

**NORTH ISLAND COLLEGE
FINANCIAL STATEMENTS
For the year ended March 31, 2024**

North Island College
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For the year ended March 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 is management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. The significant accounting policies are summarized 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 North Island 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 Audit and Finance committee. The Audit and Finance Committee reviews financial information on a quarterly basis and the external audited financial statements yearly. The external auditor has full access to the Audit and Finance Committee, with and without management present.

KPMG conducts an independent examination, in accordance with Canadian auditing standards, and expresses an opinion on the financial statements. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of the examination and their opinion on the financial statements.

On behalf of North Island College



Lisa Domae
President & CEO



Colin Fowler
Vice President, Finance & College
Services

June 27, 2024



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

*To the Board of Governors of North Island College, and
To the Minister of Post-Secondary Education and Future Skills, Province of British Columbia*

Opinion

We have audited the financial statements of North Island 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 remeasurement gains and losses 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.



North Island College

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.



North Island College

- 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.

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

Chartered Professional Accountants

Victoria, Canada
June 28, 2024

North Island College
Statement of Financial Position
As at March 31, 2024 with comparative information for 2023

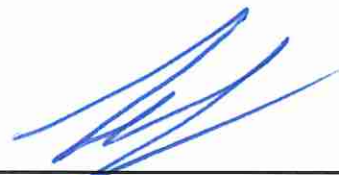
	Note	2024	2023
Financial assets			
Cash and cash equivalents		\$ 5,007,331	\$ 7,067,317
Accounts receivable		1,673,457	761,253
Due from government organizations	3	4,035,014	2,510,918
Inventories held for resale		412,039	470,117
Portfolio investments	4	<u>19,364,528</u>	<u>17,469,029</u>
		30,492,369	28,278,634
Liabilities			
Accounts payable and accrued liabilities	5	15,503,619	12,970,535
Due to government organizations	3	962,661	674,587
Employee future benefits	6	487,447	473,605
Deferred revenue		2,929,197	2,898,389
Deferred contributions	7	13,811,297	14,096,158
Deferred capital contributions	8	<u>54,515,212</u>	<u>42,458,154</u>
		88,209,433	73,571,428
Net debt		(57,717,064)	(45,292,794)
Non-financial assets			
Tangible capital assets	9	63,376,076	50,105,370
Prepaid expenses		<u>398,658</u>	<u>200,233</u>
		63,774,734	50,305,603
Accumulated surplus		<u>\$ 6,057,670</u>	<u>\$ 5,012,809</u>
Accumulated surplus is comprised of:			
Accumulated surplus		\$ 4,820,868	\$ 4,742,331
Accumulated remeasurement gains		<u>1,236,802</u>	<u>270,478</u>
		<u>\$ 6,057,670</u>	<u>\$ 5,012,809</u>

Commitments and contingencies (notes 11 & 12)
Contractual rights (note 14)
See accompanying notes to the financial statements

Approved on behalf of the Board of Governors



Patricia Trasolini,
Chair of the Board of Governors



Colin Fowler,
Vice President, Finance and College
Services

North Island College
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2024 with comparative information for 2023

	Note	Budget 2024 Note 2(k)	2024	2023
Revenue				
Province of British Columbia		\$ 37,432,567	\$ 39,711,894	\$ 36,199,925
Government of Canada grants		1,261,763	813,842	582,040
Tuition and student fees		12,864,043	14,982,894	11,746,436
Contract services		2,851,313	3,624,418	3,183,653
Sales of goods and services		1,166,000	1,089,331	1,127,070
Investment income		757,889	1,425,014	686,067
Other income		1,007,660	1,535,500	1,270,428
Revenue recognized from deferred capital contributions	8	<u>3,599,832</u>	<u>4,240,956</u>	<u>3,377,334</u>
		60,941,067	67,423,849	58,172,953
Expenses (Schedule 1)				
Instructional and non-sponsored research		58,186,538	63,200,703	55,472,089
Ancillary services		1,100,365	1,278,110	1,112,993
Sponsored research		1,282,349	1,102,182	736,302
Special purpose		<u>1,014,400</u>	<u>1,764,317</u>	<u>1,592,331</u>
		61,583,652	67,345,312	58,913,715
Surplus (deficit) for the year		(642,585)	78,537	(740,762)
Accumulated surplus, beginning of year		<u>4,742,331</u>	<u>4,742,331</u>	<u>5,483,093</u>
Accumulated surplus, end of year		\$ <u>4,099,746</u>	\$ <u>4,820,868</u>	\$ <u>4,742,331</u>

See accompanying notes to the financial statements

North Island College
Statement of Changes in Net Debt
For the year ended March 31, 2024 with comparative information for 2023

	Budget 2024 Note 2(k)	2024	2023
Surplus (deficit) for the year	\$ (642,585)	\$ 78,537	\$ (740,762)
Acquisition of tangible capital assets	-	(18,584,265)	(6,589,501)
Net transfer to/from assets held for resale	-	-	-
Amortization of tangible capital assets	4,366,104	4,952,234	4,059,101
Loss on sale of tangible capital assets	-	263,661	-
Proceeds on sale of tangible capital assets	<u>-</u>	<u>97,664</u>	<u>-</u>
	4,366,104	(13,270,706)	(2,530,400)
Acquisition of prepaid expenses	-	(381,459)	(104,600)
Use of prepaid expenses	<u>-</u>	<u>183,034</u>	<u>305,185</u>
	-	(198,425)	200,585
Net remeasurement losses	<u>-</u>	<u>966,324</u>	<u>(496,517)</u>
Change in net debt	3,723,519	(12,424,270)	(3,567,094)
Net debt, beginning of year	<u>(45,292,794)</u>	<u>(45,292,794)</u>	<u>(41,725,700)</u>
Net debt, end of year	<u>\$ (41,569,275)</u>	<u>\$ (57,717,064)</u>	<u>\$ (45,292,794)</u>

See accompanying notes to the financial statements

North Island College
Statement of Remeasurement Gains and Losses
For the year ended March 31, 2024 with comparative information for 2023

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 270,478	\$ 766,995
Unrealized gains (losses) attributed to:		
Portfolio investments	1,387,292	(504,164)
Amounts reclassified to the statement of operations:		
Realized losses (gains) on pooled funds	<u>(420,968)</u>	<u>7,647</u>
Net remeasurement gains for the year	<u>966,324</u>	<u>(496,517)</u>
Accumulated remeasurement gains, end of year	<u>\$ 1,236,802</u>	<u>\$ 270,478</u>

See accompanying notes to the financial statements

North Island College
Statement of Cash Flows
For the year ended March 31, 2024 with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations		
Surplus (deficit) for the year	\$ 78,537	\$ (740,762)
Items not involving cash:		
Amortization of tangible capital assets	4,952,234	4,059,101
Revenue recognized from deferred capital contributions	(4,240,956)	(3,377,334)
Change in employee future benefits	13,842	(119,120)
Loss on sale of tangible capital assets	263,661	-
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(912,204)	295,800
Decrease (increase) in due from government organizations	(1,524,096)	(1,689,814)
Decrease (increase) in prepaid expenses	(198,425)	200,585
Decrease (increase) in inventories held for resale	58,078	(163,583)
Increase in accounts payable and accrued liabilities	2,533,084	270,186
Increase (decrease) in due to government organizations	288,074	358,752
Increase (decrease) in deferred revenue	30,808	464,497
Increase (decrease) in deferred contributions	<u>(284,861)</u>	<u>348,975</u>
Net change in cash from operating activities	1,057,776	(92,717)
Capital activities		
Cash used to acquire tangible capital assets	(18,584,265)	(6,589,501)
Increase in deferred capital contributions	16,298,014	4,452,908
Proceeds on disposal of tangible capital assets	<u>97,664</u>	<u>-</u>
Net change in cash from capital activities	(2,188,587)	(2,136,593)
Investing activities		
Increase in portfolio investments	<u>(929,175)</u>	<u>(432,704)</u>
Net change in cash from investing activities	(929,175)	(432,704)
Net change in cash and cash equivalents	(2,059,986)	(2,662,014)
Cash and cash equivalents, beginning of year	<u>7,067,317</u>	<u>9,729,331</u>
Cash and cash equivalents, end of year	<u>\$ 5,007,331</u>	<u>\$ 7,067,317</u>

See accompanying notes to the financial statements

North Island College

Notes to the Financial Statements

Year ended March 31, 2024

1 Authority and purpose

North Island College operates under the authority of the College and Institute Act of British Columbia. The College is a not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the provincial government of British Columbia. The College is a registered charity and is exempt from income taxes under section 149 of the Income Tax Act.

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 of the College 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 related to accounting standards for not for profit organizations.

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

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

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

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

2 Summary of significant accounting policies (continued)

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that government transfers, 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 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: all portfolio investments are quoted in an active market and therefore 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 are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statements of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

(ii) Cost category: financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statements 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 financial assets are included in the cost of the related instrument.

(d) Inventories held for resale

Inventories held for resale, including books and merchandise for sale in campus bookstores 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.

North Island College
Notes to the Financial Statements
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 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. The College prorates amortization on a monthly basis in the year of acquisition. Land is not amortized as it is deemed to have a permanent value.

Buildings and site improvements	
Concrete and steel buildings	10-40 years
Wood-framed buildings	10-20 years
Site improvements	10 years
Furniture and equipment	
Library books	10 years
Furniture, equipment, and vehicles	5 years
Computer servers	3-5 years
Computer equipment	3-5 years
Leasehold improvements	Remaining term of the lease

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, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

(ii) Works of art and historic assets

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

(iii) Leased tangible capital assets

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

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

2 Summary of significant accounting policies (continued)

(f) Employee future benefits

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

Sick leave benefits are also available to the College's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(g) Revenue recognition

Tuition and student fees, contract services and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

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

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as set out in note 2(a).

The College leases certain land properties to third parties for a period of 99 years. Cash received from land leases is deferred and amortized to revenue on a straight-line basis over the term of the lease.

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

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

2 Summary of significant accounting policies (continued)

(h) Use of estimates

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

(i) Assets held for sale

Long-lived assets are classified by the College as an asset held for sale at the point in time when the asset is in a condition to be sold and is publicly seen to be for sale, management has committed to selling the asset and has a plan in place, there is an active market, and it is reasonably anticipated that the sale will be completed within a one-year period.

(j) Foreign currency translation

The College's functional currency is the Canadian dollar. There are no significant foreign currency transactions.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the North Island College 2023-2024 Budget approved by the Board of Governors of North Island College on April 20, 2023.

Budget figures are presented only for information purposes.

(l) Asset retirement obligations

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

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

The College has not identified any retirement obligations associated with its tangible capital assets.

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

2 Summary of significant accounting policies (continued)

(m) Adoption of new accounting standards

(i) On April 1, 2023, the College adopted Canadian Public Sector Accounting Standards PS 3400, Revenue ("PS 3400"). Under the new accounting standard, there are two categories of revenue - exchange and unilateral. If the transaction gives rise to one or more performance obligations, it is an exchange transaction. If no performance obligations are present, it is unilateral revenue. Management has assessed the impact of adopting PS 3400 on the financial statements of the College and has found that there is no resulting impact to the amounts presented in these financial statements for the fiscal years beginning on or after April 1, 2023

(ii) On April 1, 2023, the College adopted Canadian Public Sector Accounting Standards PS 3160, Public Private Partnerships ("PS 3160"). The new accounting standard addresses the recognition, measurement, presentation, and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements. Management has assessed the impact of adopting PS 3160 on the financial statements of the College and has found that at present no such items meet the criteria to be recognized as a public, private, partnership.

(iii) On April 1, 2023, the College adopted Canadian Public Sector Accounting Standards 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.

3 Due from and to government organizations

Due from:	2024	2023
Federal government	\$ 567	\$ 3,510
Provincial government	3,539,312	2,267,664
Other government organizations	<u>495,135</u>	<u>239,744</u>
	<u>\$ 4,035,014</u>	<u>\$ 2,510,918</u>
Due to:	2024	2023
Federal government	\$ 476,978	\$ 433,634
Provincial government	452,797	193,547
Other government organizations	<u>32,886</u>	<u>47,406</u>
	<u>\$ 962,661</u>	<u>\$ 674,587</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

4 Portfolio investments

Portfolio investments are recorded at fair value and are comprised of the following:

	2024	2023
Fixed income	\$ 1,211,184	\$ 1,406,925
Pooled bond funds	9,029,084	8,304,830
Pooled equity funds	<u>9,124,260</u>	<u>7,757,274</u>
	<u>\$ 19,364,528</u>	<u>\$ 17,469,029</u>

5 Accounts payable and accrued liabilities

	2024	2023
Trade payables	\$ 3,424,999	\$ 1,965,324
Salaries and benefits payable	2,404,520	2,024,735
Accrued leaves payable	4,282,528	3,592,376
Other payables and accrued liabilities	<u>5,391,572</u>	<u>5,388,100</u>
	<u>\$ 15,503,619</u>	<u>\$ 12,970,535</u>

6 Employee future benefits

(a) Pension benefits:

The College and its employees contribute to the College Pension Plan and the 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.

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

6 Employee future benefits (continued)

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 \$3,324,398 for employer contributions to the plans in fiscal 2024 (2023: \$2,861,764).

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.

(b) Other benefits:

	2024	2023
Severance	\$ 402,447	\$ 388,605
Accumulated sick leave benefit	<u>85,000</u>	<u>85,000</u>
	<u>\$ 487,447</u>	<u>\$ 473,605</u>

(i) The College provides severance benefits to eligible employees based on eligibility, years of service, and final salary.

(ii) Employees of the College are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Sick leave credits accumulate for employees of the College, as they render services they earn the right to the sick leave benefit. The College recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits.

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

7 Deferred contributions

Deferred contributions are comprised of funds for restricted uses including special programs, facilities and research. Changes in the deferred contribution balances are as follows:

	2024		
	Land Sale	Other	Total
Balance, beginning of year	\$ 3,961,144	\$ 10,134,924	\$ 14,096,068
Contributions received	-	17,302,698	17,302,698
Transfers		(95,000)	(95,000)
Revenue recognized	-	<u>(17,492,469)</u>	<u>(17,492,469)</u>
Balance, end of year	<u>\$ 3,961,144</u>	<u>\$ 9,850,153</u>	<u>\$ 13,811,297</u>
	2023		
	Land Sale	Other	Total
Balance, beginning of year	\$ 3,961,144	\$ 9,786,039	\$ 13,747,183
Contributions received	-	13,086,795	13,086,795
Revenue recognized	-	<u>(12,737,910)</u>	<u>(12,737,910)</u>
Balance, end of year	<u>\$ 3,961,144</u>	<u>\$ 10,134,924</u>	<u>\$ 14,096,068</u>

In 2012/13, the College sold 11.164 acres of land to the Vancouver Island Health Authority for \$4,030,114. Use of the sale proceeds is restricted under the College and Institute Act. The proceeds, net of land costs of \$68,970, have been recorded as deferred contributions until permission to use the funds for acquisition of specific capital assets is granted.

8 Deferred capital contributions

Funding contributions for tangible capital assets are referred to as deferred capital contributions. Amounts are recognized into revenue as the asset is amortized over the useful life of the asset. Treasury Board specifies this accounting treatment as disclosed in note 2(a). Changes in the deferred capital contributions balance are as follows:

	2024	2023
Balance, beginning of year	\$ 42,458,154	\$ 41,382,580
Contributions received during the year	16,203,014	4,452,908
Transfers	95,000	-
Revenue recognized from deferred capital contributions	<u>(4,240,956)</u>	<u>(3,377,334)</u>
Balance, end of year	<u>\$ 54,515,212</u>	<u>\$ 42,458,154</u>

During 2021/22, the College sold the Campbell River campus property location on Vigar Road for \$2,700,000. Use of the sale proceeds is restricted under the College and Institute Act. The Province granted use of the revenue related to this transaction for specific capital projects. The unspent amount remaining for future capital projects is \$48,254 (2023: \$48,254).

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

9 Tangible capital assets

Cost	Mar 31, 2023	Additions	Transfers	Disposals	Mar 31, 2024
Land	\$ 327,919	\$ -	\$ -	\$ -	\$ 327,919
Site improvements	2,732,025	47,302	-	-	2,779,327
Buildings	86,329,678	908,773	184,791	(478,886)	86,944,356
Furniture & equipment	6,200,064	1,503,525	-	(339,401)	7,364,188
Software & licences	24,229	-	-	(3,141)	21,088
Computer equipment	640,549	480,744	-	(250,416)	870,877
Leasehold improvements	2,199,271	226,174	-	-	2,425,445
Vehicles	477,341	148,104	-	(104,667)	520,778
Library books	432,547	38,323	-	(41,271)	429,599
Assets under construction	<u>5,235,361</u>	<u>15,231,320</u>	<u>(184,791)</u>	<u>-</u>	<u>20,281,890</u>
Total	\$ <u>104,598,984</u>	\$ <u>18,584,265</u>	\$ <u>-</u>	\$ <u>(1,217,782)</u>	\$ <u>121,965,467</u>

Accumulated amortization	Mar 31, 2023	Amortization	Transfers	Disposals	Mar 31, 2024
Site improvements	\$ 2,435,726	\$ 54,521	\$ -	\$ -	\$ 2,490,247
Buildings	46,652,471	2,827,833	-	(136,750)	49,343,554
Furniture & equipment	3,090,929	1,470,565	-	(339,401)	4,222,093
Software & licences	13,685	8,201	-	(3,141)	18,745
Computer equipment	447,571	171,549	-	(250,416)	368,704
Leasehold improvements	1,292,880	327,178	-	-	1,620,058
Vehicles	317,759	46,899	-	(85,478)	279,180
Library books	<u>242,593</u>	<u>45,488</u>	<u>-</u>	<u>(41,271)</u>	<u>246,810</u>
Total	\$ <u>54,493,614</u>	\$ <u>4,952,234</u>	\$ <u>-</u>	\$ <u>(856,457)</u>	\$ <u>58,589,391</u>

	Net Book Value Mar 31, 2023	Net Book Value Mar 31, 2024
Land	\$ 327,919	\$ 327,919
Site improvements	296,299	289,080
Buildings	39,677,207	37,600,802
Furniture & equipment	3,109,135	3,142,095
Software & licences	10,544	2,343
Computer equipment	192,978	502,173
Leasehold improvements	906,391	805,387
Vehicles	159,582	241,598
Library books	189,954	182,789
Assets under construction	<u>5,235,361</u>	<u>20,281,890</u>
Total	\$ <u>50,105,370</u>	\$ <u>63,376,076</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

9 Tangible capital assets (continued)

Cost	Mar 31, 2022		Additions		Transfers		Disposals		Mar 31, 2023	
Land	\$	327,919	\$	-	\$	-	\$	-	\$	327,919
Site improvements		2,718,292		13,733		-		-		2,732,025
Buildings		85,280,874		1,048,804		-		-		86,329,678
Furniture & equipment		5,940,653		778,486		40,954		(560,029)		6,200,064
Software & licences		24,229		-		-		-		24,229
Computer equipment		830,928		100,385		-		(290,764)		640,549
Leasehold improvements		2,199,271		-		-		-		2,199,271
Vehicles		324,113		153,228		-		-		477,341
Library books		448,098		31,106		-		(46,657)		432,547
Assets under construction		<u>812,556</u>		<u>4,463,759</u>		<u>(40,954)</u>		<u>-</u>		<u>5,235,361</u>
Total	\$	<u>98,906,933</u>	\$	<u>6,589,501</u>	\$	<u>-</u>	\$	<u>(897,450)</u>	\$	<u>104,598,984</u>

Accumulated amortization	Mar 31, 2022		Amortization				Disposals		Mar 31, 2023	
Site improvements	\$	2,389,912	\$	45,814	\$	-	\$	-	\$	2,435,726
Buildings		44,255,489		2,396,982		-		-		46,652,471
Furniture & equipment		2,537,924		1,113,034		-		(560,029)		3,090,929
Software & licences		5,696		7,989		-		-		13,685
Computer equipment		615,192		123,143		-		(290,764)		447,571
Leasehold improvements		1,022,193		270,687		-		-		1,292,880
Vehicles		255,955		61,804		-		-		317,759
Library books		<u>249,602</u>		<u>39,648</u>		<u>-</u>		<u>(46,657)</u>		<u>242,593</u>
Total	\$	<u>51,331,963</u>	\$	<u>4,059,101</u>	\$	<u>-</u>	\$	<u>(897,450)</u>	\$	<u>54,493,614</u>

	Net Book Value		Net Book Value	
	Mar 31, 2022		Mar 31, 2023	
Land	\$	327,919	\$	327,919
Site improvements		328,380		296,299
Buildings		41,025,385		39,677,207
Furniture & equipment		3,402,729		3,109,135
Software & licences		18,533		10,544
Computer equipment		215,736		192,978
Leasehold improvements		1,177,078		906,391
Vehicles		68,158		159,582
Library books		198,496		189,954
Assets under construction		<u>812,556</u>		<u>5,235,361</u>
Total	\$	<u>47,574,970</u>	\$	<u>50,105,370</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

9 Tangible capital assets (continued)

(a) Assets under construction

Assets under construction having a value of \$20,281,890 (2023: \$5,235,361) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

The College has entered into a construction contract to build a 217 bed student housing complex. The anticipated completion date is September 2025. Total amount of the contract with Urban One is \$74,298,263. Funding guarantees of \$68,543,250 have been approved by the Ministry of Post-Secondary and Future Skills. As of March 31, 2024, \$17,558,946 (2023: \$4,316,953) has been expended and is included in assets under construction.

10 Financial risk management

The College is potentially exposed to credit risk, liquidity risk, foreign exchange risk and interest rate risk from the entity's financial instruments. Qualitative and quantitative analysis of the significant risks from the College's financial instruments is provided below by type of risk.

(a) Credit risk

Credit risk primarily arises from the College's cash and cash equivalents, accounts receivable and portfolio investments. The risk exposure is limited to their varying amounts at the date of the statement of financial position.

Accounts receivable primarily consist of amounts receivable from government organizations, students, clients and sponsors. To reduce the risk, the College regularly reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2024 the amount of allowance for doubtful debts was \$257,303 (2023: \$186,028), as these accounts receivable are deemed by management not to be collectible. The College historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

(b) Market and interest rate risk

Market risk is the risk that changes in market prices and inputs, 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.

The College manages market risk by holding cash balances with a top rated Canadian Schedule I financial institution. The portfolio investments are professionally managed following the investment program which is approved by the College's Board of Governors and consistent with the requirements of the College and Institute Act. The College periodically reviews its investments and is satisfied that the portfolio investments are being managed in accordance with the investment program.

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

10 Financial risk management (continued)

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, anticipated investing, and financial activities to ensure that its financial obligations are met.

(d) Foreign exchange risk

The College has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant. The foreign currency financial instruments are short-term in nature and do not give rise to significant foreign currency risk.

(e) Other risk

The insurance on College property is the responsibility of the Province, which paid \$97,792 (2023: \$84,773) for premiums and fees on behalf of the College for the coverage. All claims for loss are submitted to the Province for consideration for replacement. The College has no direct insurance coverage against loss of any of its capital assets.

11 Contractual obligations

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

	Port Alberni Campus & Satellite	St. Joe's Campus	Port Hardy Campus	Total
2025	\$ 168,702	\$ 101,267	\$ 95,400	\$ 365,369
2026	148,161	-	95,400	243,561
2027	58,881	-	95,400	154,281
2028	<u>-</u>	<u>-</u>	<u>39,750</u>	<u>39,750</u>
Total contractual obligations	<u>\$ 375,744</u>	<u>\$ 101,267</u>	<u>\$ 325,950</u>	<u>\$ 802,961</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

12 Contingent liabilities

The College may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. In the event that any such claims or litigation are resolved against the College, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of the College. At March 31, 2024 there are no outstanding claims.

13 Related parties

North Island College is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

North Island College Foundation is a not-for-profit organization and a registered charity under the Income Tax Act. The Foundation was created to enhance the delivery of North Island College's programs and services by raising funds to provide scholarships and bursaries, and to support various College projects. Although there is no common control of the organizations through the Board appointment or other forms of control, the Foundation is related to the College by virtue of holding resources which are to be used to provide support to students attending the College. Transactions with the Foundation were recorded at the exchange amount.

At March 31, 2024 accounts receivable of the College included \$250,225 (2023: \$89,280) due from the Foundation.

	2024	2023
Bursaries	\$ 550,185	\$ 605,185
Donations and other	164,682	229,218
Gifts-in-kind	<u>14,500</u>	<u>19,500</u>
Foundation contributions to the College	<u>\$ 729,367</u>	<u>\$ 853,903</u>
College contributions to the Foundation	<u>\$ 2,430</u>	<u>9,130</u>

North Island College
Notes to the Financial Statements
Year ended March 31, 2024

14 Contractual rights

The College has entered into multi-year contracts with the Province of British Columbia that entitles the College to receive the following amounts:

	Port Alberni Campus & Satellite	St. Joe's Campus	Port Hardy Campus	Total
2025	\$ 168,702	\$ 101,267	\$ 95,400	\$ 365,369
2026	148,161	-	95,400	243,561
2027	58,881	-	95,400	154,281
2028	-	-	<u>39,750</u>	<u>39,750</u>
Total contractual rights	<u>\$ 375,744</u>	<u>\$ 101,267</u>	<u>\$ 325,950</u>	<u>\$ 802,961</u>

15 Comparative information

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

North Island College
Schedule 1 - Schedule of Expenses by Object
For the year ended March 31, 2024 with comparative information for 2023

	Budget 2024	2024	2023
Expenses			
Salaries and benefits	\$ 44,044,673	\$ 44,878,464	\$ 39,633,457
Other personnel costs	987,941	1,863,877	1,148,581
Advertising and promotion	827,941	784,915	738,773
Books and periodicals	448,411	386,426	366,566
Cost of goods sold	680,000	656,071	697,747
Equipment costs	1,826,988	2,575,635	2,649,749
Facility costs	2,557,701	3,550,356	3,398,205
Financial service charges	246,503	232,873	239,522
General fees and services	2,102,396	2,785,455	2,026,155
Student awards	823,680	1,458,530	1,289,045
Supplies and general expenses	1,457,145	1,761,632	1,700,411
Travel	980,669	1,148,953	683,733
Grant transfers	233,500	303,361	273,535
Donations to NIC Foundation	-	6,530	9,130
Amortization of tangible capital assets	4,366,104	4,952,234	4,059,106
	<u>\$ 61,583,652</u>	<u>\$ 67,345,312</u>	<u>\$ 58,913,715</u>