



Financial Statements of

VANCOUVER COMMUNITY COLLEGE

Year ended March 31, 2022

VANCOUVER COMMUNITY COLLEGE

Statement of Management Responsibility

The financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes of the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Vancouver Community College 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 the internal financial statements on a quarterly basis and external audited financial statements yearly. The Finance and Audit Committee also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, KPMG LLP, conducts an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Vancouver Community College and meet when required. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Vancouver Community College:



Ajay Patel
President and CEO
May 25, 2022



Jamie Choi
Executive Director, Finance & CFO
May 25, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Vancouver Community College, and

To the Minister of the Ministry of Advanced Education and Skills Training, Province of British Columbia

Opinion

We have audited the financial statements of Vancouver Community College (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2022 of the Entity 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.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity 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.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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.

Chartered Professional Accountants

Vancouver, Canada
May 25, 2022

VANCOUVER COMMUNITY COLLEGE

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 54,516,168	\$ 42,341,754
Investments (note 3)	237,500	237,500
Accounts receivable	3,927,642	3,073,522
Due from government and government organizations (note 4)	1,300,165	188,813
Inventories for resale	941,818	938,347
	60,923,293	46,779,936
Liabilities		
Accounts payable and accrued liabilities (note 5)	43,745,404	34,400,014
Due to government and government organizations (note 4)	866,012	741,443
Employee future benefits (note 6)	2,737,000	2,587,000
Deferred tuition fees (note 7)	10,106,329	7,014,483
Deferred revenue (note 8)	11,281,506	9,717,823
Deferred capital contributions (note 9)	71,774,115	73,290,568
Capital lease obligation (note 10)	1,044,270	8,714,173
	141,554,636	136,465,504
Net debt	(80,631,343)	(89,685,568)
Non-financial assets		
Tangible capital assets (note 11)	97,579,930	106,970,650
Inventories held for use	115,143	101,611
Prepaid expenses	1,286,754	957,260
	98,981,827	108,029,521
Accumulated surplus	\$ 18,350,484	\$ 18,343,953

Contractual obligations (note 13)

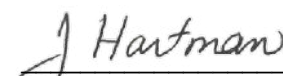
Contingent liabilities (note 15)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Ajay Patel
President and CEO
May 25, 2022



Joey Hartman
Chairperson, Board of Governors
May 25, 2022

VANCOUVER COMMUNITY COLLEGE

Statement of Operations and Accumulated Surplus

Year ended March 31, 2022, with comparative information for 2021

	Budget (note 2 j)	2022	2021
Revenue			
Province of British Columbia grants and contributions	\$ 63,898,758	\$ 63,908,975	\$ 64,274,504
Province of British Columbia contracts	2,588,028	3,775,143	1,356,651
Federal Government grants and contracts	4,058,568	4,518,369	4,279,681
Tuition and student fees	47,488,608	50,027,285	41,139,801
Sales of goods and services	2,108,802	3,576,645	2,328,967
Other grants and contracts	127,720	117,600	810,744
Miscellaneous income	2,335,237	2,570,296	2,539,928
Investment income	268,800	409,991	288,185
Revenue recognized from deferred capital contributions	5,480,146	5,769,288	5,678,318
	128,354,667	134,673,592	122,696,779
Expenses (note 16)			
Instruction and instructional support	127,856,590	130,414,174	121,142,013
Ancillary operations	3,397,705	4,645,514	3,719,345
Special purpose	1,160,001	963,998	995,795
	132,414,296	136,023,686	125,857,153
Annual surplus (deficit) before the undernoted	(4,059,629)	(1,350,094)	(3,160,374)
Gain on transfer of capital lease (note 10)	-	1,356,625	-
Annual surplus (deficit) after the undernoted	(4,059,629)	6,531	(3,160,374)
Accumulated surplus, beginning of year	18,343,953	18,343,953	21,504,327
Accumulated surplus, end of year	\$ 14,284,324	\$ 18,350,484	\$ 18,343,953

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Statement of Changes in Net Debt

Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
	(note 2 j)		
Annual surplus (deficit)	\$ (4,059,629) \$	6,531 \$	(3,160,374)
Acquisition of tangible capital assets	(3,000,000)	(8,903,674)	(7,580,248)
Acquisition of tangible capital assets through capital lease	1,372,100	(22,234)	(585,994)
Amortization of tangible capital assets	8,076,391	9,671,499	9,616,953
Disposal of tangible capital assets	-	36,035	-
Transfer of tangible capital assets under capital lease (note 10)	-	8,609,094	-
	6,448,491	9,390,720	1,450,711
Acquisition of inventories	-	(115,143)	(101,611)
Acquisition of prepaid expenses	-	(1,286,754)	(957,260)
Use of inventories	-	101,611	122,349
Use of prepaid expenses	-	957,260	999,852
	-	(343,026)	63,330
Decrease (increase) in net debt	2,388,862	9,054,225	(1,646,333)
Net debt, beginning of year	(89,685,568)	(89,685,568)	(88,039,235)
Net debt, end of year	\$ (87,296,706) \$	(80,631,343) \$	(89,685,568)

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 6,531	\$ (3,160,374)
Items not involving cash:		
Amortization of tangible capital assets	9,671,499	9,616,953
Revenue recognized from deferred capital contributions	(5,769,288)	(5,678,318)
Change in employee future benefits	150,000	190,000
Change in non-cash operating working capital:		
(Increase) in accounts receivable	(854,120)	(133,553)
(Increase) in inventories for resale	(3,471)	(6,755)
Decrease (increase) in due from government and other government organizations	(1,111,352)	1,420,952
Decrease (increase) in prepaid expenses	(329,494)	42,592
Decrease (increase) in inventories held for use	(13,532)	20,738
Increase in accounts payable and accrued liabilities	9,345,390	8,300,886
Increase in due to Province of British Columbia and other government organizations	124,569	296,855
Increase (decrease) in deferred tuition fees	3,091,846	(514,415)
Increase in deferred revenues	1,563,683	5,940,910
Gain on transfer of capital lease	(1,356,625)	-
Net change in cash from operating activities	14,515,636	16,336,471
Capital activities:		
Acquisition of tangible capital assets, net of disposal	(8,889,873)	(7,580,247)
Net change in cash from capital activities	(8,889,873)	(7,580,247)
Financing activities:		
Principal payment on capital lease obligation	(841,385)	(2,689,850)
Deferred capital contributions received	7,390,036	5,675,329
Net change in cash from financing activities	6,548,651	2,985,479
Net increase in cash and cash equivalents	12,174,414	11,741,703
Cash and cash equivalents, beginning of year	42,341,754	30,600,051
Cash and cash equivalents, end of year	\$ 54,516,168	\$ 42,341,754
Supplemental information on non-cash items:		
Gain on transfer of capital lease: (note 10)		
Transfer of tangible capital assets	\$ (8,609,094)	\$ -
Transfer of capital lease obligation	6,828,518	-
Transfer of deferred capital contributions	3,137,201	-
	\$ 1,356,625	\$ -
Tangible capital assets acquired through capital lease obligations	\$ 22,234	\$ 585,994
Interest received	409,991	288,185
Interest paid	357,966	433,119

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements

Year ended March 31, 2022

1. Authority, Purpose and Nature of Operations:

Vancouver Community College (the "College") is a post-secondary educational institution funded in part by the Province of British Columbia and incorporated under the College and Institute Act on November 28, 1978. The College is a not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the provincial government of British Columbia. The College is exempt from income taxes under Section 149 of the Income Tax Act.

The College serves a diverse urban community by providing excellent programs and services that prepare learners for ongoing education, direct entry into employment, career advancement and greater participation in the community.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The College continues to closely monitor the recommendations from public health agencies and government authorities and has implemented its business continuity plans in efforts to reduce the financial impact and continue operations.

2. Summary of significant accounting policies:

The financial statements of the College are prepared by management in accordance with the basis of accounting described below. Significant accounting policies 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 effective their first fiscal year commencing after January 1, 2012.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Summary of 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. 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.

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 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 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. 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.

(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) Financial instruments:

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

(i) Fair value category: Portfolio investments in equity 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 investments are recorded on the trade date. Transaction costs related to the acquisition of investments is 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 derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued):

(c) Financial instruments (continued):

- (ii) 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 investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.
- (iii) The College does not have any financial instruments that are recorded at fair value and hence does not have any remeasurement gains and losses.
- (iv) The following items are included in the cost category and measured as follows:
 - (A) Accounts receivable are measured at amortized cost using the effective interest method.
 - (B) Investments are comprised of a term deposit that is capable of prompt liquidation. The investments are cashable on demand and are recorded at amortized cost based on the transaction price on the trade date. All interest income, gains and losses are recognized in the Statement of Operations and Accumulated Surplus in the period in which they arise.
 - (C) Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method.

(d) Inventories for resale:

Inventories held for resale, including books and school supplies, 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. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of write down previously recorded is reversed.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued):

(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. Interest during construction 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.

Asset	Basis
Buildings	30 - 50 years
Building improvements	15 years
Building under capital lease	30 years
Furniture and equipment	5 years
Leasehold improvements	remaining lease term
Computer hardware and software	4 years
Computer equipment under capital lease	3 - 5 years

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased tangible capital assets. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs. The maximum-recorded value of the leased assets cannot exceed the leased property's fair value when determining the discount rate to be used.

(ii) Inventories held for use:

Inventories held for use are recorded at the lower of cost and replacement cost.

Cost includes the original purchase cost, plus shipping and applicable duties. Replacement cost is the estimated current cost to replace the items.

(iii) Prepaid expenses:

Prepaid expenses are recorded at cost and amortized over the period where the service benefits are received.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued):

(f) Employee future benefits:

- (i) The College and its employees make contributions to the College Pension and Municipal Pension Plans 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. Defined contribution plan accounting is applied because the assets and liabilities of the plan are not segregated by employer. Contributions are expensed as they become payable.
- (ii) Sick leave benefits are also available to the College's employees. The costs of these benefits are actuarially determined based on length of service and best estimates of benefit usage, 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 employee average remaining service life. The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation completed on March 31, 2021 with results extrapolated to March 31, 2022.
- (iii) The College provides long-service and gratuity benefits to the employees. The costs of these benefits are actuarially determined based on length of service and best estimates of benefit usage, 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 employee average remaining service life.

The most recent valuation of the College's future employee benefits was estimated by an actuarial valuation completed on March 31, 2021 with results extrapolated to March 31, 2022.

- (iv) Employees who are retiring at age 55 or over and who receive pension under the provisions of the Pension Act, receive a benefit where the College pays for the premiums of Group Life Insurance coverage in the amount of \$10,000 for a period of five years from the date of retirement. These benefits are recognized based on the net present value of the expected obligations. The accrued benefit obligation for retired employees was estimated by an actuarial valuation as at March 31, 2022.
- (v) Certain College employees are entitled to the continuation of health and dental benefits while on disability leave. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for coverage of employees during the period. The accrued benefit obligation for currently disabled employees was estimated by an actuarial valuation completed on March 31, 2021 with results extrapolated to March 31, 2022.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued):

(g) Revenue recognition:

(i) Fees for services:

Tuition fees are collected in advance and recognized as revenue at the time services are provided. 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.

(ii) Contributions:

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

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 in accordance with Regulation 198/2011 (note 2(a)) which requires that they be 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.

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

(iii) Investment income:

Investment income includes interest recorded on an effective interest method, 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) Expense recognition:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

(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 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 Statement of Financial Position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the Statement of Operations and Accumulated Surplus.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued):

(j) Budget figures:

The budget figures have been derived from the 2021/22 Budget approved by the Board of Governors of the College on March 31, 2021. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

(k) 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 useful lives of tangible capital assets, amortization of related deferred capital contributions, the present value of employee future benefits, and provisions for contingencies and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

3. Investments:

Investments consist of a GIC with an automatic monthly renewal that bears interest of 0.2% per annum.

4. Due from / to government and government organizations:

	2022		2021	
Due from the Province of British Columbia	\$	72,351	\$	131,734
Due from the Federal Government		1,227,814		57,079
	\$	1,300,165	\$	188,813
Due to the Province of British Columbia	\$	13,048	\$	-
Due to BCIT		852,964		741,443
	\$	866,012	\$	741,443

The amounts due from and due to are due on demand and are non-interest bearing.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Accounts payable and accrued liabilities:

	2022	2021
Accounts payable and accrued liabilities	\$ 9,240,609	\$ 9,818,138
Salaries and benefits payable	6,776,117	5,274,546
Accrued vacation payable	3,563,707	3,624,872
Student deposits	24,164,971	15,682,458
	<u>\$ 43,745,404</u>	<u>\$ 34,400,014</u>

6. Employee future benefits:

(a) Pension plan:

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The Boards of Trustees for these plans, 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, 2021, the College Pension Plan has about 16,500 active members, and approximately 9,500 retired members. As at December 31, 2020, the Municipal Pension Plan has about 220,000 active members, including approximately 7,000 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 and 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, 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.

The College paid \$7,433,104 (2021 - \$7,062,358) for employer contributions to the plan in fiscal 2022.

The next valuation for the College Pension Plan will be as at August 31, 2021, with results available later in 2022. The next valuation for the Municipal Pension Plan will be as at December 31, 2021, with results available later in 2022.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Employee future benefits:

(a) Pension plan (continued):

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.

(b) Employee future benefits:

	2022	2021
Sick leave	\$ 1,292,000	\$ 1,351,000
Long-service and gratuity	266,000	298,000
Long term disability health & dental benefits	1,082,000	938,000
Retiree life insurance benefits	97,000	-
Accrued benefit liability, end of year	\$ 2,737,000	\$ 2,587,000

(i) Certain employees of the College are entitled to sick leave benefits in accordance with the terms and conditions of their employment contracts. These include post-retirement benefits, benefits that are expected to be provided after employment but prior to retirement and which vest or accumulate during service; and compensated absence benefits, benefits paid during employment, including sick pay benefits that accumulate and are payable upon a future illness or injury-related absence. The benefit expense associated with the covered benefits attributed to the accounting period is included in the College's Statement of Operations and Accumulated Surplus and the accrued benefit liability for the benefits attributed to employee service to the accounting date are included in the College's Statement of financial position. The accrued benefit obligation and the net periodic benefit costs were estimated by an actuarial valuation completed on March 31, 2021 with results extrapolated to March 31, 2022.

(ii) Certain excluded employees (employed prior to August 2010) earn 3 days per year in addition to vacation in accordance with the terms and conditions of their employment contracts. The current gratuity plan for support staff ceased to accumulate as of December 31, 2016, and the balance of gratuity plan will not increase in the future. The accrued benefit obligation for long service days and gratuity plan was estimated by an actuarial valuation for accounting purposes on March 31, 2021 with results extrapolated to March 31, 2022.

(iii) Certain employees of the College are entitled to the continuation of extended health, dental and Medical Service Plan (MSP) benefits in accordance with the terms and conditions of their employment contracts. Coverage is extended to disabled employees, their spouses and dependent children while on disability. Faculty and exempt employees receive these benefits from their date of disability to the earlier of recovery from disability and return to work or age 65. The accrued benefit obligation for currently disabled employees was estimated by an actuarial valuation for accounting purposes on March 31, 2021 with results extrapolated to March 31, 2022.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Employee future benefits (continued):

(b) Employee future benefits (continued):

(iv) Employees who are retiring at age 55 or over and who receive pension under the provisions of the Pension Act, receive a benefit where the College pays for the premiums of Group Life Insurance coverage in the amount of \$10,000 for a period of five years from the date of retirement. The accrued benefit obligation for retired employees was estimated by an actuarial valuation as at March 31, 2022.

	2022	2021
Balance, beginning of the year	2,757,000	2,333,000
Current benefit cost	130,000	129,000
Interest cost	72,000	66,000
Benefits paid	(281,000)	(171,000)
Plan amendments	97,000	-
Expense for long term disability health & dental benefits	120,000	171,000
Recognized actuarial (gain)/loss	(113,000)	229,000
Accrued benefit obligation, end of year	\$ 2,782,000	\$ 2,757,000

Accrued benefit obligation, end of year consists of:

	2022	2021
Accrued obligation, end of year	\$ 2,782,000	\$ 2,757,000
Unamortized actuarial gain	(45,000)	(170,000)
Accrued benefit liability, end of year	\$ 2,737,000	\$ 2,587,000

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligations are as follows:

	2022	2021
Discount rates	3.50%	2.60%
Expected future base wage and salary increases	2.50%	2.50%

7. Deferred tuition fees:

Deferred tuition includes tuition received in advance of the related activity performed.

	Opening balance	Receipts during year	Recognized as revenue	2022
Deferred tuition	\$ 7,014,483	\$ 53,119,131	\$ (50,027,285)	\$ 10,106,329

	Opening balance	Receipts during year	Recognized as revenue	2021
Deferred tuition	\$ 7,528,898	\$ 40,625,386	\$ (41,139,801)	\$ 7,014,483

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Deferred revenue:

Deferred revenue includes grants, contributions and contract fees received in advance of the related activity performed.

	Opening balance	Receipts during year	Recognized as revenue	2022
Deferred contract	\$ 2,445,790	\$ 9,327,400	\$ (8,258,806)	\$ 3,514,384
Deferred contributions	7,272,033	11,593,363	(11,098,274)	7,767,122
Deferred revenue and contribution	\$ 9,717,823	\$ 20,920,763	\$ (19,357,080)	\$ 11,281,506

	Opening balance	Receipts during year	Recognized as revenue	2021
Deferred contract	\$ 224,948	\$ 8,620,406	\$ (6,399,564)	\$ 2,445,790
Deferred contributions	3,551,965	15,810,314	(12,090,246)	7,272,033
Deferred revenue and contribution	\$ 3,776,913	\$ 24,430,720	\$ (18,489,810)	\$ 9,717,823

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of externally restricted grants and other funding received for the purchase of tangible capital assets. Amortization of deferred capital contributions is recorded as revenue in the Statement of Operations and Accumulated Surplus over the useful life of the related asset.

	2022	2021
Balance at beginning of the year	\$ 73,290,568	\$ 73,293,557
Contributions received	7,390,036	5,675,329
Adjustment - lease transfer to BCIT (Note 10)	(3,137,201)	-
Less amortization to revenue	(5,769,288)	(5,678,318)
	\$ 71,774,115	\$ 73,290,568

Deferred capital contributions are comprised of the following:

	2022	2021
Unamortized capital contributions	\$ 71,706,797	\$ 73,223,250
Unspent contributions	67,318	67,318
	\$ 71,774,115	\$ 73,290,568

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Capital lease obligation:

(a) Annacis Island Campus:

During 2014/15, the College and BCIT entered into a Memorandum of Understanding to share a facility space on Annacis Island in Delta, British Columbia. As part of this arrangement, the College and BCIT entered into a joint lease agreement for a building with a third party.

Effective March 31, 2022, the College transferred its share of the joint lease to BCIT without consideration. As a result, the carrying values as at transfer date of the related tangible capital assets of \$8,609,094, capital lease obligation of \$6,828,518, and unamortized deferred capital contributions of \$3,137,201 were written off resulting in a recognition of a gain of \$1,356,625 in the Statement of Operations and Accumulated Surplus.

Total interest paid on the capital lease for the year prior to the lease transfer was \$288,437 (2021 - \$292,612).

(b) Computer and copier equipment

During 2017/18 up to 2021/22, the College has entered into various capital leases for computer and copier equipment. The future minimum lease payments for all computer and copier equipment capital lease is as follows:

2023	\$	680,975
2024		278,620
2025		137,370
2026		4,011
Total minimum lease payments		1,100,976
Less amounts representing interest (Nil to 1.85% per annum)		(56,706)
Present value of net minimum capital lease payments		\$ 1,044,270
Total interest on the capital leases for the year		\$ 69,529

Capital lease obligation for computer and copier equipment as of March 31, 2021 was \$1,783,743.

Total interest on capital leases for the year was \$357,966 (2021 - \$433,119).

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Tangible capital assets:

2022	Land	Buildings	Building improvements	Building under capital lease	Furniture and equipment	Leasehold improvements	Computer hardware and software	Computer equipment under capital lease	2022 Total
Cost									
Opening balance	\$ 7,744,768	\$ 144,414,647	\$ 27,678,945	\$ 7,350,333	\$ 30,000,728	\$ 4,202,525	\$ 20,717,623	\$ 7,008,981	\$ 249,118,550
Additions	-	-	5,613,806	-	2,383,685	-	906,183	22,234	8,925,908
Disposals (note 10)	-	-	-	(7,350,333)	(741,744)	(4,202,525)	(76,252)	-	(12,370,854)
Ending	7,744,768	144,414,647	33,292,751	-	31,642,669	-	21,547,554	7,031,215	245,673,604
Accumulated amortization									
Opening balance	-	85,326,115	6,266,211	1,633,421	25,315,770	925,239	18,388,322	4,292,822	142,147,900
Disposals (note 10)	-	-	-	(1,878,437)	(705,702)	(1,065,328)	(76,258)	-	(3,725,725)
Amortization	-	3,213,719	2,032,389	245,016	1,596,742	140,089	1,144,591	1,298,953	9,671,499
Closing balance	-	88,539,834	8,298,600	-	26,206,810	-	19,456,655	5,591,775	148,093,674
Net book value	\$ 7,744,768	\$ 55,874,813	\$ 24,994,151	\$ -	\$ 5,435,859	\$ -	\$ 2,090,899	\$ 1,439,440	\$ 97,579,930

2021	Land	Buildings	Building improvements	Building under capital lease	Furniture and equipment	Leasehold improvements	Computer hardware and software	Computer equipment under capital lease	2021 Total
Cost									
Opening balance	\$ 7,744,768	\$ 144,414,647	\$ 22,554,003	\$ 7,350,333	\$ 27,954,854	\$ 4,202,525	\$ 20,308,191	\$ 6,422,987	\$ 240,952,308
Additions	-	-	5,124,942	-	2,045,874	-	409,432	585,994	8,166,242
Ending	7,744,768	144,414,647	27,678,945	7,350,333	30,000,728	4,202,525	20,717,623	7,008,981	249,118,550
Accumulated amortization									
Opening balance	-	81,876,787	4,591,779	1,388,405	23,885,334	785,151	17,266,237	2,737,254	132,530,947
Amortization	-	3,449,328	1,674,432	245,016	1,430,436	140,088	1,122,085	1,555,568	9,616,953
Closing balance	-	85,326,115	6,266,211	1,633,421	25,315,770	925,239	18,388,322	4,292,822	142,147,900
Net book value	\$ 7,744,768	\$ 59,088,532	\$ 21,412,734	\$ 5,716,912	\$ 4,684,958	\$ 3,277,286	\$ 2,329,302	\$ 2,716,159	\$ 106,970,650

12. Associated organization:

The Vancouver Community College Foundation (“the Foundation”) is a separate society formed to raise funds to further the interests of the College and to provide scholarships and bursaries for students of the College. The College does not control the Foundation; therefore, the Foundation’s assets, liabilities, revenues and expenses are not included in these financial statements.

The College had the following transactions with the Foundation:

	2022	2021
Foundation contributed awards and bursaries to the College	\$ 542,722	\$ 656,377
Foundation provided project funding and equipment to the College	1,274,646	210,186
Foundation reimbursed the College for salaries expenses	488,594	557,179
College contributed grants to the Foundation for operating expenses	560,511	647,179

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Associated organization (continued):

As of March 31, 2022, the College had accounts receivable from the Foundation of \$131,889 (2021 - \$871) for expenses that were paid for by the College on behalf of the Foundation. At March 31, 2022, the Foundation had net assets of \$18.3 million (2021 - \$17.6 million).

For the year ended March 31, 2022, gift in kind donations from the Foundation to the College were \$1,000 (2021 - \$197,162).

The College contributed \$900,000 (2021 - nil) to the Foundation for the restricted purpose of future campus projects.

13. Contractual obligations:

(a) Building construction contracts:

During the year ended March 31, 2009, the College completed construction of a new campus building. At year end, the College has an outstanding letter of credit with the City of Vancouver, secured by a term deposit for \$237,500. This letter of credit will be held until Phase II of the campus redevelopment has been completed.

(b) Operating lease land:

In 2014/15, Vancouver Community College entered into a partnership with BCIT to share a joint facility from a third party. As part of this lease, land has been segregated as an operating lease. The term is 30 years commencing August 1, 2014.

The joint lease was transferred to BCIT as of March 31, 2022 (note 10).

(c) Service contracts:

The College entered into a number of long term service contracts for equipment rentals and services with expected payments as follows:

2023	\$	5,018,287
2024		3,325,366
2025		1,084,079
2026		41,666
	\$	9,469,398

14. Contractual rights:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The College's contractual rights arise because of contracts entered into to lease building space and to provide educational services.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

14. Contractual rights (continued):

The following table summarize the contractual rights of the College for future assets:

2023	\$	5,443,926
2024		4,832,308
2025		4,723,019
2026		466,708
2027		114,590
	\$	15,580,551

15. Contingent liabilities:

The College is currently engaged in or party to certain pending matters. A reasonable estimate of these future contingent liabilities is made and is recorded in the financial statements as a liability where the outcome is assessed as likely and the amount is determinable. No amounts are recorded where the outcomes of amounts or losses are uncertain.

16. Expenses by object:

The following is a summary of expenses by object:

	2022	2021
Salaries and benefits	\$ 99,458,675	\$ 93,484,154
Supplies and services	17,527,063	14,715,999
Building and telecom	6,810,822	6,021,887
Cost of goods sold	2,555,627	2,018,160
Amortization	9,671,499	9,616,953
	\$ 136,023,686	\$ 125,857,153

17. 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 investments and accounts receivable. The College assesses these financial assets, on a continuous basis for any amounts that are not collectible or realizable.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2022

17. Financial risk management (continued)

(b) Market and interest 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.

(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.