

Financial Statements of



And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone (250) 563-7151
Fax (250) 563-5693

INDEPENDENT AUDITORS' REPORT

To the Board of the College of New Caledonia, and
To the Minister of the Ministry of Advanced Education, Skills & Training, Province of
British Columbia

Opinion

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

- the statement of financial position as at March 31, 2020
- the statements 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, 2020 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our 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) of the financial statements, which describes the basis of accounting and significant differences between such basis of accounting and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

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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.



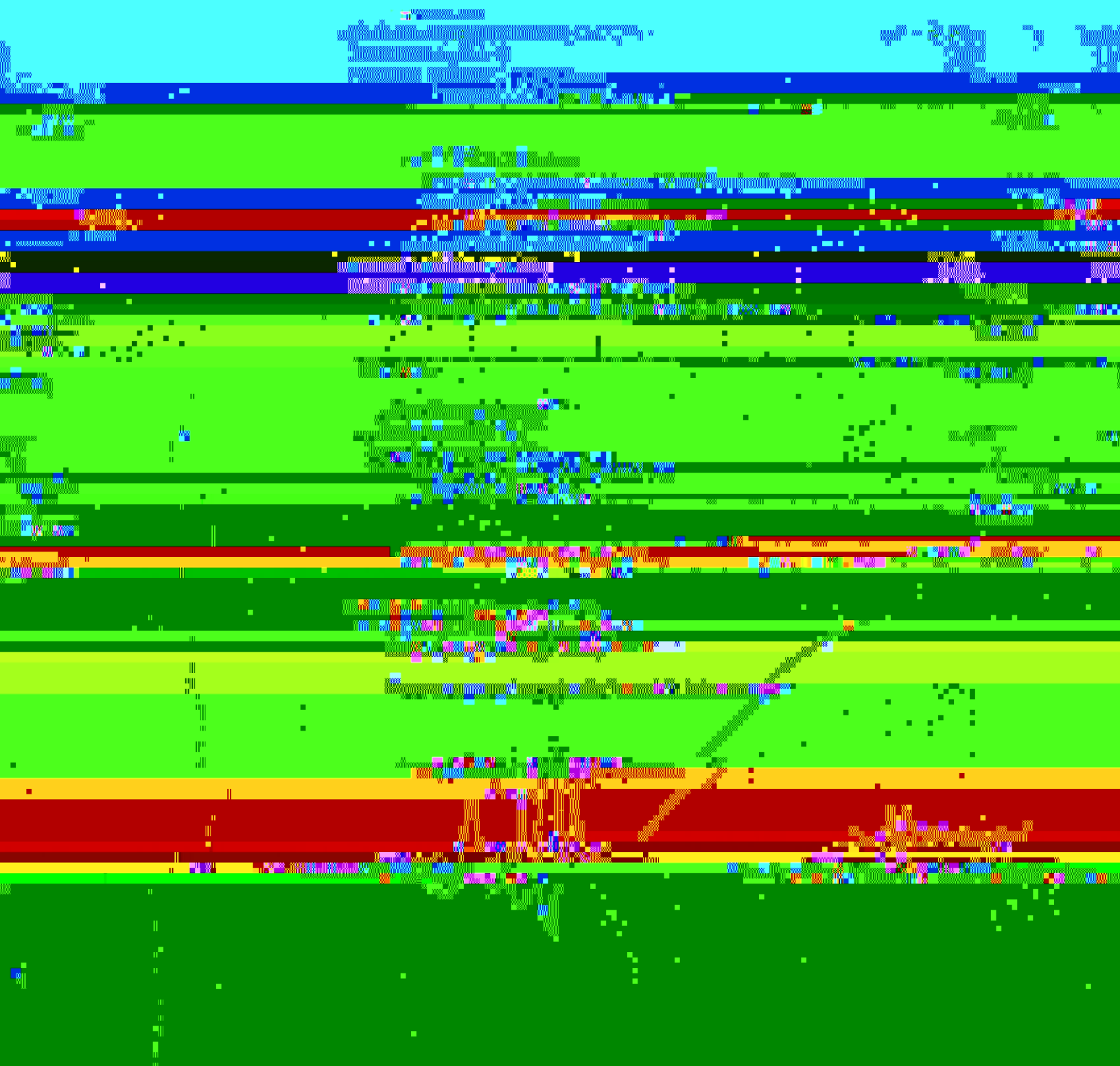
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Prince George, Canada

June 5, 2020



Statement of Changes in Net Debt
(\$ in thousands)

Year ended March 31, 2020, with comparative figures for 2019

	Budget (note 19)	2020	2019
Annual surplus	\$ -	\$ 1,412	\$ 4,073
Acquisition of tangible capital assets	-	(13,449)	(20,289)
Amortization of tangible capital assets	3,808	4,303	3,826
Amortization of track usage rights	-	6	7
	3,808	(9,140)	(16,456)

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Statement of Cash Flows
(\$ in thousands)

Year ended March 31, 2020, with comparative figures for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,412	4,073
Items not involving cash:		
Amortization of tangible capital assets	4,303	3,826
Amortization of track usage rights	6	7
Revenue recognized from deferred capital contributions	(3,621)	(3,119)
Change in non-cash operating working capital:		
Accounts receivable	(1,114)	102
Prepaid expenses	(664)	(18)
Inventories for resale	(31)	39
Accounts payable and accrued liabilities	(565)	5,544
Accrued entitlement leave	438	229
Employee future benefits	29	66
Deferred contributions and revenue	494	(434)
Net change in cash from operating activities	687	10,315
Capital activities:		
Acquisition of tangible capital assets	(13,449)	(20,289)
Net change in cash from capital activities	(13,449)	(20,289)
Financing activities:		
Capital contributions received	11,770	18,736
Cash restricted for repayment of long-term debt	(71)	(68)
Net change in cash from financing activities	11,699	18,668
Investing activities:		
Endowments	(65)	(287)
Net change in cash from investing activities	(65)	(287)
Increase in cash and cash equivalents	(1,128)	8,407
Cash and cash equivalents, beginning of year	39,294	30,887
Cash and cash equivalents, end of year	\$ 38,166	\$ 39,294

See accompanying notes to financial statement



Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

1. Nature of operations:

The College of New Caledonia (the "College") is a post-

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

2. Significant accounting policies (continued) :

(a) Basis of accounting (continued):

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410 Government Transfers; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100 Restricted Assets and Revenues; and
- deferred contributions met the liability criteria in accordance with PS3200 Liabilities.

As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Inventories for resale:

Inventories held for resale, comprised of bookstore inventory, is recorded at the lower of average 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.

(c) 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.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Category	Period
Buildings	5 - 70 years
Furniture, fixtures and equipment	5 - 30 years

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020



Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

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Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

2. Significant accounting policies (continued) :

(j) Measurement uncertainty:

The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Key areas where management has made estimates and assumptions include those related to the determination of the useful lives of tangible capital assets, amortization of related deferred capital contributions, determination of employee future benefits, and provisions for accounts receivable and contingencies. Where actual results differ from these estimates and assumptions, the impact is recorded in future periods when the differences become known.

3. Cash and cash equivalents:

Cash and cash equivalents includes cash and cash equivalents on deposit and amounts held under the Province of British Columbia Central Deposit Program which pays interest at prime minus 1.5% and are refundable on 3 days' notice.

4. Investments:

Investments consist of guaranteed investment certificates which are held at a Canadian chartered bank, earning interest ranging from 2.2% to 2.3% (2019 – 2.0% to 2.3%), and mature



Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

6. Accounts payable and accrued liabilities:

	2020	2019
Trade	\$ 4,021	\$ 2,699
Student deposits	5,911	9,698
Payroll	2,921	1,087
Accruals	1,058	1,653
Other	2,434 (ol)1.4 (l)JTJ 0 Tc 0 Tw 3.048 0 Td	



Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

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Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020



Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

11. Long term debt , net of sinking fund :

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

12. Endowments (continued):

The College has established a permanent endowment fund to provide income from which scholarships and bursaries can be awarded to students at the College. The capital of the fund is provided partly from designated funds, partly through donations from third parties and partly by matching government or other grants; the capital cannot be used for any other purpose.

As at March 31, 2020, the College received \$32 (2019 - \$262) of external contributions and has internally transferred \$33 (2019 - \$27) to endowments.

Long-term securities are composed mainly of GICs and provincial bonds. Effective interest rates are between 2.09% and 2.72% (2019 – 2.05% and 4.4%) with maturities in 2020 and 2021.

Not included elsewhere in these financial statements are investments with the Prince George Community Foundation with an estimated market value of \$425 (2019 - \$464) and the Vancouver Foundation with a market value of \$456 (2019 - \$500). These amounts are held in perpetuity by the stated Foundations and because they are not controlled by the College are not included as

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

13. Tangible capital assets (continued) :

	Net book value March 31, 2019	Net book value March 31, 2020
Land	\$ 3,293	\$ 3,293
Buildings	90,831	99,845
Furniture, fixtures and equipment	9,986	10,108
	\$ 104,100	\$ 113,246

14. Accumulated Surplus

The components of accumulated surplus are as follows:

	2020	2019
Investment in tangible capital assets	\$ 9,003	\$ 8,820
Endowment funds	4,742	4,677
Internally restricted and unrestricted amounts	8,621	7,457
	\$ 22,366	\$ 20,954

15. Contractual obligations:

Operating leases:

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

16. Contingent liabilities:

The College may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. At March 31, 2020, there are claims outstanding and management has determined the outcome to be undeterminable and thus no accrual has been recorded. It is considered that the potential claims would not materially affect the College's financial statements and any amounts ultimately settled will be recorded in the period in which the claim is resolved.

17. Expenses by object:

The following is a summary of expenses by object:

	2020	2019
Salaries and benefits	\$ 53,113	\$ 47,700
Supplies and services	8,145	7,463
Contract and professional services	5,299	4,245
Costs of goods sold	1,674	1,868
Utilities	1,706	1,684
Facility infrastructure maintenance	2,544	498
Interest	232	232
Scholarships and bursaries	537	752
Amortization	4,303	3,833
	<u>\$ 77,553</u>	<u>\$ 68,275</u>

18. Financial risk management:

It is management's opinion that the College is not exposed to significant interest, currency, liquidity or credit risks arising from its financial instruments. The carrying value of cash and cash equivalents, accounts receivable and accounts payables and accrued liabilities approximate fair value because of the short maturity of these instruments.

19. Budget data:

Budget figures have been provided for comparative purposes and have been derived from the budget approved by the Board of the College on April 26, 2019. The budget is reflected in the statement of operations and the statement of changes in net debt.

Notes to Financial Statements
(\$ in thousands)

Year ended March 31, 2020

20. Related parties:

The College is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, 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.

21. Contractual rights :

The College has entered into contracts or agreements in the normal course of operations that it expects will result in the realization of assets and revenues in future fiscal years. The College is the recipient of research grants from various federal, provincial, and municipal funding agencies. These funding agreements do not abnormally impact the College's financial position and do not guarantee the College the right to future funding.

22. Subsequent event :

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. Subsequent to March 31, 2020, the situation continues to be dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the College is not known at this time. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the operating results and financial position of the College in the future.