSUN COLLEGE**

Year ended March 31, 2005

# **CAMOSUN COLLEGE**

Audited Financial Statements

Year ended March 31, 2005

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## **AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF CAMOSUN COLLEGE**

We have audited the statement of financial position of Camosun College as at March 31, 2005 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the College's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Victoria, Canada

May 13, 2005

**CAMOSUN COLLEGE**

Statement of Financial Position

March 31, 2005, with comparative figures for 2004

**STATEMENT 1**

	Operating Fund	Ancillary Services Fund	Self Funded Profits Fund	Capital Fund	2005 Total	2004 Total
<b>Assets</b>						
Cash	\$ 9,543,571	423,408	-	-	9,966,979	8,474,467
Accounts receivable	2,687,154	761,792	-	-	3,448,946	2,971,326
Inventories	-	596,210	-	-	596,210	680,960
Prepaid expenses	120,996	-	-	-	120,996	117,587
Capital assets (note 2)	-	-	-	80,694,575	80,694,575	82,145,800
	\$ 12,351,721	1,781,410	-	80,694,575	94,827,706	94,390,140
<b>Liabilities</b>						
Interfund balances	\$ 797,098	1,494,400	(1,347,616)	(943,882)	-	-
Accounts payable and accrued liabilities (note 3)	9,401,774	287,010	-	-	9,688,784	10,986,465
Revenue received in advance	4,925,320	-	-	-	4,925,320	2,657,452
Deferred capital contributions (note 4)	-	-	-	65,759,444	65,759,444	68,979,427
	15,124,192	1,781,410	(1,347,616)	64,815,562	80,373,548	82,623,344
<b>Fund Balances</b>						
Invested in capital assets	-	-	-	15,879,013	15,879,013	14,465,499
Unrestricted	1,180,821	-	1,347,616	-	2,528,437	2,397,786
	1,180,821	-	1,347,616	15,879,013	18,407,450	16,863,285
Unfunded accrued payroll benefits (note 3)	(3,953,292)	-	-	-	(3,953,292)	(5,096,489)
	\$ 12,351,721	1,781,410	-	80,694,575	94,827,706	94,390,140

See accompanying notes to financial statements.

Approved: *Peter Wray* Chairman

*Peter Louie* Chief Financial Officer

# CAMOSUN COLLEGE

## Statement of Operations and Changes in Fund Balances

## STATEMENT 2

Year ended March 31, 2005, with comparative figures for 2004

	Operating Fund	Ancillary Services Fund	Self Funded Profits Fund	Capital Fund	2005 Total	2004 Total
Revenue	\$ 71,159,434	6,134,970	106,324	5,167,975	82,568,703	80,137,712
Expenditure	68,142,989	5,692,104	350,475	6,295,772	80,481,340	76,994,403
Excess (deficiency) of revenue over expenditure	3,016,445	442,866	(244,151)	(1,127,797)	2,087,363	3,143,309
Interfund transfers	(1,409,744)	(442,866)	(88,701)	1,941,311	-	-
Change in unfunded accrued payroll benefits	(1,143,198)	-	-	-	(1,143,198)	(704,239)
Grant for land purchase	-	-	-	600,000	600,000	-
Net change in fund balances	463,503	-	(332,852)	1,413,514	1,544,165	2,439,070
Fund balances, beginning of year	717,318	-	1,680,468	14,465,499	16,863,285	14,424,215
Fund balances, end of year	\$ 1,180,821	-	1,347,616	15,879,013	18,407,450	16,863,285

# CAMOSUN COLLEGE

## Statement of Cash Flows

## STATEMENT 3

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash flows from operating activities:		
Excess of revenue over expenditure	\$ 2,087,363	\$ 3,143,309
Items not involving cash:		
Amortization of capital assets	4,786,472	4,482,815
Amortization of deferred capital contributions	(5,167,975)	(5,793,891)
Gain on disposal of capital assets	-	(5,342)
Net change in non-cash working capital	(1,693,960)	(835,850)
Increase in revenue received in advance	2,267,868	311,571
	2,279,768	1,302,612
Investing and financing activities:		
Deferred capital contributions received	2,547,992	2,155,627
Purchase of capital assets	(3,335,248)	(4,677,728)
	(787,256)	(2,522,101)
Increase (decrease) in cash	1,492,512	(1,219,489)
Cash, beginning of year	8,474,467	9,693,956
Cash, end of year	\$ 9,966,979	\$ 8,474,467

See accompanying notes to financial statements.

# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2005

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Camosun College (the "College") is a post-secondary educational institution funded by the Province of British Columbia (the "Province") and incorporated under the College and Institute Act of British Columbia. The British Columbia Ministry of Advanced Education provides the principal source of funding. The College is exempt from income tax under the Income Tax Act.

### 1. Significant accounting policies:

#### (a) Fund accounting:

The financial statements of the College have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The resources and operation of the College are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it.

The Operating Fund accounts for the instructional, administrative and other operational costs financed by grants, tuition fees and other general income. It also records the related assets, liabilities and net assets.

The Ancillary Services Fund accounts for funds received and expended in operating the College bookstore and providing food services, parking, daycare and recreation.

The Self Funded Profits Fund accounts for the share of profits generated from entrepreneurial activities, which are retained by the school or departments that delivered the activity.

The Capital Fund accounts for funds received and expended for the acquisition of capital assets.

#### (b) Capital assets:

Capital assets are recorded at cost other than donated assets, which are recorded at their estimated fair market value upon receipt.

The following assets are amortized on a straight-line basis over their estimated useful life.

Category	Rate
Buildings	20 to 40 years
Furniture, fixtures, equipment and computers	5 years

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# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2005

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## 1. Significant accounting policies (continued):

### (b) Capital assets (continued):

Artwork is recorded at cost and is not subject to amortization.

On July 14, 1983 certain land was transferred to the College by order of the Lieutenant-Governor in Council. These assets have been recorded at a nominal value of \$1. Title to the assets is transferred subject to their continued use for educational purposes.

### (c) Inventories:

Inventories for resale are valued at the lower of cost and net realizable value.

### (d) Revenue recognition:

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fee for services revenues and expenditures are recognized as activities are performed, using the percentage of completion method. The zero profit margin method is used when a contract's financial outcome is not reasonably determinable. This method of accounting requires that equal amounts of revenue and cost be recognized until the financial outcome of a contract can be reasonably estimated. Provision for all anticipated losses is made in the period in which they become evident.

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Contributions for capital assets that will not be amortized, such as land, are not transferred to unamortized deferred capital contributions or recognized as revenue, but are recorded as direct increase in fund balance in the period the asset is acquired. Capital donations of depreciable assets are recorded at fair value when a fair value can be reasonably estimated.

Unamortized deferred capital contributions are recognized as revenue on the same basis as the related capital assets are amortized.



# CAMOSUN COLLEGE

## Notes to Financial Statements

Year ended March 31, 2005

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

(e) Unfunded accrued payroll benefits:

Accrued liabilities (note 3) for holiday pay and sick leave are recorded as unfunded as they will be funded from future operations.

(f) Employee future benefits:

The College and its employees make contributions to the provincial College and Municipal Pension Plans. These contributions are expensed as incurred.

Sick leave benefits are available to certain College employees. The cost of this benefit is actuarially determined based on service and best estimates of retirement ages and other factors. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn future benefits.

(g) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the year. Significant areas requiring the use of management estimates relate to the determination of the useful lives of capital assets for amortization, the amortization of related deferred capital contributions, determination of employee future benefits, and provisions for contingencies. Actual results could differ from these estimates.

### 2. Capital assets:

			2005	2004
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 14,484,612	\$ -	\$ 14,484,612	\$ 13,253,589
Buildings	86,911,987	28,008,128	58,903,859	61,441,863
Artwork	71,417	-	71,417	71,417
Furniture, fixtures, equipment and computers	46,933,235	39,698,548	7,234,687	7,378,931
	<u>\$ 148,401,251</u>	<u>\$ 67,706,676</u>	<u>\$ 80,694,575</u>	<u>\$ 82,145,800</u>

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2005

## 2. Capital assets (continued):

The insurance on College property is the responsibility of the Province, which paid \$52,221 for premiums and fees on behalf of the College for the coverage. The \$52,221 is not recorded in the financial transactions of the College or in these financial statements. All claims for loss of College property have to be submitted to the Province for consideration for replacement. The College has no direct insurance coverage against loss of any of its capital assets.

## 3. Accounts payable and accrued liabilities:

	2005	2004
General:		
Trade payables and accrued liabilities	\$ 4,885,826	\$ 5,102,073
Professional development	849,666	787,903
	<u>5,735,492</u>	<u>5,889,976</u>
Unfunded accrued payroll benefits:		
Holiday pay	2,417,811	2,516,976
Sick leave	1,535,481	2,579,513
	<u>3,953,292</u>	<u>5,096,489</u>
	<u>\$ 9,688,784</u>	<u>\$ 10,986,465</u>

## 4. Deferred capital contributions:

Deferred capital contributions reported in the Capital Fund include deferred and unamortized capital contributions.

The changes for the year are as follows:

	Deferred	Unamortized	2005	2004
Opening balance	\$ 1,299,126	\$ 67,680,301	\$ 68,979,427	\$ 72,617,691
Restricted contributions received	2,547,992	-	2,547,992	2,155,627
Contributions spent	(2,303,236)	2,303,236	-	-
Amounts amortized to revenue	-	(5,167,975)	(5,167,975)	(5,793,891)
Amounts transferred to investment in capital assets	(600,000)	-	(600,000)	-
Closing balance	<u>\$ 943,882</u>	<u>\$ 64,815,562</u>	<u>\$ 65,759,444</u>	<u>\$ 68,979,427</u>

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2005

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## **5. Employee future benefits:**

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The Boards of Trustees for these plans represent plan members and employers and are responsible for overseeing the management of their respective pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The College Pension Plan has over 10,000 active members from college senior administration and instructional staff and approximately 2,600 retired members. The Municipal Pension Plan has about 130,000 active members, with approximately 5,000 contributors from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2003 indicated an unfunded liability of \$50 million for basic pension benefits. The next valuation will be as at August 31, 2006 with results available in 2007. The most recent valuation for the Municipal Pension Plan as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. Camosun College paid \$889,234 for employer contributions to the Municipal Plan and \$2,277,719 for employer contributions to the College Plan in the current year.

## **6. Related organization:**

The College has an economic interest in 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 tax exempt society formed to raise funds for furthering the interests of the College and to provide scholarships and bursaries for students of the College.

The College provides some financial support to the Foundation. During the year \$250,000 was provided to the Foundation to assist in providing scholarships and bursaries. A further \$140,000 was provided to cover a portion of the Foundation's administrative costs.

For the year ended March 31, 2005, the Foundation donated assets to the College in the amount of \$64,990 (2004 - \$138,255). Included in the College's accounts receivable at March 31, 2005 is \$66,931 (2004 - \$80,369) due from the Foundation.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2005

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**7. Commitments:**

Operating leases:

The following future minimum lease payments under operating leases are due for the years ending March 31:

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2006	\$	528,996
2007		528,996
2008		528,996
2009		440,830

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**8. Fair value of financial instruments:**

The carrying value of the College's cash, receivables and payables approximate their fair value due to the relatively short periods to maturity of the instruments.

**9. Comparative figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.



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## **AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION TO THE BOARD OF GOVERNORS OF CAMOSUN COLLEGE**

We have audited and reported separately herein on the financial statements of Camosun College as at and for the year ended March 31, 2005.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The current year's supplementary information included in Schedules A through C is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chartered Accountants

Victoria, Canada

May 13, 2005

# CAMOSUN COLLEGE

## Operating Fund Operations and Fund Balance

### SCHEDULE A

Year ended March 31, 2005, with comparative figures for 2004

	Profile Operations	Continuing Education	International Education	Contracts and Self Funded	Expanded Capacity	2005 College Total	2004 College Total
<b>Revenue:</b>							
Grants	\$ 42,952,482	-	-	680,880	34,409	43,667,771	42,721,352
Tuition	10,819,290	2,364,612	5,848,250	110,300	777,314	19,919,766	18,577,193
Fee for services	-	2,050	671,124	4,343,818	10,000	5,026,992	4,176,875
Goods and services	917,634	3,109	78,207	319,619	-	1,318,569	987,723
Other	857,384	29,765	162,285	176,902	-	1,226,336	1,770,035
<b>Total revenue</b>	<b>55,546,790</b>	<b>2,399,536</b>	<b>6,759,866</b>	<b>5,631,519</b>	<b>821,723</b>	<b>71,159,434</b>	<b>68,233,178</b>
<b>Expenditure:</b>							
Salaries and benefits	50,415,052	1,531,712	3,580,723	3,638,004	743,618	59,909,109	57,629,464
Non-personnel	3,525,083	733,293	2,180,841	1,716,558	78,105	8,233,880	7,051,221
<b>Total expenditure</b>	<b>53,940,135</b>	<b>2,265,005</b>	<b>5,761,564</b>	<b>5,354,562</b>	<b>821,723</b>	<b>68,142,989</b>	<b>64,680,685</b>
<b>Excess of revenue over expenditure</b>	<b>1,606,655</b>	<b>134,531</b>	<b>998,302</b>	<b>276,957</b>	<b>-</b>	<b>3,016,445</b>	<b>3,552,493</b>
Transfer from Ancillary Services Fund	349,084	-	-	-	-	349,084	342,515
Transfers to Capital Fund	(1,465,620)	(25,341)	-	(109,385)	(8,252)	(1,608,598)	(2,353,393)
Transfers to Self Funded Profits Fund	-	(78,576)	-	(71,654)	-	(150,230)	(658,031)
<b>Change in unfunded accrued payroll benefits</b>	<b>(1,143,198)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,143,198)</b>	<b>(704,239)</b>
	<b>(2,259,734)</b>	<b>(103,917)</b>	<b>-</b>	<b>(181,039)</b>	<b>(8,252)</b>	<b>(2,552,942)</b>	<b>(3,373,148)</b>
<b>Net change in fund balance</b>	<b>\$ (653,079)</b>	<b>30,614</b>	<b>998,302</b>	<b>95,918</b>	<b>(8,252)</b>	<b>463,503</b>	<b>179,345</b>
<b>Fund balance, beginning of year</b>						<b>717,318</b>	<b>537,973</b>
<b>Fund balance, end of year</b>						<b>\$ 1,180,821</b>	<b>717,318</b>

# CAMOSUN COLLEGE

Ancillary Services Fund  
Operations and Fund Balance

## SCHEDULE B

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
	College Total	College Total
Revenue:		
Grants	95,580	94,871
Fee for services	50,500	33,092
Goods and services	5,063,600	5,128,987
Other	925,290	803,232
<u>Total revenue</u>	<u>6,134,970</u>	<u>6,060,182</u>
Expenditure:		
Salaries and benefits	2,051,290	1,941,656
Non-personnel	412,171	470,946
Cost of goods sold	3,228,643	3,191,325
<u>Total expenditure</u>	<u>5,692,104</u>	<u>5,603,927</u>
Excess (deficiency) of revenue over expenditure	442,866	456,255
Transfer from (to) Operating Fund	(349,084)	(342,515)
Transfer to Capital Fund	(93,782)	(113,740)
Net change in fund balance, being fund balance at end of year	\$ -	\$ -

# CAMOSUN COLLEGE

Capital Fund  
Operations and Fund Balance

## SCHEDULE C

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Revenue:		
Amortization of deferred capital contributions	\$ 5,167,975	\$ 5,793,891
Expenditure:		
Amortization of capital assets	4,786,472	4,482,815
Cyclical maintenance	1,509,300	1,966,034
Gain on disposal of capital assets	-	(5,342)
	6,295,772	6,443,507
Excess of expenditure over revenue	(1,127,797)	(649,616)
Transfer from Operating Fund	1,608,598	2,308,195
Grant for land purchase	600,000	-
Transfer from Self-Funded Profit Fund	238,931	45,198
Transfer from Ancillary Services Fund	93,782	113,740
Net change in fund balance	1,413,514	1,817,517
Fund balance, beginning of year	14,465,499	12,647,982
Fund balance, end of year	\$ 15,879,013	\$ 14,465,499