

Financial Statements of

**CAMOSUN COLLEGE**

Year ended March 31, 2008

# CAMOSUN COLLEGE

## Financial Statements

Year ended March 31, 2008

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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, 2008 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, 2008 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 16, 2008


**CAMOSUN COLLEGE**  
Statement of Financial Position

March 31, 2008, with comparative figures for 2007


**STATEMENT 1**

	Operating Fund	Ancillary Services		Self Funded Profits		Capital Fund	2008 Total	2007 Total
		Fund	Fund	Fund	Fund			
<b>Assets</b>								
Current assets:								
Cash	\$ 12,945,517	684,805	-	-	-	-	13,630,322	12,487,203
Accounts receivable	13,333,549	438,938	-	-	-	-	13,772,487	8,690,553
Inventories	-	529,699	-	-	-	-	529,699	535,781
Prepaid expenses	170,523	15,463	-	-	-	-	185,986	146,032
	26,449,589	1,668,905	-	-	-	-	28,118,494	21,859,569
Capital assets (note 2)	-	-	-	-	-	90,645,778	90,645,778	78,617,451
	\$ 26,449,589	1,668,905	-	-	-	90,645,778	118,764,272	100,477,020
<b>Liabilities</b>								
Current liabilities:								
Accounts payable and accrued liabilities (note 3)	\$ 9,289,237	282,118	-	-	-	-	9,571,355	8,368,076
Revenue received in advance	5,383,096	-	-	-	-	-	5,383,096	5,005,751
Current portion of accrued payroll benefits	2,539,888	-	-	-	-	-	2,539,888	2,472,691
Interfund balances	9,521,862	1,386,787	(1,043,287)	(9,865,362)	-	-	-	-
	26,734,083	1,668,905	(1,043,287)	(9,865,362)	-	-	17,494,339	15,846,518
Accrued payroll benefits (note 4)	1,308,428	-	-	-	-	-	1,308,428	1,207,310
Deferred capital contributions (note 5)	-	-	-	-	83,111,396	-	83,111,396	66,366,163
	28,042,511	1,668,905	(1,043,287)	73,246,034	-	-	101,914,163	83,419,991
<b>Fund Balances</b>								
Invested in capital assets	-	-	-	-	17,399,744	-	17,399,744	16,862,210
Internally restricted (note 6)	350,000	-	-	-	-	-	350,000	350,000
Unrestricted	1,905,394	-	1,043,287	-	-	-	2,948,681	3,524,820
	2,255,394	-	1,043,287	-	-	-	20,698,425	20,737,030
Unfunded accrued payroll benefits	(3,848,316)	-	-	-	-	-	(3,848,316)	(3,680,001)
	\$ 26,449,589	1,668,905	-	-	90,645,778	-	118,764,272	100,477,020

See accompanying notes to financial statements.

Approved: 

Chairman

  
Vice President Administration and Chief Financial Officer

# CAMOSUN COLLEGE

Statement of Operations and Changes in Fund Balances

STATEMENT 2

Year ended March 31, 2008, with comparative figures for 2007

	Operating Fund	Ancillary Services Fund	Self Funded Profits Fund	Capital Fund	2008 Total	2007 Total
Revenue	\$ 81,205,240	7,363,241	266,786	6,113,022	94,948,289	92,668,829
Expenses	80,304,157	6,494,293	147,230	8,209,529	95,155,209	92,468,253
Excess (deficiency) of revenue over expenses	901,083	868,948	119,556	(2,096,507)	(206,920)	200,576
Interfund transfers	(1,436,607)	(868,948)	(328,486)	2,634,041	-	-
Change in unfunded accrued payroll benefits	168,315	-	-	-	168,315	(91,860)
Net change in fund balances	(367,209)	-	(208,930)	537,534	(38,605)	108,716
Fund balances, beginning of year	2,622,603	-	1,252,217	16,862,210	20,737,030	20,628,314
Fund balances, end of year	\$ 2,255,394	-	1,043,287	17,399,744	20,698,425	20,737,030

See accompanying notes to financial statements.

# CAMOSUN COLLEGE

Statement of Cash Flows

STATEMENT 3

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (206,920)	\$ 200,576
Items not involving cash:		
Amortization of capital assets	5,006,777	5,256,925
Amortization of deferred capital contributions	(5,842,440)	(5,623,493)
Net change in non-cash working capital (note 7)	(3,912,527)	(2,266,312)
Increase in revenue received in advance	377,345	1,780,452
Increase (decrease) in accrued payroll benefits	168,315	(91,860)
	(4,409,450)	(743,712)
Investing and financing activities:		
Deferred capital contributions received	22,587,673	9,717,362
Purchase of capital assets	(17,035,104)	(4,689,732)
	5,552,569	5,027,630
Increase in cash	1,143,119	4,283,918
Cash, beginning of year	12,487,203	8,203,285
Cash, end of year	\$ 13,630,322	\$ 12,487,203

See accompanying notes to financial statements.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2008

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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.

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) Inventories:

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

### (c) 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	Period
Buildings	20 to 40 years
Furniture, fixtures, equipment and computers	5 years

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2008

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## 1. Significant accounting policies (continued):

### (c) 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.

### (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 a 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, 2008

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## 1. Significant accounting policies (continued):

### (e) Unfunded accrued payroll benefits:

Accrued liabilities (note 4) for holiday pay, sick leave and earned time off 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) Asset retirement obligations:

The fair value of a liability for an asset retirement obligation is 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.

### (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, 2008

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## 1. Significant accounting policies (continued):

### (i) Future accounting changes:

The following Handbook Sections will be adopted by the College in fiscal 2009 when they become effective:

Section 3862, Financial Instruments – Disclosure. This section requires disclosure, by class of financial instruments, which will enable users to evaluate the significance of financial instruments for the College's financial position and performance, including disclosures about fair value.

In addition, disclosure is required of risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of financial market risk to which an entity is exposed, showing how the excess or deficiency of revenue over expenses would have been affected by reasonable possible changes in the relevant risk variable.

Section 3863, Financial Instruments – Presentation. Under this new section, the existing requirements on presentation of financial instruments are carried forward unchanged and, accordingly, the College does not expect application of this section to have any impact on the financial statements.

Section 3031, Inventories. This section prescribes the accounting treatment for inventories, particularly the determination of inventory cost and its subsequent recognition as an expense, including any write-down to net realizable value. The adoption of this section is not expected to significantly impact the College's financial statements.

### (j) Change in accounting policy:

Effective April 1, 2007, the College adopted CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement and related financial instrument Handbook sections.

Cash, accounts receivable, and accounts payable and accrued liabilities are all initially recorded at fair value and then carried at amortized cost thereafter.

There was no impact to the opening fund balances or current year operations as a result of this change in accounting policy.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2008

## 2. Capital assets:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 14,484,612	\$ -	\$ 14,484,612	\$ 14,484,612
Buildings	86,298,057	35,408,677	50,889,380	53,411,369
Work in progress	17,733,075	-	17,733,075	3,385,780
Artwork	71,917	-	71,917	71,417
Furniture, fixtures, equipment and computers	15,111,246	7,644,452	7,466,794	7,264,273
	\$ 133,698,907	\$ 43,053,129	\$ 90,645,778	\$ 78,617,451

The insurance on College property is the responsibility of the Province, which paid \$104,562 for premiums and fees on behalf of the College for the coverage. The \$104,562 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:

	2008	2007
Trade payables and accrued liabilities	\$ 8,863,623	\$ 7,759,571
Professional development	707,732	608,505
	\$ 9,571,355	\$ 8,368,076

## 4. Accrued payroll benefits:

	2008	2007
Holiday pay	\$ 2,517,244	\$ 2,260,334
Sick leave	1,257,742	1,352,310
Earned time off	73,330	67,357
	3,848,316	3,680,001
Less current portion	2,539,888	2,472,691
	\$ 1,308,428	\$ 1,207,310

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2008

## 5. 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	2008	2007
Opening balance	\$ 4,610,922	\$ 61,755,241	\$ 66,366,163	\$ 62,272,294
Restricted contributions received	22,587,673	-	22,587,673	9,717,362
Contributions spent	(17,333,233)	17,333,233	-	-
Amounts amortized to revenue	-	(5,842,440)	(5,842,440)	(5,623,493)
Closing balance	\$ 9,865,362	\$ 73,246,034	\$ 83,111,396	\$ 66,366,163

## 6. Internally restricted:

The College's Board of Governors has internally restricted \$350,000 to be held for future capital expenditures. This amount is not available for any other purposes without approval by the Board of Governors.

## 7. Change in non-cash working capital:

	2008	2007
Accounts receivable	\$ (5,081,934)	\$ (4,339,762)
Inventories	6,082	(72,827)
Prepaid expenses	(39,954)	20,814
Accounts payable and accrued liabilities	1,203,279	2,125,463
	\$ (3,912,527)	\$ (2,266,312)

## 8. 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 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 about 11,245 active members from college senior administration and instructional staff and approximately 3,500 retired members. The Municipal Pension Plan has about 145,000 active members, with approximately 5,000 from colleges.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2008

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**8. 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, 2006 indicated an unfunded liability of \$54 million for basic pension benefits. The next valuation will be as at August 31, 2009 with results available in 2010. The most recent valuation for the Municipal Pension Plan as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers. Camosun College paid \$1,163,161 for employer contributions to the Municipal Plan and \$3,021,877 for employer contributions to the College Plan in the current year.

**9. 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 \$407,000 was provided to the Foundation to cover a portion of the Foundation's administrative costs.

For the year ended March 31, 2008, gift in kind donations from the Foundation to the College were \$43,741 of which \$6,400 was recorded as capital assets (2007 \$60,997 of which \$8,939 was recorded as capital assets). Included in the College's accounts receivable at March 31, 2008 is \$19,875 (2007 - \$61,008) due from the Foundation.

**10. Pacific Institute for Sport Excellence Society:**

Located at the College's Interurban Campus, construction has commenced on the first phase of the Pacific Institute for Sport Excellence ("PISE") The PISE is scheduled to open in September 2008 and will bring sport education and athlete development under one roof, incorporating health and wellness programs, high performance sport services, applied sport research and innovation and community programs.

The PISE facility will be operated by the Pacific Institute for Sport Excellence Society, which has three founding members – Camosun College, Canadian Sport Centre Pacific and PacificSport Victoria. The Pacific Institute for Sport Excellence Society is a non-profit organization under the Income Tax Act. Funding for the PISE facility is from the Province of British Columbia and a capital fund raising campaign.

# CAMOSUN COLLEGE

Notes to Financial Statements

Year ended March 31, 2008

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**10. Pacific Institute for Sport Excellence Society (continued):**

As of March 31, 2008, \$25.7 million has been received for construction of the facility, which is included in deferred capital contributions, and \$17.6 million has been spent and is included in work-in-progress in these financial statements.

Upon completion of the PISE facility, the College plans to enter into a lease and license agreement with the Pacific Institute for Sport Excellence Society in respect of the PISE facility. In turn, the Pacific Institute for Sport Excellence Society will enter into a sublease with the College in respect of its use of the PISE facility.

**11. Commitments:**

Operating leases:

The future minimum lease payments due for the year ending March 31, 2009 are \$348,526.

Capital commitments:

At March 31, 2008, the College has commitments related to construction of the PISE facility totaling \$10 million.

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

The College's financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying values. It is management's opinion that the College is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

**13. Comparative figures:**

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.



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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, 2008.

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 16, 2008

# CAMOSUN COLLEGE

## Operating Fund Operations and Fund Balance

### SCHEDULE A

Year ended March 31, 2008, with comparative figures for 2007

	Base Operations	Continuing Education	International Education	Contracts and Self Funded	Expanded Capacity	2008 College Total	2007 College Total
<b>Revenue:</b>							
Grants	\$ 50,304,847	-	-	1,464,409	-	51,769,256	52,141,573
Tuition	12,895,214	2,229,166	5,478,157	188,141	568,694	21,359,372	20,749,478
Fee for service	10,408	-	624,699	5,113,879	-	5,748,986	5,509,372
Goods and services	491,441	4,325	190,712	222,069	-	908,547	792,154
Other	1,182,469	57	123,065	113,488	-	1,419,079	771,040
	64,884,379	2,233,548	6,416,633	7,101,986	568,694	81,205,240	79,963,617
<b>Expenses:</b>							
Salaries and benefits	60,852,263	1,662,702	3,270,641	4,849,350	560,100	71,195,056	70,201,978
Non-personnel	4,485,174	657,887	2,135,993	1,821,453	8,594	9,109,101	8,264,582
	65,337,437	2,320,589	5,406,634	6,670,803	568,694	80,304,157	78,466,560
Excess (deficiency) of revenue over expenses	(453,058)	(87,041)	1,009,999	431,183	-	901,083	1,497,057
Transfer from Ancillary Services Fund	865,277	-	-	-	-	865,277	731,806
Transfers to Capital Fund	(2,193,319)	(26,811)	(3,367)	(106,157)	-	(2,329,654)	(1,227,042)
Transfers (to) from Self Funded Profits Fund	(605)	98,029	-	(69,654)	-	27,770	(58,745)
Change in unfunded accrued payroll benefits	168,315	-	-	-	-	168,315	(91,860)
	(1,160,332)	71,218	(3,367)	(175,811)	-	(1,268,292)	(645,841)
<b>Net change in fund balance</b>	\$ (1,613,390)	(15,823)	1,006,632	255,372	-	(367,209)	851,216
<b>Fund balance, beginning of year</b>						2,622,603	1,771,387
<b>Fund balance, end of year</b>						\$ 2,255,394	2,622,603





# CAMOSUN COLLEGE

Capital Fund  
Operations and Fund Balance

SCHEDULE C

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Amortization of deferred capital contributions	\$ 5,842,440	\$ 5,623,493
Other	270,582	79,584
	<u>6,113,022</u>	<u>5,703,077</u>
Expenses:		
Amortization of capital assets	5,006,777	5,256,925
Cyclical maintenance	2,932,170	2,344,307
Other	270,582	79,584
	<u>8,209,529</u>	<u>7,680,816</u>
Excess of expenses over revenue	(2,096,507)	(1,977,739)
Transfer from Operating Fund	2,329,654	1,227,042
Transfer from Self-Funded Profit Fund	300,716	84,746
Transfer from Ancillary Services Fund	3,671	50,869
Net change in fund balance	<u>537,534</u>	<u>(615,082)</u>
Fund balance, beginning of year	16,862,210	17,477,292
Fund balance, end of year	<u>\$ 17,399,744</u>	<u>\$ 16,862,210</u>