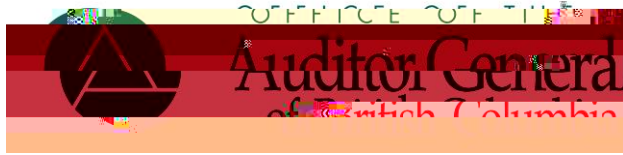


Financial Statements of

VANCOUVER COMMUNITY COLLEGE

Year ended March 31, 2017

in Kurs



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the Vancouver Community College and
To the Minister of Advanced Education, Province of British Columbia

I have audited the accompanying financial statements of Vancouver Community College
which comprise the statement of financial position as at March 31, 2017, and the
statements of operations, changes in net assets, and cash flows for the year then ended, and a
summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with
Canadian Public Sector Accounting Standards and for such internal control as management
determines necessary to enable the preparation of financial statements that are free from

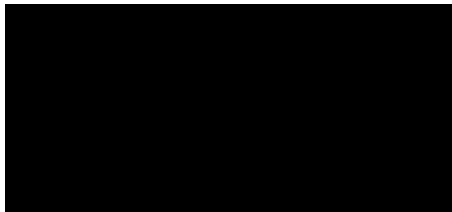
to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

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contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In our opinion certain contributions of the entity do not P H H W W K H G H I L Q L W L R Q R I D O L D E L O L W \ D Q G e D V V X F K W K H
contributions represents a departure from Canadian Public Sector Accounting Standards.

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. When the cumulative effects of this departure to date are adjusted through opening accumulated surplus, H Q W e d o r s i n d i c a t e t h a t t h e e f f e c t s o f t h i s departure on the current year financial statements is an overstatement of the liability for deferred revenue of \$0.2 million and deferred capital contributions of \$7.3 million, an understatement of opening accumulated surplus of \$0.7 million, and a current year overstatement of revenue of \$3.2 million. Accordingly, the current year surplus is overstated by \$3.2 million and net debts overstated by \$77.5 million.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Vancouver Community College as at March 31, 2017, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards



Deputy Auditor General

Victoria, British Columbia
June 1, 2017

VANCOUVER COMMUNITY COLLEGE

Statement of Financial Position

March 31, 2017, with comparative information for 2016

Contractual obligations (note 15)

Contingencies (note 16)

VANCOUVER COMMUNITY COLLEGE

Statement of Change in Net Debt

Year ended March 31, 2017, with comparative information for 2016

	Budget (note 2 j)	2017	2016
Annual surplus (deficit)	\$ -	\$ 884,543	\$ (4,126,032)
(Acquisition) of tangible capital assets	(2,000,000)	(3,790,430)	(5,062,467)
Amortization of tangible capital assets	8,876,616	8,918,286	8,941,513
Capital lease obligation	-	(957,584)	-
	6,876,616	4,170,272	3,879,046
(Acquisition) of inventories	-	(112,893)	(90,743)
(Acquisition) of prepaid expenses	-	(263,443)	(170,580)
Use of inventories	-	90,743	119,073
Use of prepaid expenses	-	170,580	167,423
	-	(115,013)	25,173
Decrease (increase) in net debt	6,876,616	4,939,802	(221,813)
Net debt, beginning of year	(94,205,288)	(94,205,288)	(93,983,475)
Net debt, end of year	\$ (87,328,672)	\$ (89,265,486)	\$ (94,205,288)

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements

Year ended March 31, 2017

1. Authority and Purpose:

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

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

2. Summary of significant accounting policies:

The financial statements of Vancouver Community College are prepared by management in accordance with the basis of accounting described below. Significant accounting policies are as follows:

(a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the Budget

Transparency and Accountability Act (the P39358 (as amended) (Table) 052 (08-11(a)-124 (a) 3) 1 (i) 3.13 (a) 3

VANCOUVER COMMUNITY COLLEGE

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

2. Summary of significant accounting policies (continued):

(d) Inventories for resale:

Inventories held for resale, including books and school supplies, are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities (n3 (bi)-8.2t)-13.2 (i)3.2 (es)-8 (a)-12.3 (nd)-1

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

2. Summary of significant accounting policies (continued):

Depreciation for capital computer leases is charged over the lease term. Lease terms range from 3 to 5 years.

(ii) Inventories held for use:

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

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

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VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

2. Summary of significant accounting policies (continued):

(g) Revenue recognition:

(i) Fees for services:

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

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

(ii) Contributions:

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

Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded in accordance with Regulation 198/2011 which requires that they be recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

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

(iii) Investment income:

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

(h) Asset retirement obligations:

The College recognizes asset retirement obligations in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset, including leased premises resulting from the acquisition, construction, development, and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is amortized over the life of the asset. The liability may be changed to reflect the passage of time and changes in the fair value assessment of the retirement obligation.

The College has determined that there

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

2. Summary of significant accounting policies (continued):

financial statements in equivalent Canadian dollars at the exchange rate in effect on the statement of financial position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the Statement of Operations.

(j) Budget figures:

The budget figures have been derived from the 2016/17 Budget approved by the Board of Governors of the College on April 6, 2016. The budget is reflected in the Statement of Operations and the Statement of Changes in Net Financial Assets.

(k) Measurement uncertainty:

The preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the useful lives of tangib (y)]TJ 0-37.795 -

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

4. Investments:

Short-term investments consist of a term deposit, due November 1, 2017 that bears interest of 0.05%.

5. Due from (to) the government and other government organizations:

		2017		2016
Due from the Province of B.C.	\$	208,848	\$	299,434
Due from the Federal Government		979,480		1,206,896
	\$	1,188,328	\$	1,506,330
Due to BCIT		151,755		210,372
	\$	151,755	\$	210,372

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

6. Accounts payable and accrued liabilities:

7. Employee future benefits:

(a) Pension plan

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2016, the College Pension Plan has about 14,000 active members, and approximately 7,000 retired members. As at December 31, 2015, the Municipal Pension Plan has about 189,000 active members, including approximately 5,800 from colleges.

VANCOUVER COMMUNITY COLLEGE

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

13. Accumulated surplus:

14. Related organization:

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

The College had the following transactions with the Foundation:

As of March 31, 2017, the College had accounts receivable from the Foundation of \$4,681 (2016 - \$3,092) for expenses that were paid for by the College on behalf of the Foundation as well as capital campaign donations. At March 31, 2017, the Foundation had net assets of \$13.5 million (2016 - \$12.9 million).

For the year ended March 31, 2017, gift in kind donation2.3 (HC-6.3gna)-12.3 (t)-1.1 (i)3.2 (o)1 (o)-128 (h 3)-12undatloo tC

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

15. Contractual obligations (continued):

Payments required under this lease are as follows:

2018	\$	115,799
2019		115,799
2020		123,558
2021		127,438
2022		127,438
Thereafter		3,549,807
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Total minimum lease payments	\$	4,159,839

(b) Service contracts:

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

2018	\$	2,923,796
2019		982,231
2020		153,767
2021		3,200
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	\$	4,062,994

16. Contingent liabilities:

The College is currently engaged in or party to certain pending matters. A reasonable estimate of these future liabilities has been made where possible and is recorded in the financial statements as a liability. Where the outcomes of amounts or losses are uncertain, no amounts have been recorded.

17. Expenses by object:

The following is a summary of expenses by object:

	2017	2016
Salaries and benefits	\$ 73,409,369	\$ 74,717,547
Supplies and services	12,538,825	12,529,326
Building and telecom	6,231,372	6,377,500
Cost of goods sold	4,390,143	4,538,933
Amortization	8,918,286	8,941,513
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	\$ 105,487,995	\$ 107,104,819

VANCOUVER COMMUNITY COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2017

18. Financial risk management:

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

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

(a) Credit risk:

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

(b) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the College's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

It is management's opinion that the College is not exposed to significant market or interest rate risk arising from its financial instruments.

(c) Liquidity risk:

Liquidity risk is the risk that the College