

EM|LY CARR |NSTITUTE

ART + DESIGN + MEDIA

FINANCIAL STATEMENTS

March 31, 2005

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AUDITORS' REPORT

To the Members of the Board of
Emily Carr Institute of Art and Design

We have audited the statement of financial position of Emily Carr Institute of Art and Design 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 Institute'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 Institute as at March 31, 2005 and the results of its operations and changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In our opinion, these principles have been applied on a consistent basis with that of the preceding year.

Vancouver, B.C.
May 11, 2005

"D&H Group LLP"

Chartered Accountants

Emily Carr Institute of Art and Design

STATEMENT OF FINANCIAL POSITION

March 31, 2005

	Operating Fund	Special Purpose Fund	Contingency Fund	Capital Fund	Building Leases Fund	GNW Campus Trust Fund	Trust Fund	Total 2005	Total 2004
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	\$ 88,935	\$ 12,292	\$ -	\$ 360,890	\$ -	\$ 14,091	\$ 365,565	\$ 841,773	\$ 833,686
Short-term investments (Note 4)	-	-	-	-	-	-	300,000	300,000	1,272,833
Accounts receivable	637,260	2,645	-	561,609	23,560	57,156	43,111	1,325,341	567,368
Interfund balances	-	1,043,800	409,522	-	-	-	63,878	1,517,200	2,346,867
Prepaid expenses	87,078	-	-	-	161,190	5,559	-	253,827	209,497
Inventory - supplies	11,630	-	-	-	-	-	-	11,630	22,233
	824,903	1,058,737	409,522	922,499	184,750	76,806	772,554	4,249,771	5,252,484
LONG-TERM INVESTMENTS (Note 5)	3,561,774	149,474	-	-	-	-	2,304,378	6,015,626	3,618,931
INVESTMENT IN GNW CAMPUS TRUST	356,250	-	-	-	-	-	-	356,250	-
PROPERTY, PLANT AND EQUIPMENT (Note 6)	-	-	-	19,669,379	-	11,689,849	969,784	32,329,012	31,136,819
	\$ <u>4,742,927</u>	\$ <u>1,208,211</u>	\$ <u>409,522</u>	\$ <u>20,591,878</u>	\$ <u>184,750</u>	\$ <u>11,766,655</u>	\$ <u>4,046,716</u>	\$ <u>42,950,659</u>	\$ <u>40,008,234</u>
LIABILITIES AND FUND BALANCES									
CURRENT LIABILITIES									
Accounts payable and accrued liabilities (Note 7)	\$ 2,420,237	\$ 175,041	\$ -	\$ -	\$ 21,268	\$ 298,309	\$ -	\$ 2,914,855	\$ 1,874,652
Deferred tuition	604,360	-	-	-	-	-	-	604,360	541,237
Interfund balances	1,117,780	-	-	323,680	75,740	-	-	1,517,200	2,346,867
Bank loan (Note 8)	-	-	-	-	-	726,887	-	726,887	836,394
Current portion of long-term debt (Note 9)	19,925	-	-	-	-	-	-	19,925	-
	4,162,302	175,041	-	323,680	97,008	1,025,196	-	5,783,227	5,599,150
LONG-TERM DEBT (Note 9)	179,325	-	-	-	-	2,569,863	-	2,749,188	2,506,288
DEFERRED CONTRIBUTIONS (Schedule A)	-	1,033,170	409,522	20,268,198	-	8,171,596	6,127	29,888,613	28,754,030
	<u>4,341,627</u>	<u>1,208,211</u>	<u>409,522</u>	<u>20,591,878</u>	<u>97,008</u>	<u>11,766,655</u>	<u>6,127</u>	<u>38,421,028</u>	<u>36,859,468</u>
FUND BALANCES									
Externally restricted – Trust (Schedule B)	-	-	-	-	-	-	3,925,530	3,925,530	2,645,752
Internally restricted	157,000	-	-	-	87,742	-	115,059	359,801	275,722
Unrestricted (Note 10)	244,300	-	-	-	-	-	-	244,300	227,292
	401,300	-	-	-	87,742	-	4,040,589	4,529,631	3,148,766
	\$ <u>4,742,927</u>	\$ <u>1,208,211</u>	\$ <u>409,522</u>	\$ <u>20,591,878</u>	\$ <u>184,750</u>	\$ <u>11,766,655</u>	\$ <u>4,046,716</u>	\$ <u>42,950,659</u>	\$ <u>40,008,234</u>
COMMITMENTS (Note 12)									
CONTINGENCIES (Note 13)									

“Robert Inkster”

Robert Inkster, Chair
Board of Governors

“Michael A. Clifford”

Michael A. Clifford, Vice-President
Finance and Administrative Services

Emily Carr Institute of Art and Design

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended March 31, 2005

	Operating Fund	Special Purpose Fund	Contingency Fund	Capital Fund	Building Leases Fund	GNW Campus Trust Fund	Trust Fund	Total 2005	Total 2004
REVENUES									
Grants									
Province of British Columbia	\$ 9,953,962	\$ -	\$ -	\$ -	\$ 294,586	\$ -	\$ -	\$ 10,248,548	\$ 10,170,374
Federal Government	13,333	-	-	-	-	-	-	13,333	-
Tuition fees	6,453,020	-	-	-	-	-	-	6,453,020	5,637,943
Amortization of deferred contributions	-	872,828	350,000	1,242,382	-	359,046	11,583	2,835,839	2,070,801
Gifts, grants and bequests	-	-	-	-	-	-	89,835	89,835	132,892
Interest	137,490	-	-	-	-	-	4,833	142,323	143,372
Budget equalization allocation	350,000	-	(350,000)	-	-	-	-	-	-
Miscellaneous	274,436	-	-	-	-	-	-	274,436	684,873
Rental	-	-	-	-	-	267,168	-	267,168	-
	<u>17,182,241</u>	<u>872,828</u>	<u>-</u>	<u>1,242,382</u>	<u>294,586</u>	<u>626,214</u>	<u>106,251</u>	<u>20,324,502</u>	<u>18,840,255</u>
EXPENSES									
Academic (Schedule C)	8,115,501	-	-	-	-	-	-	8,115,501	7,758,905
Administrative and support (Schedule D)	8,723,694	598,036	-	-	-	626,214	-	9,947,944	8,762,799
Building leases	-	-	-	-	358,770	-	-	358,770	288,453
Amortization of property, plant and equipment	-	-	-	1,242,382	-	-	-	1,242,382	1,235,235
Student bursaries	94,825	-	-	-	-	-	111,127	205,952	192,253
	<u>16,934,020</u>	<u>598,036</u>	<u>-</u>	<u>1,242,382</u>	<u>358,770</u>	<u>626,214</u>	<u>111,127</u>	<u>19,870,549</u>	<u>18,237,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	248,221	274,792	-	-	(64,184)	-	(4,876)	453,953	602,610
ENDOWMENTS, NET OF DISTRIBUTIONS (Schedule B)	-	-	-	-	-	-	1,222,008	1,222,008	534,884
TRANSFER FROM (TO) DEFERRED CONTRIBUTIONS	-	-	(409,522)	(42,574)	-	-	-	(452,096)	(562,472)
GNW CAMPUS TRUST INVESTMENT GRANT	157,000	-	-	-	-	-	-	157,000	-
INTERFUND TRANSFER (Note 11)	(231,213)	(274,792)	409,522	42,574	(45)	-	53,954	-	-
FUND BALANCES, beginning of year	<u>227,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,971</u>	<u>-</u>	<u>2,769,503</u>	<u>3,148,766</u>	<u>2,573,744</u>
FUND BALANCES, end of year	\$ <u>401,300</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>87,742</u>	\$ <u>-</u>	\$ <u>4,040,589</u>	\$ <u>4,529,631</u>	\$ <u>3,148,766</u>

Emily Carr Institute of Art and Design

STATEMENT OF CASH FLOWS

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 453,953	\$ 602,610
Adjustments to reconcile net cash provided by operating activities		
Amortization of property, plant and equipment	1,242,382	1,235,235
Amortization of deferred contributions	(2,835,839)	(2,070,801)
Decrease (increase) in		
Accounts receivable	(757,972)	3,903
Inventory	10,603	(5,312)
Prepaid expenses	(44,330)	(25,159)
Increase (decrease) in		
Accounts payable and accrued liabilities	1,040,203	(452,289)
Deferred tuition	<u>63,123</u>	<u>124,114</u>
	<u>(827,877)</u>	<u>(587,699)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net addition to endowment	1,222,008	534,884
Long-term debt borrowing (repayment)	262,825	(63,575)
Bank loan borrowing (repayment)	<u>(109,507)</u>	<u>836,394</u>
	<u>1,375,326</u>	<u>1,307,703</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale (purchase) of short-term investments	972,833	(696,159)
Purchase (sale) of long-term investments	(2,396,695)	(6,291)
Investment in GNW Campus Trust	(356,250)	-
GNW investment grant	157,000	-
Deferred capital contributions	3,518,325	969,326
Purchase of property, plant and equipment	<u>(2,434,575)</u>	<u>(1,050,889)</u>
	<u>(539,362)</u>	<u>(784,013)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	8,087	(64,009)
CASH AND CASH EQUIVALENTS, beginning of year	<u>833,686</u>	<u>897,695</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u><u>841,773</u></u>	\$ <u><u>833,686</u></u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF		
Cash	\$ 642,331	\$ 445,621
Cash equivalents	<u>199,442</u>	<u>388,065</u>
	\$ <u><u>841,773</u></u>	\$ <u><u>833,686</u></u>

Emily Carr Institute of Art and Design

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

1. NATURE OF OPERATIONS

Emily Carr Institute of Art and Design (the "Institute") is a post-secondary educational institution funded by the British Columbia Provincial Government and incorporated under the Colleges and Institute Act. The Institute was established to provide education and training in the visual arts, communication and industrial design and media communication.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The resources of the Institute are classified for accounting and reporting purposes into funds according to the activities or objectives specified. Funds which have similar characteristics have been combined into seven funds – Operating Fund, Special Purpose Fund, Designated Surplus Fund, Capital Fund, Building Leases Fund, GNW Campus Trust Fund and Trust Fund.

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 surplus.

The Special Purpose Fund accounts for grants received and expended for specific projects which were originated by the Institute.

The Contingency Fund accounts for excess operating revenue designated for future Institute contingencies.

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

The Building Leases Fund accounts for the expenditure in servicing long-term leases.

The GNW Campus Trust Fund accounts for the Institute's 25% interest in the Great Northern Way Campus Trust presented in a proportionate consolidated basis.

GNW Campus Trust is an equal share joint venture between the Institute, British Columbia Institute of Technology, University of British Columbia, and Simon Fraser University. The purpose of the joint venture is to develop an integrated, learning-centered campus with a high-technology focus, supported by new media and telecommunications technologies.

The Trust Fund accounts for the loans made to students by the Institute, bursaries distributed by the Institute in accordance with donor requests and management of endowed funds.

Revenue recognition

The Institute follows the deferral method of recognizing contributions. Under this method, restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred, and unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received which are restricted to the acquisition of capital assets are deferred and recognized as revenue on the same basis as the amortization is calculated on the cost of the capital assets.

According to the guidelines established by the Ministry of Finance as applicable to Colleges and Institutes, base funding is considered unrestricted and all other funding restricted.

Short-term investments

Short-term investments are recorded at cost plus accrued interest. The carrying value of short-term investments approximate their market value.

Emily Carr Institute of Art and Design

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventory

Inventory is recorded at the lower of cost or net realizable value.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is provided after the year of purchase on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Buildings	-	40 years
Equipment	-	5 years
Computer	-	3 years
Library	-	10 years

Long-term investments

Long-term investments are recorded at the lower of cost plus accrued interest and market value. The Institute provides for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No provisions for impairment losses with respect to these investments have been made to date.

Tuition fees

The portion of tuition fees received for terms subsequent to March 31, 2005 are recorded as deferred revenue.

Vacation pay, accumulated gratuity days and banked time

Vacation pay, gratuity days and banked time pay entitlements are accrued as they are earned by the employee. Anticipated funding to settle these obligations has not been recorded in these financial statements.

Foreign currency transactions

Monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the year-end. Revenues and expenses are translated throughout the year at the exchange rate prevailing at the date of receipt of payment. All exchange gains and losses are included in the determination of operating revenues or expenditures for the year.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Actual results could differ from those estimates.

Cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into cash. As at March 31, 2005, cash equivalents amount to \$ 199,442 (2004 - \$ 388,065).

3. GNW CAMPUS TRUST

In fiscal year 2002, Emily Carr Institute of Art and Design entered into a Joint Venture with the British Columbia Institute of Technology, University of British Columbia and Simon Fraser University. Joint Venture members participated equally in the control of the Joint Venture.

Emily Carr Institute of Art and Design

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

3. GNW CAMPUS TRUST - continued

On November 15, 2001 the members of the Joint Venture or their foundations each acquired by way of gift from Finning International Inc., an undivided 1/5 legal and beneficial interest in the lands and premises located at 555 and 577 Great Northern Way and 375 East 1st Avenue, Vancouver, British Columbia.

On March 15, 2002, the remaining 1/5 legal and beneficial interest in the Property was sold to the members of the Joint Venture or their foundations in equal undivided interests. Consequently, as at March 31, 2002, each of the four institutions or their foundations held a 25% undivided legal and beneficial interest in the lands and premises described generally as the Great Northern Way Campus. The Institute held its interest in Great Northern Way Campus directly.

On September 15, 2002, the respective beneficial ownership interests in the lands and premises comprising Great Northern Way Campus were transferred to Great Northern Way Campus Ltd. as trustee for Great Northern Way Campus Trust (the "Trust"). Great Northern Way Campus Trust is a trust established for Emily Carr Institute of Art and Design, British Columbia Institute of Technology, Simon Fraser University and University of British Columbia as equal beneficiaries. Each of the four institutions is an equal shareholder in Great Northern Way Campus Ltd. and each of them appoints two directors to its board of directors.

The Trust has incurred significant annual operating losses. During the year ended March 31, 2005 the four institutions contributed equity to the Trust totaling \$ 1,425,000, of which the Institute's portion amounted to \$ 356,250. In addition, the four institutions and UBC Properties Trust account for 75% of the Trust's rent and amounts recovered. Accordingly, the Trust's continuance as a going concern is dependent upon the continued support of the four institutions and UBC Properties Trust.

If the going concern basis is not appropriate, adjustments may be necessary in the carrying amounts of the GNW Campus Trust Fund assets, liabilities and expenses in these financial statements and the adjustments could be material.

These financial statements include the Institute's 25% interest in the financial position and net operating results of the Trust, for the year ended March 31, 2005.

4. SHORT-TERM INVESTMENTS

At March 31, 2005, short-term investments are comprised of commercial paper, all of which mature in January 2006 (2004 – mature dates to June 2004) and bear interest at a rate of 2.98% per annum (2004 – 3.51% to 6.95%).

5. LONG-TERM INVESTMENTS

Long-term investments consist of commercial paper with maturities greater than one year from the balance sheet date. All of the long-term investments held at March 31, 2005 mature at various dates to December 2014 (2004 – various maturity dates to June 2013) and bear interest at rates ranging from 3.0% to 6.125% per annum (2004 – 3.02% to 6.95%).

Emily Carr Institute of Art and Design

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

6. PROPERTY, PLANT AND EQUIPMENT

	2005		2004	
	Cost	Accumulated amortization	Net	Net
GNW Campus Trust Fund				
Land and buildings	\$ 11,611,595	\$ -	\$ 11,611,595	\$ 11,718,938
Equipment	<u>78,254</u>	<u>-</u>	<u>78,254</u>	<u>86,986</u>
	<u>11,689,849</u>	<u>-</u>	<u>11,689,849</u>	<u>11,805,924</u>
Capital Fund				
Building	26,971,805	9,715,715	17,256,090	16,576,560
Equipment: general	6,080,861	5,145,948	934,913	798,024
Equipment: computer	3,401,168	2,418,668	982,500	473,811
Library collection	<u>1,251,820</u>	<u>755,944</u>	<u>495,876</u>	<u>512,716</u>
	<u>37,705,654</u>	<u>18,036,275</u>	<u>19,669,379</u>	<u>18,361,111</u>
Trust Fund				
Wosk Art collection	<u>969,784</u>	<u>-</u>	<u>969,784</u>	<u>969,784</u>
	\$ <u>50,365,287</u>	\$ <u>18,036,275</u>	\$ <u>32,329,012</u>	\$ <u>31,136,819</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2005	2004
Operating Fund		
Trade and other	\$ 1,891,659	\$ 718,706
Accrued payroll benefits		
Holiday pay	448,030	416,037
Banked time	4,968	26,047
Gratuity days	<u>75,580</u>	<u>75,046</u>
	\$ <u>2,420,237</u>	\$ <u>1,235,836</u>

8. BANK LOAN

The Great Northern Way Campus Trust is responsible for principal and interest payments on a bank loan in the amount of \$2,907,548. These financial statements reflect the Institute's one-quarter share in the amount of \$726,887. The loan bears interest at rates between prime less 0.75% to prime plus 0.65%.

9. LONG-TERM DEBT

Operating

The debt is unsecured, bears interest at prime plus 1.0%, and is payable over ten years commencing March 31, 2006 at an annual rate of \$ 19,925 exclusive of interest.

GNW Campus Trust

The debt bears interest at the rate of 5.1%. Interest only payments are to be made until the maturity date of October 1, 2007, at which time the debt is due in full. The debt is secured by an assignment of rents earned on the GNW Campus property and a first charge on the land to which it relates.

Emily Carr Institute of Art and Design

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

10. UNRESTRICTED FUND BALANCE – OPERATING FUND

Unrestricted funds available for operations comprise:

	<u>2005</u>	<u>2004</u>
Funds available for operations before accumulated payroll benefit accrual	\$ 929,878	\$ 744,422
Less		
Internally restricted	(157,000)	–
Accrued holiday pay, banked time and gratuity days (Note 7)	<u>(528,578)</u>	<u>(517,130)</u>
	\$ <u><u>244,300</u></u>	\$ <u><u>227,292</u></u>

11. INTERFUND TRANSFERS

	<u>Operating</u>	<u>Special Purpose</u>	<u>Contingency</u>	<u>Capital</u>	<u>Building Leases</u>	<u>Trust</u>
Transfers in/(out)						
First Nations Support	\$ (4,500)	\$ 4,500	\$ –	\$ –	\$ –	\$ –
Great Northern Way development	(100,000)	100,000	–	–	–	–
Canadian Foundation for Innovation – research project	(100,000)	100,000	–	–	–	–
Budget Equalization	–	(409,522)	409,522	–	–	–
First Impressions Auction	–	(57,770)	–	–	–	57,770
Ancillary fees	(26,713)	–	–	26,713	–	–
Prior period interfund adjustment	–	(12,000)	–	15,861	(45)	(3,816)
	\$ <u><u>(231,213)</u></u>	\$ <u><u>(274,792)</u></u>	\$ <u><u>409,522</u></u>	\$ <u><u>42,574</u></u>	\$ <u><u>(45)</u></u>	\$ <u><u>53,954</u></u>

Interfund transfers represent transfers required to fund specific financial activities.

12. COMMITMENTS

Lease premises

The Institute has entered into two leases with respect to land and premises. The leases expire in 2043. Annual lease payments under the leases are currently:

1399 Johnston Street	\$ 247,220
1400 Johnston Street	<u>60,515</u>
	\$ <u><u>307,735</u></u>

The minimum annual rent is adjusted periodically to reflect increases in the Consumer Price Index for Vancouver, British Columbia for the immediately preceding seven year period. As a result, the exact amounts committed under this lease are not readily estimable. In accordance with the terms of the respective lease agreements, in no event shall the minimum annual rent during any period be less than the minimum annual rent in the immediately preceding period.

Emily Carr Institute of Art and Design

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

12. COMMITMENTS - continued

Early retirement

The Institute is committed to paying approximately \$ 333,300 as part of early retirement agreements provided to former employees as follows:

2006	\$	126,800
2007		73,000
2008		52,600
2009		52,600
2010		<u>28,300</u>
	\$	<u>333,300</u>

13. CONTINGENCIES

The Institute is involved in a dispute relating to claims for deficiencies, construction delays and negligence. Legal counsel of the Institute cannot render an opinion as to the ultimate outcome of these proceedings at this time. It is management's opinion that financial exposure to the above claim is minimal.

14. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2002, the president of the Institute was granted a \$75,000 forgivable loan. The loan is forgivable by the Institute in the amount of \$15,000 per year prorated to the anniversary date of the president's commencement of employment. At March 31, 2005, the balance of the loan amounted to \$20,000 (2004 - \$35,000).

15. PENSION

The Institute and its employees contribute to the College Pension Plan and Municipal Plan, jointly trustee pension plans. Joint trusteeship was established effective April 1, 2000 for the College Pension Plan and April 5, 2001 for the Municipal Pension Plan. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the 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 approximately 130,000 active contributors, with approximately 5,000 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. The Institute's employer contributions amounted to \$624,629 in 2005 (2004 - \$499,611).

16. FINANCIAL INSTRUMENTS

The Institute's financial instruments consist of cash and cash equivalents, accounts receivable, amounts due from the Provincial Government of British Columbia, accounts payable and accrued liabilities, bank loan and long-term debt. It is management's opinion that the Institute is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

Emily Carr Institute of Art and Design

DEFERRED CONTRIBUTIONS

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
CAPITAL FUND (detail below)	\$ 20,268,198	\$ 18,893,165
SPECIAL PURPOSE FUND	1,033,170	1,118,763
CONTINGENCY FUND	409,522	550,000
GNW CAMPUS TRUST FUND	8,171,596	8,174,392
TRUST FUND	<u>6,127</u>	<u>17,710</u>
	\$ <u>29,888,613</u>	\$ <u>28,754,030</u>
 CAPITAL FUND - detail		
Balance, beginning of year	\$ 18,893,165	\$ 19,159,073
Additions:		
Federal Development Grant	559,852	-
Province of BC Grants	1,826,298	864,235
Other grants, gifts and bequests	231,265	105,092
Less: Amortization	<u>(1,242,382)</u>	<u>(1,235,235)</u>
Balance, end of year	\$ <u>20,268,198</u>	\$ <u>18,893,165</u>

Deferred contributions represent contributions that have been received from various sources and are restricted both internally and externally for the acquisition of capital assets or other specific purposes.

Emily Carr Institute of Art and Design

TRUST FUND – ENDOWMENTS

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
BALANCE, beginning of year	\$ <u>2,645,752</u>	\$ <u>2,157,592</u>
ENDOWMENTS DURING THE YEAR		
Donations - Regular	1,271,048	288,339
- Art collections	-	298,959
Matching program	12,500	-
DISTRIBUTIONS FOR THE YEAR	(57,531)	(36,153)
ENDOWMENT EXPENSES	<u>(4,009)</u>	<u>(16,261)</u>
NET ENDOWMENTS	1,222,008	534,884
INTERFUND TRANSFER	<u>57,770</u>	<u>(46,724)</u>
NET CHANGE DURING THE YEAR	<u>1,279,778</u>	<u>488,160</u>
BALANCE, end of year	\$ <u>3,925,530</u>	\$ <u>2,645,752</u>

Emily Carr Institute of Art and Design

OPERATING FUND – ACADEMIC EXPENDITURES

Year ended March 31, 2005

	Credit program	Continuing & Network Ed.	2005	2004
SALARIES				
Instructional	\$ 5,364,448	\$ 692,612	\$ 6,057,060	\$ 5,854,799
Instructional support	310,476	105,178	415,654	360,276
Fringe benefits	<u>978,750</u>	<u>115,023</u>	<u>1,093,773</u>	<u>990,393</u>
	<u>6,653,674</u>	<u>912,813</u>	<u>7,566,487</u>	<u>7,205,468</u>
OTHER EXPENDITURES				
Books, periodicals and films	1,295	–	1,295	1,258
Cartage	3,266	485	3,751	3,712
Department shows	5,365	2,976	8,341	9,639
Film rentals	400	–	400	253
Hostings and meetings	19,299	5,022	24,321	14,969
Maintenance and repairs	23,080	–	23,080	22,206
Miscellaneous	13,856	12,506	26,362	37,225
Printing	23,902	224,139	248,041	221,536
Supplies	130,593	30,593	161,186	187,758
Telephone and postage	1,887	25,207	27,094	25,386
Travel	<u>17,612</u>	<u>7,531</u>	<u>25,143</u>	<u>29,495</u>
	<u>240,555</u>	<u>308,459</u>	<u>549,014</u>	<u>553,437</u>
	\$ <u>6,894,229</u>	\$ <u>1,221,272</u>	\$ <u>8,115,501</u>	\$ <u>7,758,905</u>

Emily Carr Institute of Art and Design
OPERATING FUND – ADMINISTRATIVE AND SUPPORT EXPENDITURES
Year ended March 31, 2005

	Media services	Student services	Administration	Facility services	Total 2005	Total 2004
SALARIES						
Council honoraria	\$ –	\$ –	\$ 20,667	\$ –	\$ 20,667	\$ 21,750
Senior officers	374,060	556,302	1,248,025	142,041	2,320,428	2,048,936
Support staff	1,208,847	503,110	450,818	251,682	2,414,457	2,288,622
Fringe benefits	312,303	217,495	275,803	82,257	887,858	809,429
Provision for faculty increase	–	–	104,500	–	104,500	–
Vacation accrual	–	–	11,448	–	11,448	(7,780)
ERIP accrual	–	–	2,158	–	2,158	26,524
	<u>1,895,210</u>	<u>1,276,907</u>	<u>2,113,419</u>	<u>475,980</u>	<u>5,761,516</u>	<u>5,187,481</u>
OTHER EXPENDITURES						
Audit fees	–	–	14,349	–	14,349	15,219
Bank charges	2,346	–	9,849	–	12,195	8,529
Books, periodicals and films	42,557	–	4,398	567	47,522	50,707
Building and equipment maintenance	116,135	–	127,968	90,790	334,893	242,087
Cartage	4,747	12,003	1,545	1,592	19,887	12,523
Cleaning and garbage removal	–	–	–	203,630	203,630	184,228
Consulting fees	19,457	–	73,141	17,630	110,228	44,033
Counseling and interpreting	–	42,615	–	–	42,615	55,070
Information technology	–	–	111,744	–	111,744	–
Exhibition fees	21,961	–	14,815	–	36,776	33,990
Great Northern Way property lease	–	–	–	171,494	171,494	150,503
Hostings, conference and memberships	9,402	16,005	118,452	323	144,182	150,833
Insurance	–	–	12,501	–	12,501	12,747
Legal fees	–	–	39,723	–	39,723	22,141
Miscellaneous	8,090	1,816	182,048	1,543	193,497	104,579
Parking	–	–	52,372	–	52,372	46,925
Photocopying (recovery)	(3,549)	4,936	26,802	5,182	33,371	20,125
Postage	10,578	42,967	6,607	39	60,191	45,280
Printing	30,747	108,027	29,005	49	167,828	138,904
Professional development	7,248	4,875	158,607	–	170,730	158,817
Recruitment and advertising	–	154,828	83,068	–	237,896	265,220
Registration and graduation	20,231	14,849	–	–	35,080	33,519
Safety and security service	–	–	–	211,222	211,222	186,511
Supplies	28,820	6,413	28,000	2,193	65,426	98,869
Telephone	1,367	3,936	30,901	4,347	40,551	42,161
Travel						
Board	–	–	11,064	–	11,064	11,071
Staff	6,428	1,001	37,824	–	45,253	37,494
Utilities	–	–	–	298,847	298,847	259,739
Communication and public relations	37,111	–	–	–	37,111	–
	<u>363,676</u>	<u>414,271</u>	<u>1,174,783</u>	<u>1,009,448</u>	<u>2,962,178</u>	<u>2,431,824</u>
	<u>\$ 2,258,886</u>	<u>\$ 1,691,178</u>	<u>\$ 3,288,202</u>	<u>\$ 1,485,428</u>	<u>\$ 8,723,694</u>	<u>\$ 7,619,305</u>