



Financial Statements of

VANCOUVER COMMUNITY COLLEGE

And Independent Auditors' Report thereon

Year ended March 31, 2024

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 Vancouver Community College's 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 Independent Auditor's 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
DATE



Jamie Choi
Executive Director, Finance & CFO
DATE



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Vancouver Community College, and to the Minister of the Ministry of Post-Secondary Education and Future Skills, 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, 2024
- 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, 2024 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 29, 2024

VANCOUVER COMMUNITY COLLEGE

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 89,523,486	\$ 68,754,053
Investments (note 4)	6,597,500	8,237,500
Accounts receivable	9,210,484	8,526,809
Due from government and government organizations (note 5)	2,491,281	1,386,322
Inventories for resale	1,142,326	903,989
	<u>108,965,077</u>	<u>87,808,673</u>
Liabilities		
Accounts payable and accrued liabilities (note 6)	57,416,602	52,264,368
Due to government and government organizations (note 5)	28,361	7,611
Employee future benefits (note 7)	3,269,000	2,676,000
Deferred tuition fees (note 8)	17,137,473	17,980,193
Deferred revenue (note 9)	11,379,770	9,024,894
Deferred capital contributions (note 10)	107,418,673	87,724,276
Asset retirement obligation (note 2 (I))	4,862,938	4,862,938
Capital lease obligation (note 11)	138,036	401,723
	<u>201,650,853</u>	<u>174,942,003</u>
Net debt	(92,685,776)	(87,133,330)
Non-financial assets		
Tangible capital assets (note 12)	110,846,643	104,293,277
Inventories held for use	129,325	114,893
Prepaid expenses	1,086,609	968,023
	<u>112,062,577</u>	<u>105,376,193</u>
Accumulated surplus	\$ 19,376,801	\$ 18,242,863

Contractual obligations and contractual rights (notes 14 and 15)

Contingent liabilities (note 16)

See accompanying notes to financial statements.

Approved on behalf of the Board:



President



Chair of the Board

VANCOUVER COMMUNITY COLLEGE

Statement of Operations and Accumulated Surplus

Year ended March 31, 2024, with comparative information for 2023

	Budget	2024	2023
	(note 2 (j))		
Revenue			
Province of British Columbia grants and contributions	\$ 61,150,660	\$ 54,040,832	55,928,520
Province of British Columbia contracts	973,220	2,812,410	2,749,801
Federal Government grants and contracts	4,529,500	5,344,240	4,486,964
Tuition and student fees	78,752,302	88,157,416	63,463,439
Sales of goods and services	4,503,307	5,392,131	4,788,600
Other grants and contracts	388,052	646,313	1,502,312
Miscellaneous income	2,956,616	3,700,455	3,162,922
Investment income	700,000	4,679,675	2,351,416
Revenue recognized from deferred capital contributions	5,133,791	6,192,051	5,533,824
	159,087,448	170,965,523	143,967,798
Expenses (note 17)			
Instruction and instructional support	151,855,401	161,791,533	136,047,016
Ancillary operations	6,207,047	6,740,443	5,772,926
Special purpose	1,025,000	1,299,609	1,037,459
	159,087,448	169,831,585	142,857,401
Annual surplus	\$ -	\$ 1,133,938	\$ 1,110,397
Accumulated surplus, beginning of year	18,242,863	18,242,863	17,132,466
Accumulated surplus, end of year	\$ 18,242,863	\$ 19,376,801	\$ 18,242,863

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Statement of Changes in Net Debt

Year ended March 31, 2024, with comparative information for 2023

	Budget	2024	2023
	(note 2 (j))		
Annual surplus	\$ -	\$ 1,133,938	\$ 1,110,397
Acquisition of tangible capital assets	(3,000,000)	(15,522,777)	(12,225,446)
Acquisition of tangible capital assets through capital lease	449,934	-	-
Amortization of tangible capital assets	8,981,433	8,969,411	9,157,019
	6,431,367	(6,553,366)	(3,068,427)
Acquisition of inventories	-	(129,325)	(114,893)
Acquisition of prepaid expenses	-	(1,086,609)	(968,023)
Use of inventories	-	114,893	115,143
Use of prepaid expenses	-	968,023	1,286,754
	-	(133,018)	318,981
Decrease (increase) in net debt	6,431,367	(5,552,446)	(1,639,049)
Net debt, beginning of year	(87,133,330)	(87,133,330)	(85,494,281)
Net debt, end of year	\$ (80,701,963)	\$ (92,685,776)	\$ (87,133,330)

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 1,133,938	\$ 1,110,397
Items not involving cash:		
Amortization of tangible capital assets	8,969,411	9,157,019
Revenue recognized from deferred capital contributions	(6,192,051)	(5,533,824)
Change in employee future benefits	593,000	(61,000)
Change in non-cash operating working capital:		
Increase in accounts receivable	(683,675)	(4,599,167)
Decrease (increase) in inventories for resale	(238,337)	37,829
Decrease (increase) in due from government and other government organizations	(1,104,959)	(86,157)
Decrease (increase) in prepaid expenses	(118,586)	318,731
Decrease (increase) in inventories held for use	(14,432)	250
Increase in accounts payable and accrued liabilities	5,152,234	8,518,964
Increase (decrease) in due to government and other government organizations	20,750	(858,401)
Increase (decrease) in deferred tuition fees	(842,720)	7,873,864
Increase (decrease) in deferred revenues	2,354,876	(2,256,612)
Net change in cash from operating activities	9,029,449	13,621,893
Investing activities:		
Redemption of investments	1,640,000	-
Purchase of investments	-	(8,000,000)
Net change in cash from investing activities	1,640,000	(8,000,000)
Capital activities:		
Acquisition of tangible capital assets	(15,522,777)	(12,225,446)
Net change in cash from capital activities	(15,522,777)	(12,225,446)
Financing activities:		
Principal payment on capital lease obligation	(263,687)	(642,547)
Deferred capital contributions received	25,886,448	21,483,985
Net change in cash from financing activities	25,622,761	20,841,438
Net increase in cash and cash equivalents	20,769,433	14,237,885
Cash and cash equivalents, beginning of year	68,754,053	54,516,168
Cash and cash equivalents, end of year	\$ 89,523,486	\$ 68,754,053

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements

Year ended March 31, 2024

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.

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, 2024

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, 2024

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 GICs which are capable of prompt liquidation and redeemable annually for the next 3 years. A portion of the investments are redemmmable on an annual basis 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, 2024

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
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, 2024

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.
- (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.
- (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.
- (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 most recent valuation of the College's future employee benefits as described in (ii) to (v) was estimated by an actuarial valuation completed on March 31, 2021 with results extrapolated to March 31, 2024.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Summary of significant accounting policies (continued):

(g) Revenue recognition:

(i) Fees for services and sale of goods:

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time) the College satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenues from transactions without performance obligations are recognized at realizable value when the College has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

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.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Summary of significant accounting policies (continued):

(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.

(j) Budget figures:

The budget figures have been derived from the 2023/24 Budget approved by the Board of Governors of the College on March 29, 2023. 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses for the periods reported. 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.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Summary of significant accounting policies (continued):

(l) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made

The College's asset retirement obligation is primarily related to the removal of asbestos in buildings.

The estimate of the asset retirement obligation includes undiscounted costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. The amount capitalized in tangible capital assets is amortized using the amortization accounting policy outlined in note 2(e)(i).

The carrying value of the liability is reconsidered at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligation liability and tangible capital assets.

3. Adoption of new accounting standards:

(a) Adoption of PS 3400 Revenue Standard

On April 1, 2023, the College adopted Canadian Public Sector Accounting Standard PS 3400, Revenue ("PS 3400"). The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at March 31, 2024, the College determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

(b) Adoption of PSG-8, Purchased Intangibles

On April 1, 2023, the College adopted Public Sector Guideline PSG-8, Purchased Intangibles, applied on a prospective basis ("PSG-8"). PSG-8 defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Intangibles acquired through a transfer, contribution, or inter-entity transaction, are not purchased intangibles. Management has assessed the impact of adopting PSG-8 and found that at present no such items meet the criteria to be recognized as a purchased intangible.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Investments

Investments consist of:

- (a) \$237,500 - a guaranteed investment certificate ("GIC") with an automatic monthly renewal that bears interest of 0.2% per annum. This is held as security on the letter of credit with the City of Vancouver (note 14 (a)).
- (b) \$10 million - Five-in-One GIC, with a \$2 million distribution amount redeemable annually in April, that bears interest of 3.6% per annum. As at March 31, 2024, \$4 million has been classified as cash and cash equivalents due to the redeemable nature of the distribution amount. \$360,000 of interest received during the year was reinvested to this GIC at March 31, 2024.

5. Due from / to government and government organizations:

	2024		2023	
Due from the Province of British Columbia	\$	33,382	\$	20,300
Due from the Federal Government		2,457,899		1,366,022
	\$	2,491,281	\$	1,386,322
Due to the Province of British Columbia	\$	28,361	\$	7,611
	\$	28,361	\$	7,611

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

6. Accounts payable and accrued liabilities:

	2024		2023	
Accounts payable and accrued liabilities	\$	12,782,281	\$	10,543,074
Salaries and benefits payable		11,571,400		9,240,783
Accrued vacation payable		4,404,372		3,504,885
Student deposits		28,658,549		28,975,626
	\$	57,416,602	\$	52,264,368

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. 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 plans, including investment of assets and administration of benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2023, the College Pension Plan has about 17,200 active members, and approximately 10,700 retired members. As at December 31, 2022, the Municipal Pension Plan has about 240,000 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 an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2021, indicated a \$202 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The College paid \$8,611,735 (2023 - \$7,401,858) for employer contributions to the plans in fiscal 2024.

The next valuation for the College Pension Plan will be as at August 31, 2024. The next valuation for the Municipal Pension Plan will be December 31, 2024.

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.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Employee future benefits (continued):

(b) Employee future benefits:

- (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.
- (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.
- (iii) Certain employees of the College are entitled to the continuation of extended health, dental 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.
- (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.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Employee future benefits:

(b) Employee future benefits (continued):

		2024	2023
Balance, beginning of the year	\$	2,703,000	2,782,000
Current benefit cost		119,000	123,000
Interest cost		109,000	98,000
Benefits paid		(168,000)	(213,000)
Plan amendments		-	-
Expense for long term disability health & dental benefits		537,000	(67,000)
Recognized actuarial (gain)/loss		1,527,000	(20,000)
Accrued benefit obligation, end of year	\$	4,827,000	\$ 2,703,000
Accrued benefit obligation, end of year consists of:			
Accrued obligation, end of year	\$	4,827,000	\$ 2,703,000
Unamortized actuarial gain		(1,558,000)	(27,000)
Accrued benefit liability, end of year	\$	3,269,000	\$ 2,676,000

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

	2024	2023
Discount rates	4.50%	4.00%
Expected future base wage and salary increases	2.50%	2.50%

8. Deferred tuition fees:

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

	Opening balance	Receipts during year	Recognized as revenue	2024
Deferred tuition	\$ 17,980,193	\$ 87,314,696	\$ (88,157,416)	\$ 17,137,473

	Opening balance	Receipts during year	Recognized as revenue	2023
Deferred tuition	\$ 10,106,329	\$ 71,337,303	\$ (63,463,439)	\$ 17,980,193

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. 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	2024
Deferred contract fees	\$ 2,264,187	\$ 8,053,601	\$ (8,485,617)	\$ 1,832,171
Deferred contributions	6,760,707	13,491,400	(10,704,508)	9,547,599
Deferred revenue and contribution	\$ 9,024,894	\$ 21,545,001	\$ (19,190,125)	\$ 11,379,770

	Opening balance	Receipts during year	Recognized as revenue	2023
Deferred contract fees	\$ 3,514,384	\$ 7,416,448	\$ (8,666,645)	\$ 2,264,187
Deferred contributions	7,767,122	10,077,856	(11,084,271)	6,760,707
Deferred revenue and contribution	\$ 11,281,506	\$ 17,494,304	\$ (19,750,916)	\$ 9,024,894

10. 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.

	2024	2023
Balance at beginning of the year	\$ 87,724,276	\$ 71,774,115
Contributions received	25,886,448	21,483,985
Less amortization to revenue	(6,192,051)	(5,533,824)
	\$ 107,418,673	\$ 87,724,276

Deferred capital contributions are comprised of the following:

	2024	2023
Unamortized capital contributions	\$ 74,575,337	\$ 71,316,641
Unspent contributions	32,843,336	16,407,635
	\$ 107,418,673	\$ 87,724,276

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

11. Capital lease obligation:

Computer and copier equipment:

During 2017/18 up to 2023/24, 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:

2025	\$	137,371
2026		4,011
Total minimum lease payments		141,382
Less amounts representing interest (Nil to 1.85% per annum)		(3,346)
Present value of net minimum capital lease payments		\$ 138,036
Total interest on the capital leases for the year		\$ 14,933

Capital lease obligation for computer and copier equipment as of March 31, 2023 was \$401,723.

12. Tangible capital assets:

2024	Land	Buildings	Building improvements	Building - construction in progress	Furniture and equipment	Computer hardware and software	Computer equipment under capital lease	2024 Total
Cost								
Opening balance	\$ 7,744,768	\$ 149,277,585	\$ 37,053,829	\$ 3,802,585	\$ 32,506,896	\$ 22,731,813	\$ 7,031,215	\$ 260,148,691
Additions	-	-	4,492,930	5,597,605	4,353,508	1,078,734	-	15,522,777
Disposals	-	-	-	-	-	-	-	-
Ending	7,744,768	149,277,585	41,546,759	9,400,190	36,860,404	23,810,547	7,031,215	275,671,468
Accumulated amortization								
Opening balance	-	92,480,641	10,643,488	-	25,581,296	20,607,259	6,542,730	155,855,414
Disposals	-	-	-	-	-	-	-	-
Amortization	-	2,598,654	2,620,022	-	2,389,723	1,008,391	352,621	8,969,411
Closing balance	-	95,079,295	13,263,510	-	27,971,019	21,615,650	6,895,351	164,824,825
Net book value	\$ 7,744,768	\$ 54,198,290	\$ 28,283,249	\$ 9,400,190	\$ 8,889,385	\$ 2,194,897	\$ 135,864	\$ 110,846,643
2023								
Cost								
Opening balance	\$ 7,744,768	\$ 149,277,585	\$ 33,292,751	\$ -	\$ 31,642,669	\$ 21,547,554	\$ 7,031,215	\$ 250,536,542
Additions	-	-	3,761,078	3,802,585	3,477,524	1,184,259	-	12,225,446
Disposals	-	-	-	-	(2,613,297)	-	-	(2,613,297)
Ending	7,744,768	149,277,585	37,053,829	3,802,585	32,506,896	22,731,813	7,031,215	260,148,691
Accumulated amortization								
Opening balance	-	89,757,852	8,298,600	-	26,206,810	19,456,655	5,591,775	149,311,692
Disposals	-	-	-	-	(2,613,297)	-	-	(2,613,297)
Amortization	-	2,722,789	2,344,888	-	1,987,783	1,150,604	950,955	9,157,019
Closing balance	-	92,480,641	10,643,488	-	25,581,296	20,607,259	6,542,730	155,855,414
Net book value	\$ 7,744,768	\$ 56,796,944	\$ 26,410,341	\$ 3,802,585	\$ 6,925,600	\$ 2,124,554	\$ 488,485	\$ 104,293,277

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. 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:

		2024	2023
Foundation contributed awards and bursaries to the College	\$	760,974	\$ 592,801
Foundation provided project funding and equipment to the College		160,047	235,216
Foundation reimbursed the College for salaries expenses		538,896	589,266
College contributed grants to the Foundation for operating expenses		818,923	625,779

As of March 31, 2024, the College had accounts receivable from the Foundation of \$220,009 (2023 - \$205,047) for expenses that were paid for by the College on behalf of the Foundation. At March 31, 2024, the Foundation had net assets of \$22.1 million (2023 - \$19.7 million).

For the year ended March 31, 2024, gift in kind donations from the Foundation to the College were \$27,703 (2023 - \$12,438).

The College contributed \$900,000 (2023 - \$750,000) to the Foundation for the restricted purpose of future campus projects, \$450,000 (2023 - \$500,000) for the entrance awards for VCC students and \$875,000 (2023 - nil) towards matching one of the Foundation’s donor gift.

14. 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) The College entered into a number of long term service contracts for the construction of the Center for clean Energy and Automotive Innocation (“CCEAI”) building as part of the College’s campus redevelopment building in construction project (note 12). These contracts have total expected payments as follows:

2025	\$	5,935,570
2026		5,337,387
2027		5,337,387
2028		5,337,387
	\$	21,947,731

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

14. Contractual obligations (continued):

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

2025	\$	3,343,281
2026		133,016
2027		54,810
2028		18,270
	\$	3,549,377

15. 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.

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

2025	\$	6,340,345
2026		466,708
2027		114,590
	\$	6,921,643

16. 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.

17. Expenses by object:

The following is a summary of expenses by object:

	2024	2023
Salaries and benefits	\$ 118,861,987	\$ 101,903,910
Supplies and services	31,451,254	20,894,656
Building and telecom	7,126,935	7,706,796
Cost of goods sold	3,421,998	3,195,020
Amortization	8,969,411	9,157,019
	\$ 169,831,585	\$ 142,857,401

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2024

18. Financial risk management:

The College has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss to the College if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the College consisting of cash and cash equivalents, investments and accounts receivable. The College assesses these financial assets, on a continuous basis for any amounts that are not collectible or realizable.

Cash and cash equivalents and investments are held with reputable financial institutions and the Province of British Columbia's Central Deposit Program from which management believes the risk of loss to be remote.

(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.