

Audited Financial Statements of

**CAMOSUN COLLEGE**

Year ended March 31, 2006

# CAMOSUN COLLEGE

Audited Financial Statements

Year ended March 31, 2006

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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, 2006 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants

Victoria, Canada

May 19, 2006

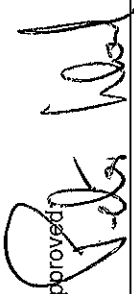
**CAMOSUN COLLEGE**  
Statement of Financial Position

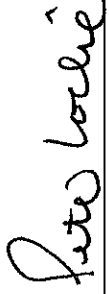
**STATEMENT 1**

March 31, 2006, with comparative figures for 2005

	Operating Fund	Ancillary Services Fund	Self Funded Profits Fund	Capital Fund	2006 Total	2005 Total
<b>Assets</b>						
Cash	\$ 8,146,362	56,923	-	-	8,203,285	9,966,979
Accounts receivable	3,688,284	662,507	-	-	4,350,791	3,448,946
Inventories	-	462,954	-	-	462,954	596,210
Prepaid expenses	163,643	3,203	-	-	166,846	120,996
Capital assets (note 2)	-	-	-	79,184,644	79,184,644	80,694,575
	<b>\$ 11,998,289</b>	<b>1,185,587</b>	<b>-</b>	<b>79,184,644</b>	<b>92,368,520</b>	<b>94,827,706</b>
<b>Liabilities</b>						
Interfund balances	\$ 1,085,751	858,826	(1,379,635)	(564,942)	10,014,474	-
Accounts payable and accrued liabilities (note 3)	9,687,713	326,761	-	-	3,225,299	9,688,784
Revenue received in advance	3,225,299	-	-	-	62,272,294	4,925,320
Deferred capital contributions (note 4)	-	-	-	62,272,294	62,272,294	65,759,444
	<b>13,998,763</b>	<b>1,185,587</b>	<b>(1,379,635)</b>	<b>61,707,352</b>	<b>75,512,067</b>	<b>80,373,548</b>
<b>Fund Balances</b>						
Invested in capital assets	-	-	-	17,477,292	17,477,292	15,879,013
Unrestricted	1,771,387	-	1,379,635	-	3,151,022	2,528,437
	<b>1,771,387</b>	<b>-</b>	<b>1,379,635</b>	<b>17,477,292</b>	<b>20,628,314</b>	<b>18,407,450</b>
Unfunded accrued payroll benefits (note 3)	(3,771,861)	-	-	-	(3,771,861)	(3,953,292)
	<b>\$ 11,998,289</b>	<b>1,185,587</b>	<b>-</b>	<b>79,184,644</b>	<b>92,368,520</b>	<b>94,827,706</b>

See accompanying notes to financial statements.

Approved:  Chairman

 Chief Financial Officer

# CAMOSUN COLLEGE

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2006, with comparative figures for 2005

## STATEMENT 2

	Operating Fund	Ancillary Services Fund	Self Funded Profits Fund	Capital Fund	2006 Total	2005 Total
Revenue	\$ 74,524,896	6,699,251	420,843	6,585,614	88,230,604	82,568,703
Expenses	71,537,347	5,824,502	594,614	7,871,846	85,828,309	80,481,340
Excess (deficiency) of revenue over expenses	2,987,549	874,749	(173,771)	(1,286,232)	2,402,295	2,087,363
Interfund transfers	(2,215,552)	(874,749)	205,790	2,884,511	-	-
Change in unfunded accrued payroll benefits	(181,431)	-	-	-	(181,431)	(1,143,198)
Grant for land purchase	-	-	-	-	-	600,000
Net change in fund balances	590,566	-	32,019	1,598,279	2,220,864	1,544,165
Fund balances, beginning of year	1,180,821	-	1,347,616	15,879,013	18,407,450	16,863,285
Fund balances, end of year	\$ 1,771,387	-	1,379,635	17,477,292	20,628,314	18,407,450

# CAMOSUN COLLEGE

## Statement of Cash Flows

## STATEMENT 3

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 2,402,295	\$ 2,087,363
Items not involving cash:		
Amortization of capital assets	4,722,673	4,786,472
Amortization of deferred capital contributions	(6,585,614)	(5,167,975)
Net change in non-cash operating working capital (note 5)	(488,749)	(1,693,960)
Increase (decrease) in revenue received in advance	(1,700,021)	2,267,868
	(1,649,416)	2,279,768
Investing and financing activities:		
Deferred capital contributions received	3,098,463	2,547,992
Purchase of capital assets	(3,212,741)	(3,335,248)
	(114,278)	(787,256)
Increase (decrease) in cash	(1,763,694)	1,492,512
Cash, beginning of year	9,966,979	8,474,467
Cash, end of year	\$ 8,203,285	\$ 9,966,979

See accompanying notes to financial statements.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2006

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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 a non profit organization 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, child care 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

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2006

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## 1. Significant accounting policies (continued):

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

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

Amortization is not provided on work in progress until the assets are in use.

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 average 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 expenses 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 related capital asset is acquired. 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, 2006

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## 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 (note 3) 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) Asset retirement obligations:

Effective April 1, 2004, the College adopted Section 3110 of the CICA Handbook, "Asset Retirement Obligations". This section requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the long-lived assets and depreciated over the life of the asset. At this time, the College has determined that there are no significant asset retirement obligations with respect to its assets.

### (h) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian 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 expenses 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.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2006

## 2. Capital assets:

			2006	2005
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 14,484,612	\$ -	\$ 14,484,612	\$ 14,484,612
Buildings	86,298,057	30,364,700	55,933,357	58,903,859
Work in progress	296,182	-	296,182	-
Artwork	71,417	-	71,417	71,417
Furniture, fixtures, equipment and computers	50,463,725	42,064,649	8,399,076	7,234,687
	<u>\$ 151,613,993</u>	<u>\$ 72,429,349</u>	<u>\$ 79,184,644</u>	<u>\$ 80,694,575</u>

The insurance on College property is the responsibility of the Province, which paid \$57,404 for premiums and fees on behalf of the College for the coverage. The \$57,404 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:

	2006	2005
General:		
Trade payables and accrued liabilities	\$ 5,789,909	\$ 4,885,826
Professional development	452,704	849,666
	<u>6,242,613</u>	<u>5,735,492</u>
Unfunded accrued payroll benefits:		
Holiday pay	2,333,950	2,417,811
Sick leave	1,437,911	1,535,481
	<u>3,771,861</u>	<u>3,953,292</u>
	<u>\$ 10,014,474</u>	<u>\$ 9,688,784</u>

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2006

## 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	2006	2005
Opening balance	\$ 943,882	\$ 64,815,562	\$ 65,759,444	\$ 68,979,427
Restricted contributions received	3,098,463	-	3,098,463	2,547,992
Contributions spent	(3,477,404)	3,477,404	-	-
Amounts amortized to revenue	-	(6,585,613)	(6,585,613)	(5,167,975)
Amounts transferred to investment in capital assets	-	-	-	(600,000)
Closing balance	\$ 564,941	\$ 61,707,353	\$ 62,272,294	\$ 65,759,444

## 5. Change in non-cash operating working capital:

	2006	2005
Accounts receivable	\$ 901,845	\$ 477,620
Inventories	(133,256)	(84,750)
Prepaid expenses	45,850	3,409
Accounts payable and accrued liabilities	(325,690)	1,297,681
	\$ 488,749	\$ 1,693,960

## 6. Pension plan:

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 11,000 active members from college senior administration and instructional staff and approximately 2,900 retired members. The Municipal Pension Plan has about 130,000 active members, with approximately 4,900 contributors from colleges.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2006

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## 6. Pension plan (continued):

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 \$863,680 for employer contributions to the Municipal Plan and \$2,127,648 for employer contributions to the College Plan in the current year.

## 7. Related organization:

The College has an economic interest in the 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 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 \$325,000 was provided to the Foundation to assist in providing scholarships and bursaries. A further \$110,000 was provided to cover a portion of the Foundation's administrative costs.

For the year ended March 31, 2006, the Foundation donated assets to the College in the amount of \$13,676 (2005 - \$64,990). Included in the College's accounts receivable at March 31, 2006 is \$50,557 (2005 - \$66,931) due from the Foundation.

## 8. Commitments:

Operating leases:

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

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2007	\$	593,955
2008		593,955
2009		487,107
2010		-

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## 9. Fair value of financial instruments:

The carrying value of the College's cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value.



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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, 2006.

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 19, 2006

# CAMOSUN COLLEGE

## Operating Fund Operations and Fund Balance

### SCHEDULE A

Year ended March 31, 2006, with comparative figures for 2005

	Base Operations	Continuing Education	International Education	Contracts and Self Funded	Expanded Capacity	2006 College Total	2005 College Total
<b>Revenue:</b>							
Grants	\$ 44,623,382	-	-	1,096,541	36,216	45,756,139	43,667,771
Tuition	11,832,815	2,297,837	5,731,333	171,590	717,976	20,751,551	19,919,766
Fee for services	-	2,220	590,156	5,388,459	20,000	6,000,835	5,026,992
Goods and services	548,811	11,957	156,733	218,502	-	936,003	1,318,569
Other	895,648	30	141,917	42,773	-	1,080,368	1,226,336
<b>Total revenue</b>	<b>57,900,656</b>	<b>2,312,044</b>	<b>6,620,139</b>	<b>6,917,865</b>	<b>774,192</b>	<b>74,524,896</b>	<b>71,159,434</b>
<b>Expenses:</b>							
Salaries and benefits	53,016,351	1,681,001	3,526,308	4,623,428	709,959	63,557,047	59,909,109
Non-personnel	3,694,866	661,112	2,102,077	1,510,490	11,755	7,980,300	8,233,880
<b>Total expenses</b>	<b>56,711,217</b>	<b>2,342,113</b>	<b>5,628,385</b>	<b>6,133,918</b>	<b>721,714</b>	<b>71,537,347</b>	<b>68,142,989</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,189,439</b>	<b>(30,069)</b>	<b>991,754</b>	<b>783,947</b>	<b>52,478</b>	<b>2,987,549</b>	<b>3,016,445</b>
Transfer from Ancillary Services Fund	824,749	-	-	-	-	824,749	349,084
Transfers to Capital Fund	(2,527,136)	(11,401)	(8,939)	(142,789)	-	(2,690,265)	(1,608,598)
Transfers to Self Funded Profits Fund	-	(43,813)	-	(306,223)	-	(350,036)	(150,230)
Change in unfunded accrued payroll benefits	(181,431)	-	-	-	-	(181,431)	(1,143,198)
	(1,883,818)	(55,214)	(8,939)	(449,012)	-	(2,396,983)	(2,552,942)
<b>Net change in fund balance</b>	<b>\$ (694,379)</b>	<b>(85,283)</b>	<b>982,815</b>	<b>334,935</b>	<b>52,478</b>	<b>590,566</b>	<b>463,503</b>
<b>Fund balance, beginning of year</b>						<b>1,180,821</b>	<b>717,318</b>
<b>Fund balance, end of year</b>						<b>\$ 1,771,387</b>	<b>1,180,821</b>

# CAMOSUN COLLEGE

## Ancillary Services Fund Operations and Fund Balance

### SCHEDULE B

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
	College Total	College Total
Revenue:		
Grants	-	95,580
Fee for services	-	50,500
Goods and services	4,061,984	5,063,600
Other	80,455	925,290
Total revenue	4,142,439	6,134,970
Expenses:		
Salaries and benefits	672,779	2,051,290
Non-personnel	171,973	412,171
Cost of goods sold	3,127,083	3,228,643
Total expenses	3,971,835	5,692,104
Excess (deficiency) of revenue over expenses	170,604	442,866
Transfer (to) from Operating Fund	(120,604)	(824,749)
Transfer to Capital Fund	(50,000)	(50,000)
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, 2006, with comparative figures for 2005

	2006	2005
Revenue:		
Amortization of deferred capital contributions	\$ 6,585,614	\$ 5,167,975
Expenses:		
Amortization of capital assets	4,722,673	4,786,472
Cyclical maintenance	3,149,173	1,509,300
	<u>7,871,846</u>	<u>6,295,772</u>
Excess of expenses over revenue	(1,286,232)	(1,127,797)
Transfer from Operating Fund	2,690,265	1,608,598
Transfer from Self-Funded Profit Fund	144,246	238,931
Transfer from Ancillary Services Fund	50,000	93,782
Grant for land purchase	-	600,000
Net change in fund balance	<u>1,598,279</u>	<u>1,413,514</u>
Fund balance, beginning of year	15,879,013	14,465,499
Fund balance, end of year	<u>\$ 17,477,292</u>	<u>\$ 15,879,013</u>