College of the Rockies

FINANCIAL STATEMENTS

For the Year Ended March 31, 2024

COLLEGE OF
THE ROCKIES

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Independent Auditor's Report

To the Board of Directors of the College of the Rockies and the Minister of Advanced Education of the Province of British Columbia

Opinion

We have audited the accompanying financial statements of the College of the Rockies (the "College"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial debt and cash flows for the year ended March 31, 2024, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the College of the Rockies for the year ended March 31, 2024 are prepared, in all material respects, in accordance with 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 report. We are independent of the College 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

Without modifying our opinion, we draw attention to Note 2(a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and to Note 18 which describes the significant differences between such basis of accounting and Canadian public sector accounting standards.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, which requires Canadian public sector accounting standards modified by B.C. Regulation 198/2011 "Restricted Contributions", 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 College'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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College'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 these financial statements.

Independent Auditor's Report (Continued)

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 College'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 College'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 College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
May 9, 2024

COLLEGE OF
THE ROCKIES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

March 31, 2024

The accompanying Financial Statements are the responsibility of management and have been approved by the Board of Governors of the College of the Rockies. The Financial Statements were prepared in accordance with Public Sector Accounting Standards and the financial directives of the Ministry of Advanced Education and Skills Training and, of necessity, include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board of Governors has established a code of ethics and corporate directives, which require communication of the code to the employees.

The Board of Governors carries out its responsibility for the financial statements through the Board Finance/Audit Committee. This Committee meets with management and the external auditor to discuss and review financial matters and recommends the financial statements to the Board for approval. The external auditor has full and free access to the Finance/Audit Committee.

Paul Vogt

Paul Vogt, President & CEO
May 9, 2024

Dianne Teslak, Vice President – Finance & Corporate Services
May 9, 2024

COLLEGE OF THE ROCKIES

Statement of Financial Position

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

			March 31, 2024	March 31, 2023
Financial assets				
Cash and cash equivalents			$ 21,328,719	$ 20,652,626
Accounts receivable		(Note 4)	4,585,029	3,948,576
Inventories for resale			301,210	302,804
Investments		(Note 5)	11,688,054	11,372,116
			37,903,012	36,276,122
Liabilities				
Accounts payable and accrued liabilities		(Note 6)	5,225,480	5,144,936
Employee future benefits		(Note 7)	978,349	968,305
Deferred revenue		(Note 8)	8,094,282	6,420,378
Deferred contributions		(Note 9)	2,062,651	1,865,988
Deferred capital contributions		(Note 10)	53,802,313	52,763,390
			70,163,075	67,162,997
Net financial debt			(32,260,063)	(30,886,875)
Non-financial assets				
Tangible capital assets		(Note 11)	56,036,827	53,989,557
Prepaid expenses			594,463	469,364
			56,631,290	54,458,921
Accumulated surplus		(Note 12)	**24,371,227**	**23,572,046**
Accumulated surplus is comprised of:				
	Accumulated operating surplus		23,111,834	22,380,127
	Endowments	(Note 13)	1,761,648	1,706,170
	Accumulated remeasurement gains (losses)		(502,255)	(514,251)
			$ 24,371,227	**$ 23,572,046**

See accompanying notes to financial statements.

Approved on behalf of the Board:

Chair

Vice President Finance and Corporate Services

COLLEGE OF THE ROCKIES

Statement of Operations and Accumulated Surplus

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

		Budget	2024	2023
Revenue:				
Province of British Columbia grants		$ 26,631,116	$ 26,986,284	$ 25,856,510
Tuition fees		4,523,684	4,597,705	4,443,179
Sales of goods and services		1,523,025	1,588,459	1,575,563
Contracts, non-government grants and donations		12,033,477	13,200,674	11,964,105
Investment income		775,000	1,517,298	1,055,250
Recognized from deferred capital contributions	(Note 10)	3,996,000	3,995,859	3,906,249
		49,482,302	51,886,279	48,800,856
Expenses:	(Note 15)			
Instruction		24,792,337	23,999,828	22,807,320
College Support		22,039,467	19,384,942	19,688,592
Ancillary		1,279,980	1,291,499	1,196,414
Special Purpose		2,900,533	6,478,303	4,611,616
		51,012,317	51,154,572	48,303,942
Annual surplus (deficit) before endowment funding		(1,530,015)	731,707	496,914
Restricted endowment contributions		15,000	55,478	16,151
Annual surplus (deficit) for the year		(1,515,015)	787,185	513,065
Accumulated operating surplus, beginning of year		23,881,442	22,380,127	21,883,213
Less restricted endowment contributions		(15,000)	(55,478)	(16,151)
Accumulated operating surplus, end of year		**$ 22,351,427**	**$ 23,111,834**	**$ 22,380,127**

See accompanying notes to financial statements.

COLLEGE OF THE ROCKIES

Statement of Changes in Net Financial Debt

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

	Budget	2024 Total	2023 Total
Annual surplus (deficit)	$ (1,515,015)	$ 787,185	$ 513,065
Acquisition of tangible capital assets	(7,050,000)	(6,075,987)	(5,456,941)
Amortization of tangible capital assets	4,028,000	4,026,577	3,902,311
Loss on sale of tangible capital assets	-	2,140	-
Acquisition (use) of prepaid expense	-	(125,099)	(269,718)
Net remeasurement gains (losses)	-	11,996	(298,899)
(Increase) decrease in net financial debt	(4,537,015)	(1,373,188)	(1,610,182)
Net financial debt, beginning of year	(30,886,875)	(30,886,875)	(29,276,693)
Net financial assets (net debt), end of year	**$ (35,423,890)**	**$ (32,260,063)**	**$ (30,886,875)**

See accompanying notes to financial statements.

COLLEGE OF THE ROCKIES

Statement of Remeasurement Gains (Losses)

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

	2024	2023
Accumulated remeasurement losses, beginning of year	$ (514,251)	$ (215,352)
Unrealized gains (losses) attributed to:		
Investments	11,996	(298,899)
Net remeasurement gains (losses) for the year	11,996	(298,899)
Accumulated remeasurement gains (losses), end of year	**$ (502,255)**	**$ (514,251)**

See accompanying notes to financial statements.

COLLEGE OF THE ROCKIES

Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating:		
Annual surplus (deficit)	$ 787,185	$ 513,065
Items not involving cash:		
Amortization of tangible capital assets	4,026,577	3,902,311
Revenue recognized from deferred capital contributions	(3,995,859)	(3,906,249)
Loss on disposal of tangible capital assets	2,140	-
Change in non-cash operating working capital:		
Accounts receivable	(636,453)	(497,261)
Prepaid expenses	(125,099)	(269,718)
Inventories for resale	1,594	12,720
Accounts payable and accrued liabilities	80,544	31,689
Employee future benefits	10,044	22,775
Deferred revenue	1,673,904	609,738
Deferred contributions	196,663	99,412
	2,021,240	518,482
Capital:		
Purchase of tangible capital assets	(6,075,987)	(5,456,941)
Contributions received for capital purchases	5,034,782	3,684,778
	(1,041,205)	(1,772,163)
Investing:		
Investments	(303,942)	(277,236)
Net change in cash	676,093	(1,530,917)
Cash, beginning of year	20,652,626	22,183,543
Cash, end of year	**$ 21,328,719**	**$ 20,652,626**

Cash is comprised of cash and cash equivalents

See accompanying notes to financial statements.

1. Authority and Purpose

The College of the Rockies (the 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 College is a registered charity and is therefore exempt from income taxes under section 149 of the *Income Tax Act*.

The College of the Rockies is a comprehensive college offering a full range of undergraduate, graduate and continuing studies programs.

The College is economically dependent on the Provincial Government's Ministry of Post-Secondary Education and Future Skills for the provision of operating and capital funding.

2. Summary of significant accounting policies

(a) Basis of accounting:

In 2010, directive was provided by the Province of British Columbia Treasury Board ("Treasury Board") through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards (PSAS) issued by the Public Sector Accounting Board (PSAB) of the CPA Canada without any PS4200 elections from their first fiscal year commencing after January 1, 2012. The College of the Rockies transition date was effective April 1, 2011.

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". In November 2011, Treasury Board provided a directive in Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the College of the Rockies before or after this regulation was in effect. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Note 2(g)(i) and 2(g)(ii).

Further, the Office of the Comptroller General ("OCG") provided direction in memorandum ref. 250955 on the treatment of endowment funds, financial instruments, pension plans and employee future benefits. The OCG direction requires:

(i) College of the Rockies to treat endowment contributions as described in Note 2(g)(iii);

(ii) College of the Rockies to implement PS 3450 Financial Instrument as at April 1, 2012; and

(iii) College of the Rockies to apply the discount rate for pension plans and/or employee future benefits at the next valuation date or within three years of transition to PSAS.

These financial statements have been prepared in accordance with the financial reporting framework described above.

2. Summary of significant accounting policies (continued)

(b) Cash and cash equivalents

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

(c) Financial instruments

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

(i) Fair value category: Portfolio instruments that are quoted in an active market are reflected at fair value as at the reporting date. Other financial instruments which the College of the Rockies has designated to be recorded at fair value include cash and cash equivalents, investments and endowments. 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.

(ii) Cost category: Financial instruments recorded by the College at cost include accounts receivable and accounts payable and accrued liabilities. 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 are included in the cost of the related investments.

(d) Inventories for resale and assets held for sale

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.

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. 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	Rate
Buildings and renovations	Straight Line	10-40 years
Roads	Straight Line	20 years
Library acquisition	Straight Line	10 years
Furniture and equipment	Straight Line	5 years
Computer equipment and software	Straight Line	4 years

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

When there has been a change in circumstances and the service potential of a tangible capital asset has declined, the asset is written down based upon the relative loss of the service potential. If a tangible capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

(f) Employee future benefits

Employee future benefits include vacation pay, banked overtime, retirement allowances and accrued extended health benefits.

Also included are sick leave cash-outs upon death and compensated absence benefits that are available to the College of the Rockies'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. Actuarial gains and losses are amortized over the expected average remaining service life of the employees.

2. Summary of significant accounting policies (continued)

(g) Revenue recognition

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

Unrestricted donations and grants are recorded as revenue when 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 follows:

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

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

(iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as direct increases to accumulated surplus for the portion to be held in perpetuity and as deferred contributions for any restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis, 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) Use of estimates

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

2. Summary of significant accounting policies (continued)

(i) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the Government Reporting Entity Quarterly Reporting Forecast for 2023/24 approved by the Board of Governors of the College of the Rockies on September 14, 2023. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Financial Debt.

3. Financial Instruments

(a) The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown.

	2024		
	Fair Value	Cost	Total
Cash and cash equivalents	$ -	$ 21,328,719	$ 21,328,719
Accounts receivable	-	4,585,029	4,585,029
Inventories for resale	-	301,210	301,210
Investments	11,688,054	-	11,688,054
Accounts payable and accrued liabilities	-	5,225,480	5,225,480
Employee future benefits	-	978,349	978,349

	2023		
	Fair Value	Cost	Total
Cash and cash equivalents	$ -	$ 20,652,626	$ 20,652,626
Accounts receivable	-	3,948,576	3,948,576
Inventories for resale	-	302,804	302,804
Investments	11,372,116	-	11,372,116
Accounts payable and accrued liabilities	-	5,144,936	5,144,936
Employee future benefits	-	968,305	968,305

3. Financial Instruments (continued)

(b) Maturity profile of bonds held are as follows:

	2024				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Carrying value	$ 3,665,135	3,747,558	3,649,621	231,294	$ 11,293,608
Percentage of total	33%	33%	32%	2%	100%

	2023				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Carrying value	$ 1,526,055	4,894,183	4,356,666	220,614	$ 10,997,518
Percentage of total	14%	44%	40%	2%	100%

4. Accounts receivable

	2024	2023
Provincial government	$ 1,809,051	$ 1,652,650
Other receivables	2,775,978	2,295,926
	$ 4,585,029	$ 3,948,576

5. Investments

(a) Investments in the amount of $11,293,608 market value (2023 - $10,997,517) are primarily in various Provincial Government and Bank bonds. The interest rate yield on these bonds ranges from 1.60% - 6.00%, with maturity dates of April 2024 to May 2035.

(b) Investments in the amount of $104,268 market value (2023 - $99,117) are with the Municipal Finance Authority in a Money Market Fund earning an annual compound interest rate of 5.2%.

(c) Investments in the amount of $290,178 market value (2023 - $275,482) are held by the Vancouver Foundation. The investment is not controlled by the College, nor can it be converted to other uses by the College.

(d) Included in investments are $1,761,648 (2023 - $1,706,170) of endowment contributions. Investment income earned on these funds is distributed in accordance with the provisions of each endowment agreement. Distribution of the contributed principal of the endowments is prohibited.

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include payables to the Federal government for source deductions of $424,812 (2023 - $38,331).

7. Employee future benefits:

(a) Post-employment benefits:

The College of the Rockies provides a sick leave payout upon an employee's death in accordance with the terms and conditions of their employment contract. In the event of the death of a regular or term employee during their employment with the College, the College shall make a one-time payment to the employee's beneficiary of 50% of the employee's accumulated unused sick leave entitlement.

(b) Compensated absence benefits:

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

(c) Other benefits:

The College of the Rockies other benefits includes vacation pay, banked overtime, retirement allowances and extended health benefits.

(d) Information about liabilities for the College of the Rockies employee future benefits is as follows:

	2024	2023
Post-employment benefits	$ 5,500	$ 5,500
Compensated absence benefits	35,500	35,500
Other benefits	937,349	927,305
	$ 978,349	$ 968,305

8. Deferred revenue

Deferred revenue represents unspent funding received which relates to expenditures and program delivery in subsequent years, and is comprised of the following:

	2024	2023
Province of BC grants	$4,548,383	$2,107,222
Tuition fees	1,536,999	1,350,932
Sales of goods and services	136,827	218,909
Donations, non-government grants and contracts	1,872,073	2,743,315
	$8,094,282	$6,420,378

Changes in the deferred revenue balance are as follows:

	2024	2023
Balance, beginning of year	$6,420,378	$5,810,640
Tuition received	4,783,772	4,466,817
Grants and other revenue received	43,902,391	44,219,346
	48,686,163	48,686,163
Tuition revenue recognized	4,597,705	4,443,179
Grants and other revenue recognized	47,353,987	43,633,246
	51,951,692	48,076,425
Increase (decrease) in deferred revenue	1,673,904	609,738
Balance, end of year	$8,094,282	$6,420,378

9. Deferred contributions

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year and is comprised of funds restricted for the following purposes:

	2024	2023
Scholarships	$473,662	$453,486
Endowments	341,489	264,379
Other reserves	1,247,500	1,148,123
	$2,062,651	$1,865,988

Changes in the deferred contribution balance are as follows:

	2024			
	Scholarships	Endowments	Other	Total
Balance, beginning of year	$ 453,486	$ 264,379	$ 1,148,123	$ 1,865,988
Contributions received during the year	342,318	130,931	99,377	572,626
Revenue recognized from deferred contributions	(322,142)	(53,821)	-	(375,963)
Balance, end of year	$ 473,662	$ 341,489	$ 1,247,500	$ 2,062,651

	2023			
	Scholarships	Endowments	Other	Total
Balance, beginning of year	$ 320,103	$ 290,609	$ 1,155,864	$ 1,766,576
Contributions received during the year	351,090	26,120	79,955	457,165
Revenue recognized from deferred contributions	(217,707)	(52,350)	(87,696)	(357,753)
Balance, end of year	$ 453,486	$ 264,379	$ 1,148,123	$ 1,865,988

10. Deferred capital contributions

Contributions for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Treasury Board provided direction on accounting treatment as disclosed in note 2.

Changes in the deferred capital contributions balance are as follows:

	2024	2023
Balance, beginning of year	$52,763,390	$52,984,861
Contributions received during the year	5,034,782	3,684,778
Revenue recognized from deferred capital contributions	(3,995,859)	(3,906,249)
Balance, end of year	$53,802,313	$52,763,390

The balance of unamortized capital contributions related to capital assets consists of the following:

	2024	2023
Unamortized capital contributions used to purchase assets	$51,389,845	$49,736,588
Unspent capital funding	2,412,468	3,026,802
Balance, end of year	$53,802,313	$52,763,390

11. Tangible capital assets

Cost	Balance at March 31, 2023	Additions	Disposals	Balance at March 31, 2024
Land and land improvements	$ 1,093,131	$ -	$ -	$ 1,093,131
Buildings and renovations	99,687,473	4,203,231	-	103,890,706
Roads	742,541			742,541
Furniture and equipment	20,786,996	968,734	(33,460)	21,722,267
Computer equipment and software	6,474,000	593,150	(488,542)	6,578,608
Assets under construction	-	310,872	-	310,872
Library acquisition	206,725	-	-	206,725
Total	$128,990,865	$ 6,075,987	$ (522,002)	$ 134,544,850

Accumulated amortization	Balance at March 31, 2023	Disposals	Amortization expense	Balance at March 31, 2024
Land and land improvements	$ -	$ -	$ -	$ -
Buildings and renovations	50,387,873	-	2,990,095	53,377,968
Roads	74,231	-	37,127	111,358
Furniture and equipment	18,728,172	(33,460)	653,402	19,348,114
Computer equipment and software	5,604,307	(486,402)	345,953	5,463,858
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
Total	$ 75,001,308	$ (519,862)	$ 4,026,577	$ 78,508,023

	Net book value March 31, 2023	Net book value March 31, 2024
Land and land improvements	$ 1,093,131	$ 1,093,131
Buildings	49,299,599	50,512,738
Roads	668,310	631,183
Furniture and equipment	2,058,823	2,374,153
Computer equipment and software	869,694	1,114,750
Assets under construction	-	310,872
Library acquisition	-	-
Total	$ 53,989,557	$ 56,036,827

11. Tangible capital assets

Cost	Balance at March 31, 2022	Additions	Disposals	Balance at March 31, 2023
Land and land improvements	$ 1,093,131	$ -	$ -	$ 1,093,131
Buildings and renovations	95,201,465	4,486,007	-	99,687,473
Roads	742,541			742,541
Furniture and equipment	20,148,566	711,658	(73,227)	20,786,996
Computer equipment and software	6,270,865	259,276	(56,141)	6,474,000
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
Total	$123,663,293	$ 5,456,941	$ (129,369)	$ 128,990,865

Accumulated amortization	Balance at March 31, 2022	Disposals	Amortization expense	Balance at March 31, 2023
Land and land improvements	$ -	$ -	$ -	$ -
Buildings and renovations	47,645,228	-	2,742,645	50,387,873
Roads	37,104	-	37,127	74,231
Furniture and equipment	18,121,502	(79,989)	686,659	18,728,172
Computer equipment and software	5,217,807	(49,380)	435,880	5,604,307
Assets under construction	-	-	-	-
Library acquisition	206,725	-	-	206,725
Total	$ 71,228,366	$ (129,369)	$ 3,902,311	$ 75,001,308

	Net book value March 31, 2022	Net book value March 31, 2023
Land and land improvements	$ 1,093,131	$ 1,093,131
Buildings	47,556,237	49,299,599
Roads	705,437	668,310
Furniture and equipment	2,027,064	2,058,823
Computer equipment and software	1,053,058	869,694
Assets under construction	-	-
Library acquisition	-	-
Total	$ 52,434,927	$ 53,989,557

12. Accumulated surplus

Accumulated surplus is comprised of the following:

	2024	2023
Unrestricted net assets	$4,094,147	$4,528,447
Invested in capital assets	4,646,982	4,252,969
Restricted for endowments (Note 13)	1,761,648	1,706,170
Internally restricted net assets	13,868,450	13,084,460
	$24,371,227	$23,572,046

13. Endowments

Endowment contributions form part of accumulated surplus. The OCG provided direction on the accounting treatment of endowment contributions as disclosed in note 2(g)(iii).

Changes to the endowment balances are as follows:

	2024	2023
Balance, beginning of year	$1,706,170	$1,690,019
Contributions received during the year	55,478	16,151
Balance, end of year	$1,761,648	$1,706,170

14. Pension Liability

The College of the Rockies and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 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 of the Rockies paid $2,396,079 for employer contributions to the plans in fiscal 2024.

The next valuation for the College Pension Plan will be as at August 31, 2024, with results available in 2025. 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.

15. Expenses by object

The following is a summary of expenses by object:

	2024	2023
Salaries and wages	$26,428,271	$24,915,382
Employee benefits	6,516,102	6,052,149
General supplies	1,538,989	1,576,487
Repairs and maintenance	525,965	498,250
Leases and rentals	22,226	11,375
Hospitality and travel	993,030	1,031,583
Telephone	84,468	75,796
Public relations	215,227	303,223
Printing and photocopying	307,247	256,376
Postage and freight	106,268	102,302
Data communications	170,693	170,708
Facilities	1,685,902	1,582,840
Professional fees	6,915,336	6,494,896
College membership fees	416,903	397,467
Amortization expense	4,026,579	3,902,311
Scholarship payments	770,588	487,526
Bookstore cost of sales	430,778	445,271
	$51,154,572	$48,303,942

16. Financial Instrument Risk Management

Market Risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. The College’s investment policy operates within the investment guidelines outlined by the Ministry of Post-Secondary Education and Future Skills using diversification techniques to minimize risk. It is management's opinion that College of the Rockies is not exposed to significant market risk arising from its financial instruments.

Interest Rate Risk: Interest rate risk is the risk that the fair value of future cash flows from floating rate instruments will fluctuate as a result of changes in market interest rates. It is management's opinion that College of the Rockies is not exposed to significant interest rate risk arising from its financial instruments.

Credit Risk: Credit risk is the risk of financial loss if the debtor fails to make payments or meet their contractual obligations. The College is exposed to this risk relating to its cash, investment portfolios and accounts receivable. Credit risk is mitigated by holding cash in federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation, investment diversification techniques, and by prompt collection processes. It is management's opinion that College of the Rockies is not exposed to significant credit risk arising from its financial instruments.

Liquidity Risk: Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and investment planning. It is management's opinion that College of the Rockies is not exposed to significant liquidity risk arising from its financial instruments.

17. Contractual obligations

The College of the Rockies has several active contracts for janitorial, security and general maintenance services. The annual obligations of these contracts over the next three years that can be reasonably estimated are as follows:

2025	$	294,286
2026		69,837
2027		34,499

18. Impact of Accounting for Capital Contributions on a Deferral Basis

As set out in Notes 2(a) and (g), the College is required to defer recognition of government transfers for capital and recognize them in revenue over the life of the funded asset. This policy is not in accordance with PSAS, which requires that such transfers be deferred only if the funding agreements contain stipulations that create a liability and then to recognize revenue over the period that the liability is extinguished.

The impact of this difference from PSAS is as follows:

As at March 31, 2023	overstate liabilities, overstate net debt and understate accumulated surplus by $49,736,588
As at March 31, 2024	overstate liabilities, overstate net debt and understate accumulated surplus by $51,389,845
Year ended March 31, 2023	understate revenue and understate annual surplus by $621,296
Year ended March 31, 2024	understate revenue and understate annual surplus by $1,653,257