Financial Statements of

Langara College

For the year ended March 31, 2018

Langara College

Statement of Management Responsibility

Year ended March 31, 2018

Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying financial statements for the year ended March 31, 2018, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that assets are safeguarded and that the financial records provide a reliable basis for the preparation of the financial statements.

The Board of Governors of the College carries out its responsibility for review and approval of the financial statements. The Audit and Finance Committee of the Board meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

These financial statements have been reported on by KPMG LLP, the College's external auditors appointed by the Board of Governors. The external auditors have full access to the Board with and without the presence of management.

Dr. Lane Trotter, President and CEO

Viktor Sokha, Vice-President, Administration and Finance

June 21, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Langara College and
To the Minister of Advanced Education, Province of British Columbia

We have audited the accompanying financial statements of Langara College, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net debt and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Langara College as at March 31, 2018 and for the year then ended are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

Burnaby, Canada
June 21, 2018

Langara College

Statement of Financial Position
March 31, 2018 with comparative figures for 2017

		2018	2017
Financial assets			
Cash and cash equivalents	Note 3	57,900,596	53,689,190
Investments	Note 3	20,000,000	-
Accounts receivable		3,173,275	2,802,806
Inventories for resale		588,145	633,151
Net investment in lease	Note 4	3,166,541	3,252,204
		84,828,557	60,377,351
Liabilities			
Accounts payable and accrued liabilities	Note 5	21,330,458	18,084,840
Employee future benefits	Note 6	1,896,500	2,191,649
Deferred revenue		31,835,305	29,384,582
Deferred contributions	Note 7	1,818,349	5,233,723
Deferred capital contributions	Note 8	62,847,554	60,678,486
Long-term debt	Note 9	8,363,225	8,652,177
		128,091,391	124,225,457
Net debt		(43,262,834)	(63,848,106)
Non-financial assets			
Tangible capital assets	Note 10	136,738,760	134,537,955
Prepaid expenses		758,102	878,274
		137,496,862	135,416,229
Accumulated surplus		**$ 94,234,028**	**$ 71,568,123**
Commitments	Note 12		

See accompanying notes to the financial statements.

Approved on behalf of the Board of Governors:

Jas Sandhu
Chair, Board of Governors

Stacey Edzerza Fox
First Vice Chair, Board of Governors

Langara College

Statement of Operations and Accumulated Surplus
Year ended March 31, 2018 with comparative figures for 2017

		Annual Budget 2018	Actual 2018	Actual 2017
Revenue:				
Province of British Columbia grants		$ 45,681,000	$ 46,790,318	$ 41,903,198
Tuition and student fees		90,654,000	99,388,091	82,979,749
Sales of goods and services		6,137,000	6,109,231	6,095,687
Contract services		726,000	1,575,617	922,613
Investment income		499,000	1,177,959	687,437
Revenue recognized from deferred capital contributions	Note 8	4,096,000	4,967,200	3,954,275
Miscellaneous income and contributions		1,046,000	1,800,043	1,731,465
		148,839,000	**161,808,459**	**138,274,424**
Expenses:				
Instruction		138,566,000	131,066,955	116,738,113
Ancillary operations		6,428,000	6,421,595	6,296,578
Transfer to Langara College Foundation	Note 14	1,292,000	1,654,004	1,434,338
		$ 146,286,000	**$ 139,142,554**	**$ 124,469,029**
Annual surplus		2,553,000	22,665,905	13,805,395
Accumulated surplus, beginning of year		71,568,123	71,568,123	57,762,728
Accumulated surplus, end of period		**$ 74,121,123**	**$ 94,234,028**	**$ 71,568,123**

See accompanying notes to the financial statements

Langara College

Statement of Changes in Net Debt

Year ended March 31, 2018 with comparative figures for 2017

		Budget 2018	2018	2017
		Note 2(j)		
Annual surplus		$ 2,553,000	$ 22,665,905	$ 13,805,395
Acquisition of tangible capital assets	Note 10	(11,335,000)	(11,105,324)	(17,876,473)
Amortization of tangible capital assets	Note 10	8,261,000	8,904,519	7,182,393
		(3,074,000)	(2,200,805)	(10,694,080)
Acquisition of prepaid expenses		-	(341,848)	(869,967)
Use of prepaid expenses		-	462,020	326,885
		-	120,172	(543,082)
Increase in net debt		(521,000)	20,585,272	2,568,233
Net debt, beginning of year		(63,848,106)	(63,848,106)	(66,416,339)
Net debt, end of year		**$ (64,369,106)**	**$ (43,262,834)**	**$ (63,848,106)**

See accompanying notes to the financial statements.

Langara College

Statement of Cash Flows

Year ended March 31, 2018 with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Annual surplus	$ 22,665,905	$ 13,805,395
Items not involving cash:		
Amortization of tangible capital assets	8,904,519	7,182,393
Revenue recognized from deferred capital contributions	(4,967,200)	(3,954,275)
Gain on sinking fund investments	(138,422)	(19,853)
Change in employee future benefits	(295,149)	615,829
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(370,469)	(869,064)
Decrease (increase) in prepaid expenses	120,172	(543,082)
Decrease (increase) in inventories for resale	45,006	231,755
Increase (decrease) in accounts payable and accrued liabilities	3,245,618	(2,899,816)
Increase (decrease) in amount due to Langara College Foundation	-	(985,827)
Increase (decrease) in deferred revenue	2,450,723	10,559,312
Increase (decrease) in deferred contributions	777,469	3,411,529
	32,438,172	26,534,296
Capital activities:		
Acquisition of tangible capital assets	(11,105,324)	(17,876,473)
	(11,105,324)	(17,876,473)
Financing activities:		
Sinking fund payments on long-term debt	(150,530)	(150,530)
Deferred capital contributions received	2,943,425	1,278,675
	2,792,895	1,128,145
Investing activities:		
Principal payments received on net investment in lease	85,663	81,355
Purchase of investments	(20,000,000)	-
Disposition of investments	-	19,733,729
	(19,914,337)	19,815,084
Increase in cash and cash equivalents	4,211,406	29,601,052
Cash and cash equivalents, beginning of year	53,689,190	24,088,138
Cash and cash equivalents, end of year	**$ 57,900,596**	**$ 53,689,190**
Non-cash transactions:		
Transfer from deferred contributions to deferred capital contributions	4,192,843	5,356,113

See accompanying notes to the financial statements.

1. Authority and purpose

Langara College (the "College") operates under the authority of the College and Institute Act of British Columbia. The College is a government not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the Province of British Columbia. The College is a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

The College provides university studies, career studies and continuing studies programs and courses to over 22,000 full and part-time students annually.

2. Summary of significant accounting policies

(a) Basis of accounting:

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires that all tax-payer supported organizations adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of deferred capital contributions and recognition of revenue is accounted for in the fiscal period in which the tangible capital asset is used to provide services.

(ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulations or restrictions on the contributions have been met.

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

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that government transfers that do not contain a stipulation that creates a liability be recognized as revenue by the recipient when approved by the transferor and when the eligibility criteria have been met in accordance with public sector accounting standard PS3410. As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Cash and cash equivalents

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

(c) Financial instruments

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

(i) Portfolio investments that are quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of such investments are recorded as an expense. Unrealized gains and losses on investments carried at fair value are recorded in the statement of re-measurement gains and losses until such time as they are realized. Realized gains and losses on financial assets are transferred from the statement of re-measurement gains and losses and recognized in the Statement of Operations and Accumulated Surplus provided their use is not restricted.

(ii) Investments with fixed maturity dates are recorded at amortized cost unless designated as fair value. Income on these investments is recognized in the Statement of Operations and Accumulated Surplus over the period of time that the investments are held using the effective interest rate method. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments. The College has not designated any such instruments as fair value.

The carrying amounts of other financial instruments, such as accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short maturities. The fair value of the College's fixed rate long-term debt is impacted by changes in market yields which can result in differences between carrying value and fair value. Based on management's estimates, the fair value of the College's long-term debt at March 31, 2018, is not significantly different than its carrying value, as interest rates applicable to the debt are not significantly different from interest rates in effect at the year-end date. The sinking fund investments related to the long term debt are carried at fair value.

(d) Inventories for resale

Inventories held for resale, including books and other materials, are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

(e) Non-financial assets

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

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Asset	Period
Buildings and improvements	3-60 years
Library holdings	5 years
Furniture and fixtures	10 years
Office equipment	4-15 years
Computer hardware	3-7 years
Computer software	3 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down to net realizable value when conditions indicate that they no longer contribute to the provision of goods and services, or when the value of future economic benefits associated with these assets is less than their net book value.

(f) Employee future benefits

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

Benefits for sick leave, vacation and other leaves are also available to College employees. The costs of sick leave benefits and other leaves are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are recognized in the period in which they are incurred. Benefits for vacation are recorded at fair value as a liability.

(g) Revenue recognition and deferred revenue

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured. Tuition fees and other amounts collected in advance of the delivery of related instruction are deferred until the programs are delivered.

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received or the transfer of property is completed.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors, as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, for use in providing services, are recorded as a deferred capital contribution and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded.

(ii) Contributions restricted for specific purposes, other than for those for the acquisition or development of a depreciable tangible capital asset, are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

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

(h) Use of estimates

The preparation of the financial statements in accordance with the reporting framework described in note 2(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Key areas where management has made estimates and assumptions include the rate of amortization of capital assets and the related deferred capital contributions, employee future benefits, revenue recognition of contract services and provisions for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(i) Foreign currency translation

The College's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currency are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the balance sheet date.

(j) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the Operations and Capital Budget approved by the Board of Governors of the College on March 30, 2017. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

(k) Contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(i) An environmental standard exists;
(ii) Contamination exceeds the environmental standard;
(iii) The College is directly responsible or accepts responsibility;
(iv) It is expected that future economic benefits will be given up; and
(v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(l) Art collection

The cost of additions to the College's collection are expensed in the year of acquisition. Proceeds from deaccession from the collection are recorded as revenue in the year of disposition.

The College also receives donated works of art, the value of which is not reflected in these financial statements given the difficulty of determining the fair value.

3. Investments

As at March 31, 2018, the College held guaranteed investment certificates totaling $20,000,000. The Langara Students' Union Capital Fund of $957,880 is currently held in cash and cash equivalents.

4. Net investment in lease

The College has entered into an agreement for the lease of the Students' Union Building to the Langara Students' Union (LSU) for a thirty-year term commencing September 1, 2009. Finance income on the lease of $150,213 (2017: $153,419) is included in miscellaneous income and contributions. Minimum lease payments receivable for each year of the lease are $236,513.

The College's net investment in the lease is comprised of net minimum lease payments and unearned finance income as follows:

		2018		2017
Net investment in lease:				
Total minimum lease payments receivable	$	5,018,294	$	5,254,807
Unearned finance income		(1,851,753)		(2,002,603)
	$	**3,166,541**	**$**	**3,252,204**

5. Accounts payable and accrued liabilities

		2018		2017
Accounts payable and accrued liabilities	$	12,816,307	$	9,653,607
Salaries and benefits payable		8,514,151		8,431,233
	$	**21,330,458**	**$**	**18,084,840**

6. Employee future benefits

Employee future benefits consist of accumulated sick leave and other future benefits as follows:

		2018		2017
Sick leave (a)	$	1,030,000	$	1,086,000
Other (b)		866,500		1,105,649
	$	**1,896,500**	**$**	**2,191,649**

(a) Accumulated sick leave benefit:

Employees of the College earn sick leave according to the terms of the collective agreements or terms of employment, whichever is applicable. Sick leave credits accumulate to each employee as they render services to the College; however, the accumulated amount does not vest and so is extinguished for each employee once they are no longer employed by the College. The expected use of the accumulated amount is determined using actuarial valuation techniques and the corresponding liability is recorded by the College. An expense for sick leave is recognized in the period for which each employee earns this benefit.

The amounts recorded as expense and liability for sick leave are as follows:

		2018		2017
Accrued benefit obligation and liability, beginning of year	$	1,086,000	$	1,383,500
Current service cost		91,800		89,800
Interest cost		31,100		35,400
Benefit payments		(132,400)		(422,700)
Actuarial (gain)/loss		(46,500)		-
	$	**1,030,000**	**$**	**1,086,000**

The significant actuarial assumptions adopted in measuring the College's liability for sick leave are as follows:

	2018	2017
Discount rate	3.0%	2.8%
Inflation rate	2.0%	2.2%

(b) Other leaves that vest:

Certain employee groups may be eligible to earn other time-off benefits that may accumulate for multiple years and vest with each qualifying employee. These time-off benefits accumulate to each qualifying employee as they render services to the College. The value of these obligations is determined using actuarial valuation techniques and the corresponding liability is recorded by the College.

(c) Pension benefits:

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2017, the College Pension Plan has about 14,000 active members, and approximately 7,500 retired members. As at December 31, 2016, the Municipal Pension Plan has about 193,000 active members, including approximately 5,800 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry- age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2015, indicated a $67 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a $2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, $1,927 million was transferred to the rate stabilization account and $297 million of the surplus ensured the required contribution rates remained unchanged.

The College paid $5,441,238 (2017: $5,360,056) as employer contributions to the College Pension Plan and $1,229,692 (2017: $1,132,218) as employer contributions to the Municipal Pension Plan in the current year.

The next valuation for the College Pension Plan will be as at August 31, 2018, with results available in 2019. The next valuation for the Municipal Pension Plan will be December 31, 2018, with results available in 2019.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

7. Deferred contributions

Changes in deferred contributions are as follows:

2018	**Capital**	**LSU**	**Other**	**Total**
Balance, beginning of year	$ 173,942	$ 622,984	$ 4,436,797	$ 5,233,723
Contributions received during the year				
From the Province of British Columbia	-	-	757,235	757,235
From other sources	-	583,234	-	583,234
Revenue recognized from deferred contributions	(71,752)	(248,338)	(242,910)	(563,000)
Transfer to deferred capital contributions (note 8)	-	-	(4,192,843)	(4,192,843)
Balance, end of year	**$ 102,190**	**$ 957,880**	**$ 758,279**	**$ 1,818,349**

2017	**Capital**	**LSU**	**Other**	**Total**
Balance, beginning of year	$ 201,275	$ 497,770	$ 6,479,262	$ 7,178,307
Contributions received during the year				
From the Province of British Columbia	-	-	3,617,612	3,617,612
From other sources	-	373,552	-	373,552
Revenue recognized from deferred contributions	(27,333)	(248,338)	(303,964)	(579,635)
Transfer to deferred capital contributions (note 8)	-	-	(5,356,113)	(5,356,113)
Balance, end of year	**$ 173,942**	**$ 622,984**	**$ 4,436,797**	**$ 5,233,723**

8. Deferred capital contributions

Contributions for capital acquisitions are referred to as deferred capital contributions. Amounts are recognized into revenue over the useful life of the related assets using the same basis as amortization.

Changes in the balance of deferred capital contributions are as follows:

	2018	2017
Balance, beginning of year	$ 60,678,486	$ 57,997,973
Grants received from the Province of British Columbia	1,986,573	1,229,574
Grants received from the Federal Government	956,852	49,101
Transfer from Deferred Contributions (note 7)	4,192,843	5,356,113
Amount amortized to revenue	(4,967,200)	(3,954,275)
	$ 62,847,554	**$ 60,678,486**

9. Long-term debt

The College borrowed Series LC-CP-154 long-term debt through the provincial government on November 10, 2009. This debt is for a thirty-year term maturing on November 10, 2039, carries an interest rate of 4.68% with interest-only payments of $234,000 due on May 10 and November 10 of each year, and an annual sinking-fund requirement of $150,530, payable to the provincial government until maturity. Interest expense of $468,000 (2017: $468,000) is included in ancillary operations expense. Sinking fund investments gained $138,422 in the current year (2017: gain of $19,853).

	2018	2017
Face value of debt	$ 10,000,000	$ 10,000,000
Sinking fund	(1,636,775)	(1,347,823)
	$ 8,363,225	**$ 8,652,177**

10. Tangible capital assets

Cost		2017		Additions		Disposals		2018
Land	$	2,043,360	$	-	$	-	$	2,043,360
Buildings and improvements		171,880,155		7,343,705		-		179,223,860
Furniture and equipment		6,650,379		1,586,629		(1,511,362)		6,725,646
Computer hardware		10,837,770		1,610,976		(611,120)		11,837,626
Computer software		851,066		406,147		(355,137)		902,076
Library holdings		1,322,295		157,867		(99,594)		1,380,568
Total	**$**	**193,585,025**	**$**	**11,105,324**	**$**	**(2,577,213)**	**$**	**202,113,136**

Accumulated Amortization		2017		Amortization Expense		Disposals		2018
Land	$	-	$	-	$	-	$	-
Buildings and improvements		50,648,784		5,455,008		-		56,103,792
Furniture and equipment		3,430,898		888,326		(1,511,362)		2,807,862
Computer hardware		3,673,310		2,150,111		(611,120)		5,212,301
Computer software		504,241		222,902		(355,137)		372,006
Library holdings		789,837		188,172		(99,594)		878,415
Total	**$**	**59,047,070**	**$**	**8,904,519**	**$**	**(2,577,213)**	**$**	**65,374,376**

Net Book Value		2017		2018
Land and land improvements	$	2,043,360	$	2,043,360
Buildings		121,231,371		123,120,068
Furniture and equipment		3,219,481		3,917,784
Computer hardware		7,164,460		6,625,325
Computer software		346,825		530,070
Library holdings		532,458		502,153
Total	**$**	**134,537,955**	**$**	**136,738,760**

11. Financial risk management

The College is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and manages them.

(a) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due. The College establishes budgets and cash flow projections to ensure that it has the necessary funds to meet its obligations as they become due.

(b) Market and interest rate risk

Market risk is the risk that changes in market prices will affect the College's operating results. Interest rate risk is the risk that the fair value of future cash flows of floating rate instruments will fluctuate due to changes in market interest rates. It is management's opinion that the College is not exposed to excessive levels of market or interest rate risk arising from its financial instruments.

(c) Credit risk

Credit risk is the risk of financial loss to the College if a client of the College or counterparty to a financial instrument fails to meet their contractual obligations. Such risks arise principally from certain financial assets held by the College consisting of cash and cash equivalents, accounts receivable and investments.

The College's exposure to credit risk is influenced mainly by the individual characteristics of its clients, in the event of non-payment of amounts owing. This risk is mitigated by ensuring that the majority of receivables are collected prior to the delivery of programs, by the College's prompt collection processes and by other remedies such as withholding of transcripts in the event of non-payment.

The College accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable.

12. Commitments

The College has entered into operating leases for premises, vehicles, and office equipment, the minimum annual payments and other contractual charges are as follows:

Fiscal year	Minimum lease payment	Minimum other charges	Total cost
2019	362,979	216,021	579,000
2020	119,295	-	119,295
2021	114,454	-	114,454
	$ 596,728	**$ 216,021**	**$ 812,749**

13. Contractual Rights

The College has entered into a food services contract, entitling them to minimum annual commission fees as follow:

Fiscal year	Total payments
2019	380,000
2020	380,000
2021	380,000
	$ 1,140,000

The College has also entered into an agreement for the lease of the Students' Union Building to the LSU, for which the future receivable amounts have been included in note 4.

14. Langara College Foundation

The Langara College Foundation (the "Foundation") was established under the Societies Act of British Columbia on February 6, 2013 and is a registered charity under the Income Tax Act of Canada. The purpose of the Foundation as stated in its constitution is the solicitation and management of donations and endowments for the purpose of providing awards and grants to students of Langara College (the "College") and to otherwise further the interests of the College. The Foundation is governed by an independent board of directors, the voting members of which can include employees and officers of the College.

During the year, as part of its ordinary course of business, the College transferred certain funds to the Foundation.

In addition, at its meeting held on March 22, 2018, the Board of Governors of Langara College authorized the following transfers to the Langara College Foundation:

(a) $200,000 to match donations;

(b) $1,127,128 to the Building Legacy Fund, for future Langara capital projects at the Foundation's discretion; and

(c) $294,525 to the International Education Development Fund.

These transfers to the Foundation are recorded in Accounts Payable and Accrued Liabilities.

15. Expenses by object

	2018	2017
Salaries and benefits	$ 98,388,270	$ 89,124,628
Fees and contract services	11,517,352	9,152,927
Amortization of tangible capital assets	8,904,519	7,182,393
Facilities	5,574,209	4,917,548
Cost of goods sold	2,806,403	2,837,798
Supplies	2,932,219	2,455,123
Professional development and travel	2,307,380	2,255,967
Other	1,791,719	1,928,752
Transfer to Langara College Foundation	1,654,004	1,434,338
Leases and rental	1,143,555	1,165,897
Scholarships and bursaries	1,062,431	984,825
Communications	592,493	560,833
Interest on long-term debt	468,000	468,000
	$ 139,142,554	**$ 124,469,029**

16. Comparative information

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