

Financial Statements of

Coast Mountain College

Year ended March 31, 2020 and 2019

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Management's Report

Management's Responsibility for the Financial Statements

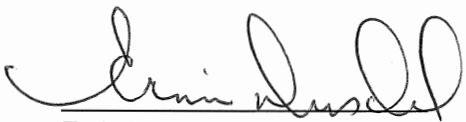
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, as required by Section 23.1 of the Budget Transparency and Accountability Act of the Province of BC, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

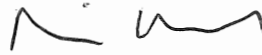
The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance and Audit Committee. The Finance and Audit Committee reviews internal financial statements on a quarterly basis and external audited financial statements yearly.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. Their examination considers internal control relevant to management's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Coast Mountain College's internal controls. The external auditors have full and free access to the Finance and Audit Committee of Coast Mountain College and meet with them when required.

On behalf of Coast Mountain College



Ernie Dusdal
Chair, Finance and Audit Committee



Michael Doyle
Vice-President, Corporate Services



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Independent Auditor's Report

**To the Board of Governors of Coast Mountain College, and
To the Ministry of Advanced Education, Skills and Training, Province of British Columbia**

Opinion

We have audited the accompanying financial statements of Coast Mountain College (the College), which comprise the Statement of Financial Position as at March 31, 2020, and the Statements of Operations, Changes in Net Debt, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Coast Mountain College as at and for the year ended March 31, 2020 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the Act).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared in order for the College to meet the reporting requirements of the Act referred to above. Note 2(a) to the financial statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Act, 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.

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the College to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the College to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 12, 2020

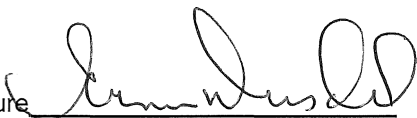
Coast Mountain College


Statement of Financial Position

As at March 31, 2020

[in thousands of dollars]

	<i>Note</i>	March 31, 2020	March 31, 2019
Financial assets			
Cash and cash equivalents	3	\$ 11,626	\$ 11,320
Accounts receivable	4	507	2,168
Inventory held for resale		265	239
		<u>12,398</u>	<u>13,727</u>
Liabilities			
Accounts payable and accrued liabilities	5	3,141	3,798
Accrued employee entitlements	6	1,550	1,493
Payroll liabilities	7	745	1,046
Deferred revenue	8	3,051	3,100
Deferred contributions	9	278	423
Deferred capital contributions	10	46,057	46,964
		<u>54,822</u>	<u>56,824</u>
Net debt		<u>(42,424)</u>	<u>(43,097)</u>
Non-financial assets			
Tangible capital assets	11	49,510	50,181
Accumulated surplus	13	<u>\$ 7,086</u>	<u>\$ 7,084</u>
<i>Contractual obligations</i>	15		
<i>Contingent liabilities</i>	16		

Signature 
Ernie Dusdal, Chair, Finance and Audit Committee

Signature 
Michael Doyle, Vice President, Corporate Services

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Coast Mountain College

Statement of Operations

For the Year Ended March 31, 2020

[in thousands of dollars]

	Note	Budget Note 2(k)	2020	2019
Revenues				
Contributions		\$ 21,570	\$ 23,010	\$ 23,493
Tuition and other fees		3,999	5,474	4,449
Contract services and other		3,443	3,033	5,028
Ancillary services		1,338	1,248	1,177
Gain on disposal of capital assets		-	313	305
Amortization of deferred capital contributions	10	2,900	3,630	3,184
		<u>33,250</u>	<u>36,708</u>	<u>37,636</u>
Expenses				
Instruction and support		28,538	30,981	32,059
Ancillary		1,412	1,741	1,736
Amortization		3,300	3,984	3,470
	17	<u>33,250</u>	<u>36,706</u>	<u>37,265</u>
Annual surplus		<u>-</u>	<u>2</u>	<u>371</u>
Accumulated surplus, beginning of year			<u>7,084</u>	<u>6,713</u>
Accumulated surplus, end of year			<u><u>\$ 7,086</u></u>	<u><u>\$ 7,084</u></u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Coast Mountain College

Statement of Change in Net Debt For the Year Ended March 31, 2020 [in thousands of dollars]

	2020	2019
Annual surplus	\$ 2	\$ 371
Acquisition of tangible capital assets	(3,314)	(10,842)
Disposition of tangible capital assets, net book value	1	9
Amortization of tangible capital assets	3,984	3,470
	<u>671</u>	<u>(7,363)</u>
Decrease (increase) in net debt	673	(6,992)
Net debt at beginning of year	(43,097)	(36,105)
Net debt at end of year	<u><u>\$ (42,424)</u></u>	<u><u>\$ (43,097)</u></u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Coast Mountain College

Statement of Cash Flows

For the Year Ended March 31, 2020

[In thousands of dollars]

	Note	2020	2019
Cash flows from operating transactions			
Annual surplus		\$ 2	\$ 371
Items not involving cash:			
Gain on disposal of tangible capital assets		(313)	(305)
Amortization of tangible capital assets		3,984	3,470
Amortization of deferred capital contributions		(3,630)	(3,184)
		43	352
Increase (decrease) in non-cash operating items	18	734	(1,339)
Increase (decrease) in deferred revenues		(194)	(2,174)
Cash applied to operating transactions		583	(3,161)
Capital transactions			
Acquisition of tangible capital assets		(3,314)	(10,842)
Proceeds from sale of tangible capital assets		314	313
Cash applied to capital transactions		(3,000)	(10,529)
Financing transactions			
Deferred capital contributions received		2,723	9,682
Increase (decrease) in cash		306	(4,008)
Cash at beginning of year		11,320	15,328
Cash at end of year		\$ 11,626	\$ 11,320

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

1. Authority and Purpose

Coast Mountain College (the "College") is a post-secondary educational institution incorporated under the provisions of the College and Institute Act of British Columbia. The College is a not-for-profit entity governed by a Board of Governors and is funded principally by the provincial government of British Columbia through the Ministry of Advanced Education, Skills and Training. The College is a registered charity and is therefore exempt from income taxes under section 149 of the *Income Tax Act*.

The College was given permission by the Provincial Government to change its name to Coast Mountain College, effective June 18, 2018. The College was formerly known as Northwest Community College.

2. 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 (BTAA) of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it. This requires that these financial statements be prepared in accordance with Canadian public sector accounting standards (PSAS) issued by the Public Sector Accounting Board of CPA Canada except that the contributions received or receivable by the College for the purpose of acquisition of tangible capital assets are accounted for as deferred capital contributions.

The basis of accounting that the College has adopted is different from PSAS with respect to the timing of revenue recognition for government transfers. If the College had recorded government transfers under PSAS rather than the accounting policy described in note 2(g)(i), capital contributions recognized as revenue and the annual surplus for the year ended March 31, 2020 would have decreased by \$907 (March 31, 2019 – increase \$6,498). Consequentially, as at March 31, 2020, deferred capital contributions used to purchase tangible capital assets would have decreased and the accumulated surplus would have increased by \$46,057 (March 31, 2019 – \$46,964). Under PSAS, the total cash flows from operating, financing, and capital transactions for the years ended March 31, 2020 and 2019 would have been the same as reported in these financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents include term deposits with a term to maturity of three months or less at the date of purchase.

(c) Financial assets

Financial assets are classified into two categories: fair value or cost.

- (i) Fair value category: Portfolio instruments that are quoted in an active market and derivative instruments are reflected at fair value as at the reporting date. Sales and purchases of financial assets are recorded on the trade date. Transaction costs related to the acquisition of financial assets is recorded as an expense. There were no financial instruments designated in the fair

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

2. Significant Accounting Policies

- (c) Financial assets value category.
- (ii) Cost/Amortized cost category: Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of financial assets are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related financial assets.

Accounts receivable are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Any gains, losses or interest expense is recorded in the annual surplus depending on the nature of the financial liability that gave rise to the gain, loss or expense.

- (d) 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. Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets. 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:

Site improvements	10 years
Buildings	
- Wood frame	20 years
- Concrete/steel	40 years
Furniture and equipment	5 years
Computer hardware and software	4 years
Library holdings	10 years
Landscaping	15 years

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

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

2. Significant Accounting Policies

(d) Non-financial assets

(i) Tangible capital assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

Contributed tangible capital assets are recorded at their fair value on the date of contribution. When fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(ii) Works of art and historic assets

Works of art and historic assets are not recorded as assets in these financial statements.

(iii) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(e) Accrued employee entitlements

(i) Defined contribution plans

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The board 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, 2019, the College Pension Plan has about 15,000 active members, and approximately 8,000 retired members. As at December 31, 2018, the Municipal Pension Plan has about 205,000 active members, including approximately 6,000 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.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

2. Significant Accounting Policies

(e) Accrued employee entitlements

(i) Defined contribution plans

The most recent actuarial valuation for College Pension Plan as at August 31, 2018, indicated a \$303 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

Coast Mountain College paid \$1,517 for employer contributions to the plans in fiscal 2020 (2019 - \$1,436).

The next valuation for the College Pension Plan will be as at August 31, 2019 with results available in 2020. The next valuation for the Municipal Pension Plan will be December 31, 2019, with results available in 2020.

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.

(ii) Retirement benefits

Retirement benefits are also available to the College's employees. The costs of these benefits 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 amortized over the expected average remaining service life of the employees.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The College's short-term employee benefits include accrued vacation, banked overtime and early retirement incentives. Employees of the College do not accumulate sick leave and therefore there is no liability recognized.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

2. Significant Accounting Policies

(f) Payroll liabilities

Payroll liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

The College's payroll liabilities include wages and payroll remittance accruals, employee benefits, professional development accruals, payments to the College and Municipal Pension Plans, and other short-term payroll accruals.

(g) Revenue recognition

Tuition and other fees are reported as revenues over the duration of the course or school year. Tuition fees are deferred for the portion of the courses held in the next fiscal year. The sale of goods, contract services and ancillary services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

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 by the College 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 and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or 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.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent, are recorded as direct increases to accumulated surplus for the portion to be held in perpetuity and as deferred contributions for any restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis and write-downs on investments where the loss in value is determined to be other-than-temporary.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

2. Significant Accounting Policies

(h) Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to estimated useful life of tangible capital assets, provision for contaminated sites and the present value of employee future benefits and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(i) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the financial statement date when an environmental standard exists, contamination exceeds the standard, and it is expected that future economic benefits will be given up and the liability can be reasonably estimated.

The College has determined that as of March 31, 2020, there is a hazardous material removal liability of \$NIL (2019 - \$754).

(j) 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 currencies and non-monetary assets and liabilities which were designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the balance sheet date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or balance sheet date is recognized in the Statement of Operations.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the College's Fiscal 2019/2020 Budget approved by the Board of Governors of the College on April 5, 2019. The budget is reflected in the Statement of Operations and Accumulated Surplus.

As the budget was prepared in the spring of 2019 the estimates were based on Ministry and Contract funding secured at the time of preparation. There are variances as management will obtain additional funding contracts throughout the year and incur related expenditures once funding is approved.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

3. Cash and cash equivalents

	2020	2019
Restricted	\$ 277	\$ 423
Unrestricted	11,349	10,897
Total	<u>\$ 11,626</u>	<u>\$ 11,320</u>

Restricted cash is comprised of funds held for externally restricted purposes and is related to bursary funds and funds held in trust. (Note 9).

4. Accounts receivable

Accounts receivable are recorded net of allowance for doubtful receivables of \$30 (2019 - \$36).

5. Accounts payable and accrued liabilities

	2020	2019
Accounts payable	\$ 649	\$ 967
Accrued liabilities	384	633
Other accrued liabilities	140	203
Student deposits	1,968	1,241
Contaminated site liability	-	754
Balance, end of year	<u>\$ 3,141</u>	<u>\$ 3,798</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

6. Accrued employee entitlements

Accrued employee entitlements are comprised of the following:

	2020	2019
Accrued vacation	\$ 577	\$ 411
Accrued overtime	53	55
Retirement allowances	602	596
Executive benefits and days in lieu	67	97
Early retirement incentives	185	196
Severance benefits	66	138
Balance, end of year	<u>\$ 1,550</u>	<u>\$ 1,493</u>

Retirement allowances:

The College provides retirement allowances to its eligible employees based on eligibility, years of service and final salary. These allowances include retirement allowance benefits for BCGEU instructors and support staff and sick leave and cash-out benefits for CUPE members. The liability associated with these benefits is calculated based on the present value of expected future payments pro-rated for services.

The fair value has been determined using a discounted cash flow analysis with an appropriate discount factor, which at March 31, 2020 was determined to be 3.25% (2019 – 3.25%).

	2020	2019
Accrued benefit liability		
Balance, beginning of year	\$ 596	\$ 592
Current service cost	47	45
Interest cost	21	21
Amortization of net actuarial losses	10	10
Benefits paid	(72)	(72)
Accrued benefit liability, end of year	<u>\$ 602</u>	<u>\$ 596</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

6. Accrued employee entitlements

An actuarial valuation for these benefits was performed to determine the College's accrued benefit obligation as at March 31, 2020. The difference between the actuarially determined accrued benefit obligation of \$647 and the accrued benefit liability of \$602 is an unamortized actuarial loss of \$45. The actuarial loss is amortized over a period equal to the employees' average remaining service lifetime of 10 years.

	2020	2019
Accrued benefit obligation		
Liability, end of year	\$ 602	\$ 596
Unamortized actuarial loss (gain)	45	55
Balance, end of year	<u>\$ 647</u>	<u>\$ 651</u>

7. Payroll liabilities

Payroll liabilities are comprised of the following:

	2020	2019
Payroll accruals	\$ 321	\$ 223
Pension benefits	6	235
Professional development accruals	392	342
Other	26	246
Balance, end of year	<u>\$ 745</u>	<u>\$ 1,046</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

8. Deferred revenue

Deferred revenue is comprised of contract services and deferred tuition revenue.

Changes in deferred revenue are as follows:

	2020	2019
Balance, beginning of year	\$ 3,100	\$ 5,258
Contributions received during the year	2,890	13,235
Revenue recognized	(2,939)	(15,393)
Balance, end of year	<u>\$ 3,051</u>	<u>\$ 3,100</u>

9. Deferred contributions

Deferred contributions are funds restricted for bursaries and scholarships:

	2020	2019
Balance, beginning of year	\$ 423	\$ 439
Contributions received during the year	181	217
Revenue recognized	(326)	(233)
Balance, end of year	<u>\$ 278</u>	<u>\$ 423</u>

10. Deferred capital contributions

Contributions for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Treasury Board provided direction on accounting treatment as disclosed in Note 2. Changes in the deferred capital contributions balance are as follows:

Changes in the deferred capital contributions balance are as follows:

	2020	2019
Balance, beginning of year	\$ 46,964	\$ 40,466
Contributions received during the year	2,723	9,682
Revenue recognized	(3,630)	(3,184)
Balance, end of year	<u>\$ 46,057</u>	<u>\$ 46,964</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

11. Tangible capital assets

Cost	Balance at March 31, 2019	Additions	Disposals	Balance at March 31, 2020
Land and land improvements	\$ 1,623	\$ -	\$ -	\$ 1,623
Buildings	76,696	2,014	(413)	78,297
Furniture and equipment	17,308	1,280	(1,279)	17,309
Computer hardware and software	2,515	20	(527)	2,008
Library holdings	1,720	-	-	1,720
Total	\$ 99,862	\$ 3,314	\$ (2,219)	\$ 100,957

Accumulated amortization	Balance at March 31, 2019	Amortization expense	Disposals	Balance at March 31, 2020
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Buildings	31,908	2,688	(413)	34,183
Furniture and equipment	14,431	967	(1,278)	14,120
Computer hardware and software	1,762	289	(527)	1,524
Library holdings	1,580	40	-	1,620
Total	\$ 49,681	\$ 3,984	\$ (2,218)	\$ 51,447

	Net book value March 31, 2019	Net book value March 31, 2020
Land and land improvements	\$ 1,623	\$ 1,623
Buildings	44,787	44,114
Furniture and equipment	2,878	3,188
Computer hardware and software	753	484
Library holdings	140	101
Total	\$ 50,181	\$ 49,510

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

11. Tangible capital assets

Cost	Balance at March 31, 2018	Additions	Disposals	Balance at March 31, 2019
Land and land improvements	\$ 1,623	\$ -	\$ -	\$ 1,623
Buildings	67,042	9,698	(44)	76,696
Furniture and equipment	16,752	1,096	(540)	17,308
Computer hardware and software	2,467	48	-	2,515
Library holdings	1,719	-	-	1,719
Total	<u>\$ 89,603</u>	<u>\$ 10,842</u>	<u>\$ (584)</u>	<u>\$ 99,861</u>

Accumulated amortization	Balance at March 31, 2018	Amortization expense	Disposals	Balance at March 31, 2019
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Buildings	29,831	2,113	(36)	31,908
Furniture and equipment	13,963	1,007	(539)	14,431
Computer hardware and software	1,457	305	-	1,762
Library holdings	1,534	45	-	1,579
Total	<u>\$ 46,785</u>	<u>\$ 3,470</u>	<u>\$ (575)</u>	<u>\$ 49,680</u>

	Net book value March 31, 2018	Net book value March 31, 2019
Land and land improvements	\$ 1,623	\$ 1,623
Buildings	37,211	44,787
Furniture and equipment	2,788	2,878
Computer hardware and software	1,011	753
Library holdings	185	140
Total	<u>\$ 42,818</u>	<u>\$ 50,181</u>

(a) Assets under construction

Assets under construction having a value of \$1,329 (2019 - \$2,290) have not been amortized and are included under buildings. Amortization of these assets will commence when the asset is put into service.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

11. Tangible capital assets

- (b) Works of art and historical treasures

The College manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at the College sites and public display areas. These assets are not recorded on these financial statements.

- (c) Write-down of tangible capital assets

There was no write-down of tangible capital assets during the year (2019 - \$351).

12. Financial risk management

The College has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and controls them.

- (a) Credit risk

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

The College manages its credit risk by reviewing the credit history of new customers before extending credit and by conducting regular reviews of its existing customer's credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The College has a significant number of customers which minimizes the concentration of credit risk. The College limits its exposure to credit risk by placing its cash with chartered banks and the Ministry of Finance.

- (b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the College's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

It is management's opinion that the College is not exposed to significant market or interest rate risk arising from its financial instruments.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

12. Financial risk management

(c) 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 manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the College's reputation.

(d) Fair value of financial instruments

Generally accepted accounting principles define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

Cash, accounts receivable, accounts payables and accrued liabilities - the carrying amounts approximate fair value because of the short maturity of these instruments.

The College is not exposed to any material fair value risk.

13. Accumulated surplus

Accumulated surplus is comprised of the following:

	2020	2019
Operating	\$ 3,633	\$ 3,866
Capital	3,453	3,218
Total	<u>\$ 7,086</u>	<u>\$ 7,084</u>

14. Endowments

The College has endowment funds with the Vancouver Foundation. The funds are permanent funds with the Foundation and provide income for scholarships and bursaries at the College. The Funds are not under College ownership or control and therefore have not been included in the financial statements. The College has recorded its contributions to the Fund as donation expenditures. The College earned income of \$50 (2019 - \$49) from the Funds during the year. Income is recorded as deferred contributions until disbursed.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

14. Endowments

Changes to the endowment balances are as follows:

	2020		2019	
	Cost	Market Value	Cost	Market Value
Northwest Community College Endowment Fund	\$ 588	\$ 746	\$ 588	\$ 820
Morice Community Skills Centre Legacy Fund	181	206	181	227
NWCC School of Exploration and Mining Endowment Fund	203	256	203	261
Balance, end of year	\$ 972	\$ 1,208	\$ 972	\$ 1,308

15. Contractual obligations

The nature of the College's activities can result in multiyear contracts and obligations whereby the College will be committed to make future payments. Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	2020	2019	Thereafter	Total
Lease agreements	\$ 87	\$ 85	\$ 109	\$ 281

16. Contingent liabilities

The College may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. In the event that any such claims or litigation are resolved against the College, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of the College. As at March 31, 2020, there are no known material outstanding claims or lawsuits.

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

17. Expenses by object

The following is a summary of expenses by object:

	2020	2019
Personnel	\$ 22,235	\$ 20,502
Instruction and service contracts	3,730	4,241
Supplies	1,250	1,375
Cost of goods sold	392	485
Advertising and promotion	176	274
Building and equipment costs	1,941	3,624
Building leases	23	27
Janitorial	648	429
Other	551	771
Telecommunications	191	326
Travel	990	1,099
Utilities	595	642
Amortization	3,984	3,470
Total	<u>\$ 36,706</u>	<u>\$ 37,265</u>

18. Supplementary cash flow information

Net change in non-cash working capital

	2020	2019
Accounts receivable	\$ 1,661	\$ (1,065)
Inventory held for resale	(26)	2
Accounts payable and accrued liabilities	(657)	(568)
Accrued employee entitlements	57	(135)
Payroll liabilities	(301)	427
Total	<u>\$ 734</u>	<u>\$ (1,339)</u>

Coast Mountain College

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

[in thousands of dollars]

19. CMTN Foundation

The College has an economic interest in the CMTN Foundation ("Foundation"). The net assets and results of operations of the Foundation have not been included in these financial statements. The Foundation is a separate organization formed to provide scholarships and bursaries for students of the College and to raise funds and awareness to enrich the learning experience at the College. The College provides some financial support to the Foundation. During the year, financial support of \$150 (2019 - \$200) was provided to the Foundation.

20. Subsequent events

On March 11, 2020 the World Health Organization declared the coronavirus, COVID-19, a pandemic.

Subsequent to March 31, 2020, the impact on the global and Canadian economies due to the COVID-19 pandemic has continued to increase, leading to an economic slowdown. Government and central banks have reacted with monetary and other measures designed to stabilize economic conditions and limit the spread of COVID-19 but the duration and extent of the outbreak's impact remains uncertain at this time.

Consequences of government recommended closures, combined with border closures and limitations in the College's ability to deliver classes could affect the demand of post-secondary education. If the financial markets and/or the overall economy are affected for an extended period, the College's future financial results may be similarly adversely affected.

While the impacts of this pandemic on the College are not currently expected to be dire and the disruption is expected to be temporary, the actual duration of disruption and related financial impact on the College cannot be reasonably estimated at present.