

Financial Statements of

**NICOLA VALLEY INSTITUTE  
OF TECHNOLOGY**

Year ended March 31, 2016

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Financial Statements

Year ended March 31, 2016

### Financial Statements

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## STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Nicola Valley Institute of Technology (the "Institute") is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and Treasury Board direction outlined in note 1(a). This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting measurement of transactions in which objective judgment is required. In fulfilling its responsibilities and recognizing the limits inherent in all systems, the Institute's management has developed and maintains a system of internal controls designed to provide reasonable assurance that Institute's assets are safeguarded from loss and that the accounting records are a reliable basis for preparation of financial statements. The system of internal controls is monitored by the Institute's management.

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit and Risk Management Committee. The members of the Audit and Risk Management Committee are not officers or employees of the Institute. The Audit and Risk Management Committee meets with the management and with the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit and Risk Management Committee, with and without the presence of management.

The financial statements have been examined by KPMG LLP, Chartered Professional Accountants, the external auditors appointed by the Institute's Board of Governors. The Independent Auditor's Report outlines the nature of their examination and expresses an opinion on the financial statements of the Institute for the year ended March 31, 2016.

On behalf of Nicola Valley Institute of Technology:

  
\_\_\_\_\_  
Board Chairperson

  
\_\_\_\_\_  
Director, Finance & Administration

May 18, 2016



**KPMG LLP**  
**Chartered Accountants**  
200-206 Seymour Street  
Kamloops BC V2C 6P5  
Canada

Telephone (250) 372-5581  
Fax (250) 828-2928  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Governors of Nicola Valley Institute of Technology , and  
To the Minister of Advanced Education, Province of British Columbia

We have audited the accompanying financial statements of Nicola Valley Institute of Technology (“the Institute”), which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, 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.

### **Auditor’s 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 Institute’s preparation and fair presentation 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 Institute’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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the financial statements of Nicola Valley Institute of Technology as at March 31, 2016 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 1(a) to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants

Kamloops, Canada

May 18, 2016

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 4,085,351	\$ 4,369,380
Accounts receivable (note 2)	1,825,880	1,667,422
Inventory for resale	152,033	89,912
Portfolio investments (note 3)	1,050,000	1,050,000
	<u>7,113,264</u>	<u>7,176,714</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities (note 4)	1,434,878	1,174,796
Deferred revenue (note 5)	1,371,163	1,281,891
Debt (note 6)	2,796,357	2,873,942
Deferred capital contributions (note 7)	16,154,796	13,999,172
	<u>21,757,194</u>	<u>19,329,801</u>
Net debt	(14,643,930)	(12,153,087)
<b>Non-financial assets:</b>		
Tangible capital assets (note 8)	19,130,125	16,611,842
Endowment investments (note 9)	205,511	230,511
Prepaid expenses and deposits	130,907	131,002
	<u>19,466,543</u>	<u>16,973,355</u>
<b>Accumulated surplus (note 11)</b>	<b>\$ 4,822,613</b>	<b>\$ 4,820,268</b>

Employee future benefits (note 12)

Contractual obligations (note 13)

See accompanying notes to financial statements.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2016, with comparative information for 2015

	Budget (note 1(l))	2016	2015
<b>Revenue:</b>			
Province of British Columbia grants	\$ 8,076,435	\$ 10,332,386	\$ 8,598,296
Government of Canada grants	-	-	120,995
Tuition and student fees	1,214,194	901,033	944,836
Contract services	1,000,000	1,162,113	861,240
Sales of goods and services	567,900	586,281	640,239
Recognition of deferred capital contributions	542,000	637,532	517,605
Investment income	82,000	62,749	83,912
Other	58,000	118,021	113,583
	<u>11,540,529</u>	<u>13,800,115</u>	<u>11,880,706</u>
<b>Expenses (note 14):</b>			
Instruction and instructional support	10,858,938	13,084,090	11,110,489
Ancillary operations	548,591	559,091	552,909
Interest on debt	133,000	132,675	136,210
	<u>11,540,529</u>	<u>13,775,856</u>	<u>11,799,608</u>
Annual surplus before the undernoted	-	24,259	81,098
<b>Other income (expenses):</b>			
Endowment and interest contributions (note 9)	-	3,086	4,343
Endowment repayments (note 9)	-	(25,000)	-
	-	<u>(21,914)</u>	<u>4,343</u>
Annual surplus	-	2,345	85,441
Accumulated surplus, beginning of year	4,820,268	4,820,268	4,734,827
Accumulated surplus, end of year	<u>\$ 4,820,268</u>	<u>\$ 4,822,613</u>	<u>\$ 4,820,268</u>

See accompanying notes to financial statements.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Statement of Changes in Net Debt

Year ended March 31, 2016, with comparative information for 2015

	Budget (note 1(l))	2016	2015
Annual surplus	\$ -	\$ 2,345	\$ 85,441
<b>Capital activities</b>			
Acquisition of tangible capital assets	-	(3,355,455)	(2,220,151)
Amortization of tangible capital assets	732,000	837,172	718,323
	732,000	(2,515,938)	(1,416,387)
<b>Changes in non-financial assets</b>			
Net consumption (acquisition) of prepaid expenses	-	95	(20,726)
Endowment repayment	-	25,000	-
	-	25,095	(20,726)
Net change in net debt	732,000	(2,490,843)	(1,437,113)
Net debt, beginning of year	(12,153,087)	(12,153,087)	(10,715,974)
Net debt, end of year	\$ (11,421,087)	\$ (14,643,930)	\$ (12,153,087)

See accompanying notes to financial statements.



# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 2,345	\$ 85,441
Items not involving cash:		
Amortization of tangible capital assets	837,172	718,323
Revenue recognized from deferred capital contributions	(637,532)	(517,605)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(158,458)	(930,357)
Inventory held for resale	(62,121)	39,892
Prepaid expenses and deposits	95	(20,726)
Accounts payable and accrued liabilities	260,082	(114,459)
Deferred revenue	89,272	81,603
	330,855	(657,888)
<b>Financing activities:</b>		
Repayment of debt	(77,585)	(74,063)
Additions to deferred capital contributions	2,793,156	2,169,420
	2,715,571	2,095,357
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(3,355,455)	(2,220,151)
<b>Investing activities:</b>		
Net disposition of portfolio investments	-	4,068,345
Disposal of endowment investments	25,000	-
	25,000	4,068,345
Increase (decrease) in cash and cash equivalents	(284,029)	3,285,663
Cash and cash equivalents, beginning of year	4,369,380	1,083,717
Cash and cash equivalents, end of year	\$ 4,085,351	\$ 4,369,380

See accompanying notes to financial statements.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2016

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## **Authority and Purpose:**

Nicola Valley Institute of Technology (the "Institute") was designated as a provincial institute in 1995 and operates under the authority of the College and Institute Act of British Columbia. The Institute is a not for profit entity, governed by a Board of Governors appointed by the Ministry of Advanced Education. The Institute is a registered charity and therefore exempt from income taxes under section 149 of the Income Tax Act.

The Institute provides quality post-secondary education relevant to the diverse and evolving needs of Aboriginal (First Nations, Inuit and Métis) learners at its Merritt and Vancouver campuses as well as in communities.

## **1. Significant accounting policies:**

The financial statements of the Institute are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the Institute are as follows:

### **(a) Basis of accounting:**

The 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 all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

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 and, referred to 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 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. If the depreciable tangible capital asset funded by a deferred capital contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.
- (ii) Contributions externally 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 stipulation or restriction on the contributions have been met.

For British Columbia tax-payer 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 requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410 Government Transfers;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with PS3100 Restricted Assets and Revenues; and
- deferred contributions meet the criteria in accordance with PS 3200 Liabilities

As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

### (b) Cash and cash equivalents:

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

### (c) Inventory for resale:

Inventory for resale in the bookstore is measured at the lower of cost and net realizable value, determined on a first-in, first-out basis.

### (d) Financial instruments:

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

- (i) Fair value category: Financial instruments, including portfolio investments, that are quoted in an active market and derivative instruments are reflected at fair value as at the reporting date. Any gains, losses or interest expense is recorded in the annual surplus (deficit) depending on the nature of the financial liability that gave rise to the gain, loss or expense; sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of de-recognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. As there are no unrealized gains or losses on portfolio investments as of March 31, 2016 and 2015, a Statement of Remeasurement Gains and Losses has not been presented.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

### (d) Financial instruments (continued):

- (ii) Cost category: Gains and losses are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Accounts receivable are measured at amortized cost using the effective interest method; accounts payable and accrued liabilities and debt are measured at amortized cost using the effective interest method. Transaction costs related to the acquisition of investments are included in the cost of the related investments.

### (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.

### (f) 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. Donated assets are recorded at fair value at the date of donation. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recognized at nominal value. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis, starting in the month of acquisition, over their estimated useful lives as follows at the following annual rates:

Asset	Rate
Buildings	2 1/2%
Site improvements	10%
Library acquisitions	10%
Mobile instructional equipment	10%
Other non-instructional equipment	10%
Automotive	25%
Office equipment and furniture	10-25%
Computers and software	33 1/3%-50%
Leasehold improvements	33 1/3%-50%

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# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

### (f) Tangible capital assets (continued):

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Deferred capital contributions associated with the written down capital asset are recognized as revenue if all restrictions have been complied with.

Tangible capital assets are written down to net realizable value when conditions indicate that they no longer contribute to the Institute'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.

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

### (g) Employee future benefits:

i) The Institute and its employees make contributions to College Pension Plan and Municipal Pension Plan which are multi-employer joint trustee 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, the plans are accounted for as a defined contribution plan and any contributions of Institute to the plan are expensed as incurred.

ii) Prior to April 1, 2002, employees accrued sick leave benefits, with a change in benefits on that date a sick leave bank was created for employees who still had an accumulation of hours. The costs of these benefits are actuarially determined based on service and best estimates and the obligation under this benefit plan is accrued based on projected benefit utilization.

### (h) Revenue recognition:

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.

Unrestricted donations and grants are recorded as revenue when payment is received by the Institute.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

### (h) Revenue recognition (continued):

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, in each case 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 external endowment donations on the statement of operations for the portion to be held in perpetuity and as deferred contributions for the investment income earned thereon.
- (iv) 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.

### (i) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired if the contributions were not specifically restricted for capital.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

(j) 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 the fair value of portfolio investments, estimated useful lives of tangible capital assets and the recognition of related deferred capital contributions. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(k) Segmented information:

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. The Institute has provided definitions of segments used by the Institute as well as presented financial information in segmented format in note 15.

(l) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the annual budget approved by the Board of Governors on February 20, 2015. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.



# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 2. Accounts receivable:

	2016	2015
Trade receivables	\$ 419,380	\$ 30,214
Government entities	1,053,602	1,204,921
Commodity taxes recoverable	96,200	92,274
Other receivables	256,698	340,013
	<u>\$ 1,825,880</u>	<u>\$ 1,667,422</u>

## 3. Portfolio investments:

	2016	2015
Portfolio investments:		
Guaranteed investment certificates with various maturity dates with interest rates ranging from 1.50% to 3.00%	\$ 1,050,000	\$ 1,050,000
	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>

Financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Institute's portfolio investments are all considered to be level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. Changes in fair valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year there were no significant transfers of securities between the different levels.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 4. Accounts payable and accrued liabilities:

	2016	2015
Trade payables	\$ 951,842	\$ 548,445
Salaries and benefits payable	307,452	386,951
Other	175,584	239,400
	<u>\$ 1,434,878</u>	<u>\$ 1,174,796</u>

## 5. Deferred revenue:

The deferred revenues, reported on the statement of financial position, consist of the following:

	2016	2015
Tuition	\$ 78,091	\$ 127,174
Contributions	1,266,865	1,141,517
Rent	26,207	13,200
Total deferred revenue	<u>\$ 1,371,163</u>	<u>\$ 1,281,891</u>

Continuity of deferred revenue is as follows:

	2016	2015
Balance, beginning of year:		
Tuition	\$ 127,174	\$ 122,690
Contributions	1,141,517	1,060,878
Rent	13,200	16,720
	<u>1,281,891</u>	<u>1,200,288</u>
Receipts:		
Tuition	851,950	949,320
Contributions	3,975,442	1,852,340
Rent	230,939	248,073
	<u>5,058,331</u>	<u>3,049,733</u>
Amount recorded as revenue	4,969,059	2,968,130
Balance, end of year	<u>\$ 1,371,163</u>	<u>\$ 1,281,891</u>

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 6. Debt:

	2016	2015
BC Immigrant Investment Fund term loan, repayable in quarterly instalments of \$52,636, including interest at 4.76% effective interest rate, unsecured, due September 2017	\$ 2,796,357	\$ 2,873,942

Scheduled principal payments over the next two years to maturity are estimated as follows:

2017	\$ 81,275
2018	2,715,082

## 7. Deferred capital contributions:

	2016	2015
Balance, beginning of year	\$ 13,999,172	\$ 12,347,357
Contributions received during the year	2,793,156	2,169,420
Revenue recognized from deferred capital contributions	(637,532)	(517,605)
	\$ 16,154,796	\$ 13,999,172

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 8. Tangible capital assets:

2016	Land	Buildings	Site and leasehold improvements	Library acquisitions	Mobile instructional equipment	Other non-instructional equipment	Automotive	Office equipment and furniture	Computers and software	Construction in progress	Total 2016
<b>Cost:</b>											
Balance, beginning of year	\$ 432,000	\$ 17,872,077	\$ 472,798	\$ 389,789	\$ 1,149,050	\$ 306,175	\$ 141,468	\$ 1,381,207	\$ 444,039	\$ 1,459,753	\$ 24,048,356
Additions	-	1,913,311	269,840	-	1,672,809	131,554	23,903	768,757	35,034	(1,459,753)	3,355,455
Balance, end of year	432,000	19,785,388	742,638	389,789	2,821,859	437,729	165,371	2,149,964	479,073	-	27,403,811
<b>Accumulated amortization:</b>											
Balance, beginning of year	-	4,433,675	383,188	279,603	692,856	15,323	60,997	1,163,613	407,259	-	7,436,514
Amortization	-	454,763	34,140	34,275	144,028	32,598	31,582	83,106	22,680	-	837,172
Balance, end of year	-	4,888,438	417,328	313,878	836,884	47,921	92,579	1,246,719	429,939	-	8,273,686
<b>Net book value, end of year</b>	<b>\$ 432,000</b>	<b>\$ 14,896,950</b>	<b>\$ 325,310</b>	<b>\$ 75,911</b>	<b>\$ 1,984,975</b>	<b>\$ 389,808</b>	<b>\$ 72,792</b>	<b>\$ 903,245</b>	<b>\$ 49,134</b>	<b>\$ -</b>	<b>\$ 19,130,125</b>



# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 8. Tangible capital assets (continued):

(a) Assets under construction:

The Institute had \$nil (2015 - \$1,459,753) in assets under construction at March 31, 2016. Amortization of assets under construction commences when the asset is put into service.

(b) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset has been recognized at a nominal value.

(c) Write down of tangible capital assets:

No write down of tangible capital assets occurred during the year.

## 9. Endowments:

Endowments included as part of accumulated surplus is as follows:

	2016	2015
Balance, beginning of year	\$ 232,337	\$ 232,151
Contributions (refunds) during the year	(25,000)	-
Interest earned	3,086	4,343
Use of endowment funds	(3,427)	(4,157)
Balance, end of year	\$ 206,996	\$ 232,337

Endowment investments of \$205,511 (2015 - \$230,511) consist of Central Deposit Program deposits earning interest at bank prime minus 1.50% (March 31, 2016 - 1.20%)

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 10. Financial risk management:

The Institute 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 Institute 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 Institute 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 Institute consisting of cash, portfolio investments, and accounts receivable. Unless otherwise disclosed in these financial statements, the Institute is not subject to significant credit risk associated with its financial instruments. The maximum credit risk for the Institute's financial assets is the carrying value of the assets.

(b) Market and interest rate risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the Institute'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 Institute is not exposed to significant market or interest rate risk arising from its financial instruments.

(c) Liquidity risk:

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they become due. The Institute 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 Institute's reputation.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

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	2016	2015
<b>Operating fund:</b>		
Unrestricted surplus	\$ 1,699,741	\$ 2,119,094
Restricted	648,684	641,886
<u>Equity in tangible capital assets</u>	<u>2,047,314</u>	<u>1,607,073</u>
	4,395,739	4,368,053
<b>Reserves set aside for operating purposes:</b>		
<u>Self funded building maintenance</u>	<u>219,878</u>	<u>219,878</u>
	219,878	219,878
Endowments (note 9)	206,996	232,337
<u>Total accumulated surplus</u>	<u>\$ 4,822,613</u>	<u>\$ 4,820,268</u>



# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 12. Employee future benefits:

The Institute and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans (the "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 provided are based on a formula. As at August 31, 2015, the College Pension Plan has about 14,000 active members, and approximately 6,500 retired members. As at December 31, 2014, the Municipal Pension Plan has about 185,000 active members, including approximately 5,800 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2012, indicated a \$105 million funding deficit for basic pension benefits. The next valuation will be August 31, 2015, with results available in 2016. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be December 31, 2015, with results available in 2016.

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 the plans in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The Institute paid \$501,482 for employer contributions to the plan in fiscal 2016 (2015 - \$505,389).

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 13. Contractual obligations:

The Institute is committed under operating leases for premises, vehicles, office equipment and maintenance contracts extending for various periods to the 2021 fiscal year. Estimated future minimum annual lease payments required over the next five years to maturity are as follows:

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2017	\$	388,086
2018		342,686
2019		61,872
2020		33,709
2021		18,267

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The Institute entered into a contract with the Coast Educational Development and Research ("CEDAR") for a period from January 1, 2016 to May 15, 2016. The contract payments are variable and based on a fixed fee per student to a maximum of \$310,000 for the contract.

## 14. Expenses by object:

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	2016	2015
Expenses:		
Salaries and wages	\$ 5,421,289	\$ 5,393,993
Supplies and services	2,247,609	2,069,799
Fees and contract services	3,110,890	1,395,844
Employee benefits	1,162,693	1,253,870
Amortization of tangible capital assets	837,172	718,324
Professional and contracted services	403,793	371,995
Scholarships, bursaries and prizes	122,182	119,183
Rental	189,119	194,022
Utilities	148,284	143,149
Interest on debt	132,675	136,210
Foreign exchange loss	150	3,219
	<hr/> \$ 13,775,856	<hr/> \$ 11,799,608

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# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 15. Segmented information:

Segmented information has been identified based upon lines of service provided by the Institute. The Institute services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) Instruction & instructional support:

Instruction and instructional support includes all expenses related to the business of delivering education. This includes all direct and indirect expenses for instruction, support, and administration excluding ancillary operations.

(b) Ancillary operations:

Ancillary operations includes all expenses related to the bookstore, residence, cafeteria, and parking.

(c) Capital:

Reflects the Institute's receipts and disbursements for the acquisition of tangible capital assets.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 15. Segmented information (continued):

	2016 Budget	2015/ Base Instruction & Instructional support	CE, CS, SP Instructional support & Instructional support	Ancillary operations	Capital	2016	2015
<b>Revenue:</b>							
Province of British Columbia grants	\$ 8,076,435	\$ 8,570,604	\$ 1,737,767	\$ -	\$ 24,014	\$ 10,332,386	\$ 8,598,296
Tuition and student fees	1,214,194	858,389	42,644	-	-	901,033	944,836
Contract services	1,000,000	104,175	1,057,938	-	-	1,162,113	861,240
Recognition of deferred capital contributions	542,000	-	-	-	637,532	637,532	517,605
Sales of goods and services	567,900	-	-	586,281	-	586,281	640,239
Other	58,000	47,499	70,522	-	-	118,021	113,583
Investment income	82,000	62,749	-	-	-	62,749	83,912
Government of Canada grants	-	-	-	-	-	-	120,995
<b>Total revenue</b>	<b>11,540,529</b>	<b>9,643,416</b>	<b>2,908,871</b>	<b>586,281</b>	<b>661,546</b>	<b>13,800,115</b>	<b>11,880,706</b>
<b>Expenses:</b>							
Salaries and wages	5,434,873	5,146,819	159,849	114,621	-	5,421,289	5,393,993
Supplies and services	2,763,467	1,585,634	250,684	361,259	50,033	2,247,609	2,069,799
Fees and contract services	546,730	683,460	2,391,532	35,898	-	3,110,890	1,395,844
Employee benefits	1,202,844	1,068,307	89,695	4,692	-	1,162,693	1,253,870
Amortization of tangible capital assets	732,000	-	-	-	837,172	837,172	718,324
Professional and contracted services	341,463	399,410	2,685	1,698	-	403,793	371,995
Scholarships, bursaries and prizes	72,672	41,581	80,601	-	-	122,182	119,183
Rental	167,000	189,119	-	-	-	189,119	194,022
Utilities	146,480	107,357	-	40,927	-	148,284	143,149
Interest on debt	133,000	-	-	-	132,675	132,675	136,210
Foreign exchange gain/losses	-	150	-	-	-	150	3,219
<b>Total expenses</b>	<b>11,540,529</b>	<b>9,221,837</b>	<b>2,975,046</b>	<b>559,095</b>	<b>1,019,880</b>	<b>13,775,856</b>	<b>11,799,608</b>
Annual surplus (deficit) before other items	-	421,579	(66,175)	27,186	(358,334)	24,259	81,098
Endowment contributions and income earned	-	-	3,086	-	-	3,086	4,343
Transfers	-	(863,516)	142,522	-	720,994	-	-
Endowment refunds	-	-	(25,000)	-	-	(25,000)	-
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (441,937)</b>	<b>\$ 54,433</b>	<b>\$ 27,186</b>	<b>\$ 362,660</b>	<b>\$ 2,345</b>	<b>\$ 85,441</b>