Financial Statements of

DOUGLAS COLLEGE

And Independent Auditors' Report thereon

Year ended March 31, 2022

DOUGLAS

STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Douglas College Board 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 external audited financial statements yearly.

The College's external auditor, KPMG LLP, conducts an independent examination, in accordance with Canadian generally accepted auditing standards, and expresses their opinion on the financial statements. The external auditor has full and free access to management of Douglas College and meets when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Douglas College:

Kathy Denton
President & Chief Executive Officer

K. Takeuchi

Kayoko Takeuchi
Vice President, Administrative Services &
Chief Financial Officer

June 23, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Douglas College, and
To the Minister of Advanced Education and Skills Training, Province of British Columbia

Opinion

We have audited the financial statements of Douglas College (the "College"), which comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets (debt) for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of remeasurement gains and losses 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, 2022 of the College 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 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 – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Auditors' 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 auditors' 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the College to cease to continue as a going concern.

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

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 23, 2022

DOUGLAS COLLEGE

Statement of Financial Position

Year ended March 31, 2022, with comparative information for 2021

		2022		2021
Financial assets				
Cash	$	75,673,318	$	51,510,260
Accounts receivable		1,300,862		1,501,285
Due from government (note 3)		3,563,036		2,071,637
Inventories held for resale		513,799		625,107
Investments (note 4)		95,852,134		92,246,316
		176,903,149		147,954,605
Liabilities				
Accounts payable and accrued liabilities		7,220,359		5,978,307
Salaries and wages payable		4,086,551		3,820,329
Accrued vacation pay		10,425,825		10,375,746
Employee future benefits (note 5)		1,055,400		899,400
Deferred revenue		34,896,394		26,886,506
Deferred leasehold inducements (note 6)		2,759,039		3,092,212
Deferred contributions (note 7)		7,067,129		4,584,383
Deferred capital contributions (note 8)		85,174,998		84,353,954
Obligations under capital lease (note 9)		266,564		393,377
		152,952,259		140,384,214
Net financial assets		23,950,890		7,570,391
Non-financial assets				
Prepaid expenses		2,419,405		2,489,716
Tangible capital assets (note 10)		129,871,276		134,021,182
		132,290,681		136,510,898
Accumulated surplus	$	156,241,571	$	144,081,289
Accumulated surplus is comprised of:				
Accumulated surplus	$	156,022,205	$	138,865,481
Accumulated remeasurement gains		219,366		5,215,808
	$	156,241,571	$	144,081,289

Contractual obligations (note 13)
Contingent liabilities (note 14)

See accompanying notes to financial statements.

K. Takeuchi

College Board Chair

Vice President, Administrative Services &
Chief Financial Officer

DOUGLAS COLLEGE

Statement of Operations and Accumulated Surplus

Year ended March 31, 2022, with comparative information for 2021

	2022 Budget (Note 18)	2022 Actual	2021 Actual
Revenue:			
Province of British Columbia grants	$ 70,473,000	$ 68,645,661	$ 67,654,499
Tuition fees	79,073,000	78,752,997	77,526,839
Contracts, contributions and other grants	17,518,000	20,725,693	17,502,674
Amortization of deferred capital contributions	4,600,000	4,628,883	4,563,418
Ancillary	3,900,000	3,846,203	2,780,970
Investment income	2,500,000	9,370,540	3,866,675
Sundry	3,660,000	4,092,553	3,595,464
	181,724,000	190,062,530	177,490,539
Expenses (note 15):			
Instruction and support	174,130,000	168,851,293	157,993,821
Ancillary	3,900,000	4,054,513	3,763,329
	178,030,000	172,905,806	161,757,150
Annual surplus	3,694,000	17,156,724	15,733,389
Accumulated surplus, beginning of year	138,865,000	138,865,481	123,132,092
Accumulated surplus, end of year	$ 142,559,000	$ 156,022,205	$ 138,865,481

See accompanying notes to financial statements.

DOUGLAS COLLEGE

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
	(Note 18)		
Annual surplus	$ 3,694,000	$ 17,156,724	$ 15,733,389
Acquisition of tangible capital assets	(11,500,000)	(6,793,031)	(17,080,916)
Amortization of tangible capital assets	11,200,000	10,942,937	10,773,148
	(300,000)	4,149,906	(6,307,768)
Acquisition of prepaid expenses	-	(1,981,359)	(2,086,470)
Use of prepaid expenses	-	2,051,670	1,842,181
		70,311	(244,289)
Net remeasurement gains (losses)	1,500,000	(4,996,442)	12,859,666
Change in net financial assets	4,894,000	16,380,499	22,040,998
Net financial assets (debt), beginning of year	(7,296,000)	7,570,391	(14,470,607)
Net financial assets (debt), end of year	$ (2,402,000)	$ 23,950,890	$ 7,570,391

See accompanying notes to financial statements.

DOUGLAS COLLEGE

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

		2022		2021
Cash flows provided by (used in):				
Operating activities:				
Annual surplus	$	17,156,724	$	15,733,389
Items not involving cash:				
Amortization of tangible capital assets		10,942,937		10,773,148
Amortization of deferred capital contributions		(4,628,883)		(4,563,418)
Amortization of deferred leasehold inducements		(476,030)		(416,928)
		22,994,748		21,526,191
Changes in non-cash operating working capital:				
Accounts receivable		200,423		(263,866)
Due from government		(1,491,399)		504,832
Prepaid expenses		70,311		(244,289)
Inventories held for resale		111,308		281,295
Accounts payable and accrued liabilities		1,242,052		(1,792,455)
Salaries and wages payable		266,222		(1,342,613)
Accrued vacation pay		50,079		576,214
Employee future benefits		156,000		(242,400)
Deferred revenue		8,009,888		1,665,546
Deferred contributions		2,482,746		2,207,117
		34,092,378		22,875,572
Capital activities:				
Acquisition of tangible capital assets		(6,793,031)		(16,714,447)
Financing activities:				
Deferred capital contributions received		5,449,927		6,465,415
Payment of obligations under capital lease		(126,813)		(113,363)
Deferred leasehold inducement received		142,857		-
		5,465,971		6,352,052
Investing activities:				
Net acquisitions of investments		(8,602,260)		(3,736,224)
Increase in cash		24,163,058		8,776,953
Cash, beginning of year		51,510,260		42,733,307
Cash, end of year	$	75,673,318	$	51,510,260
Supplemental cash flow information:				
Acquisition of tangible capital assets under capital lease	$	-	$	366,469

See accompanying notes to financial statements.

DOUGLAS COLLEGE

Statement of Remeasurement Gains and Losses

Year ended March 31, 2022, with comparative information for 2021

		2022		2021
Accumulated remeasurement gains (losses), beginning of year	$	5,215,808	$	(7,643,858)
Unrealized gains (losses) attributed to fair value of investments:				
Equities		4,558,446		13,378,381
Fixed income		(2,342,766)		(39,909)
Remeasurement (gains) losses realized and reclassified to the Statement of Operations:				
Equities		(8,441,033)		(111,071)
Fixed income		1,228,911		(367,735)
Net remeasurement gains (losses) for the year		(4,996,442)		12,859,666
Accumulated remeasurement gains, end of year	$	219,366	$	5,215,808

See accompanying notes to financial statements.

1. Purpose of the organization:

Douglas College (the “College”) is a post-secondary educational institution incorporated under the College and Institute Act of British Columbia and is principally funded by the Province of British Columbia (the “Province”) through the Ministry of Advanced Education and Skills Training (the “Ministry”). The College is a not-for-profit entity governed by a board of directors (the “Board”), the majority of which are appointed by the Province. The College is exempt from income tax under Section 149 of the Income Tax Act.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. During fiscal 2022, the College continued operating primarily in a remote education delivery and working model for the first half of the year with a transition to an in-person learning model occurring on September 7, 2021 as per the advice from the Provincial Health Officer and the Ministry. Management will continue to monitor the ongoing financial impacts and adjust operations as required.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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

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 that 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; 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.

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.

2. Significant accounting policies (continued):

(b) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the period. Items requiring the use of estimates include those related to employee future benefits, the determination of useful lives for purposes of amortization of tangible capital assets and deferred capital contributions, liability for contaminated sites, and provisions for contingencies. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(c) Foreign currency translation:

Foreign currency transactions are translated into Canadian dollars at the exchange rate prevailing at the date of the transactions.

(d) 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. 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 Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

(*ii*) Cost category: Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of financial assets are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related investments.

Accounts receivable, due from government, accounts payable and accrued liabilities, salaries and wages payable, and accrued vacation pay are measured at cost using the effective interest rate method. Any gains, losses or interest expense is recorded in the annual surplus depending on the nature of the financial asset/liability that gave rise to the gain, loss or expense. Valuation allowances are made when collection is in doubt.

2. Significant accounting policies (continued):

(e) Inventories held for resale:

Inventories held for resale are recorded at the lower of cost and net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the expected selling price in the ordinary course of business.

(f) Employee future benefits:

Employee future benefits are recorded based on the estimated actuarially determined present value of the expected future cash flows. Actuarial gains and losses are recorded in the year that they arise. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations.

The most recent valuation was as of March 31, 2022. The next valuation will be as at March 31, 2023.

(g) Deferred leasehold inducements

Deferred leasehold inducements include amounts received in lease agreements related to leasehold improvements. Amortization of deferred leasehold inducements is recognized over the initial term of the lease on a straight-line basis against supplies and services expense.

(h) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(*i*) An environmental standard exists;

(*ii*) Contamination exceeds the environmental standard;

(*iii*) The College is directly responsible or accepts responsibility;

(*iv*) It is expected that future economic benefits will be given up; and

(*v*) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(i) Prepaid expenses:

Prepaid expenses include lease and contract payments charged to expense over the periods expected to benefit from them.

(j) Tangible capital assets:

Tangible capital assets are initially recorded at cost, which includes amounts that are directly related to the acquisition, construction, development, improvement or betterment of the assets.

2. Significant accounting policies (continued):

(j) Tangible capital assets (continued):

The cost of the tangible capital assets, excluding land and land improvements, is amortized on a straight-line basis over their estimated useful lives shown below. Land and land improvements are not amortized, as they are deemed to have a permanent value.

Asset	Period
Buildings	25 - 75 years
Furniture and equipment	4 - 5 years
Leased capital equipment	Lesser of 4 years or lease term
Leasehold improvements	Lesser of lease term or estimated useful life

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

Borrowing costs, if any, attributable to the construction of tangible capital assets are capitalized during the construction period. No borrowing cost were capitalized during the year.

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 is less than the net book value.

(k) Leased tangible capital assets:

Leases that 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.

(l) Revenue recognition:

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

Restricted contributions are accounted for as described in note 2(a).

Tuition fees, 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. Tuition fees and student fees related to the April portion of the winter semester as well as the upcoming semesters are classed as deferred revenue.

Investment income includes interest recorded on an accrual basis, dividends, and realized gains/losses.

2. Significant accounting policies (continued):

(l) Revenue recognition (continued):

Contract revenues are recognized in the period in which the related activities are performed. The zero profit margin method is used when a contract's financial outcome is not reasonably determinable. This method of accounting requires that revenue be recognized equal to the related expenses that are incurred under the terms of the contract, until the financial outcome of a contract can be reasonably estimated. When it is determined that a loss under contract is anticipated, revenue is adjusted to fully provide for the loss.

(m) Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

3. Due from government:

	2022	2021
Provincial government	$ 2,381,838	$ 1,306,682
Federal government	1,181,198	764,955
	$ 3,563,036	$ 2,071,637

4. Financial instruments:

Financial instruments measured at fair value held within each investment are classified according to a hierarchy that includes three levels reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

Level 1 - inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable market based inputs or unobservable inputs that are corroborated by observable market data.

Level 3 - inputs are unobservable, because there is little or no market activity, and reflect an entity's own determination about the assumptions that market participants would use in pricing the assets or liabilities. The College does not own financial investments classified as Level 3.

4. Financial instruments (continued):

Investments recorded at fair value are comprised of the following:

		2022		2021
Level 1:				
Money market pooled funds	$	1,938,585	$	17,376,398
Canadian equities		24,939,263		10,037,290
United States equities		24,993,812		18,359,687
International equities pooled funds		-		11,854,399
		51,871,660		57,627,774
Level 2:				
Fixed income:				
Government		23,868,413		17,107,496
Corporate		20,112,061		17,511,046
		43,980,474		34,618,542
	$	95,852,134	$	92,246,316

The nature and extent of risks arising from investments and how they have been managed are described in note 11.

5. Employee future benefits:

The College covers the cost of extended health and dental coverage for eligible employees on disability leave. The total expense for the period is the sum of the actual cash benefit made and already expensed in the year and the change in the accrued benefit obligation.

An actuary has determined the cost of future benefits, assuming the present value of benefits to be paid for eligible employees who were, at the time, on disability leave as follows:

		2022		2021
Accrued benefit obligation, beginning of the year	$	899,400	$	1,141,800
Increase (decrease) in accrued benefit obligation		156,000		(242,400)
Accrued benefit obligation, end of the year	$	1,055,400	$	899,400

As the College recognizes actuarial gains or losses immediately, the accrued benefit obligation equals the accrued benefit liability.

5. Employee future benefits (continued):

The assumptions adopted in measuring the College's accrued benefit obligation are as follows:

	2022	2021
Discount rate	3.22%	2.30%
Medical trend	6.58%	6.72%
Dental trend	5.35%	5.42%

6. Deferred leasehold inducement:

Deferred leasehold inducements relate to leasehold improvements at the Anvil Centre location with an initial lease term of 10 years, and the Langley WorkBC location with an initial lease term of 9 years.

	2022	2021
Balance, beginning of the year	$ 3,092,212	$ 3,509,140
Leasehold inducement additions	142,857	-
Less amortization recorded net of rent expense	(476,030)	(416,928)
Balance, end of year	$ 2,759,039	$ 3,092,212

7. Deferred contributions:

Deferred contributions are comprised primarily of funds received for contracts with the provincial and federal governments to be fulfilled in future fiscal years.

	2022	2021
Provincial	$ 4,087,712	$ 4,178,993
Federal	2,306,885	103,633
Other	672,532	301,757
	$ 7,067,129	$ 4,584,383

7. Deferred contributions (continued):

Changes in the deferred contribution balance are as follows:

				2022
	Provincial	Federal	Other	Total
Balance, beginning of year	$ 4,178,993	$ 103,633	$ 301,757	$ 4,584,383
Contributions received during the year	13,967,004	7,519,500	1,181,535	22,668,039
Revenue recognized from deferred contributions	(14,058,285)	(5,316,248)	(810,760)	(20,185,293)
Balance, end of year	$ 4,087,712	$ 2,306,885	$ 672,532	$ 7,067,129

				2021
	Provincial	Federal	Other	Total
Balance, beginning of year	$ 2,052,580	$ 22,558	$ 302,128	$ 2,377,266
Contributions received during the year	12,660,664	4,686,263	920,584	18,267,511
Revenue recognized from deferred contributions	(10,534,251)	(4,605,188)	(920,955)	(16,060,394)
Balance, end of year	$ 4,178,993	$ 103,633	$ 301,757	$ 4,584,383

8. Deferred capital contributions:

	2022	2021
Balance, beginning of year	$ 84,353,954	$ 82,451,957
Contributions received during the year	5,449,927	6,465,415
Amortization of deferred capital contributions	(4,628,883)	(4,563,418)
Balance, end of year	$ 85,174,998	$ 84,353,954

Included in the balance at March 31, 2022 are unspent deferred capital contributions of $2,482,883 (2021 - nil).

9. Obligations under capital lease

The College has entered into capital leases to finance computers and equipment at an estimated cost of borrowing of 1.64% (2021 -1.64%) per annum. The principal and interest payments are as follows:

	2022	2021
2022	$ -	$ 132,719
2023	132,719	132,719
2024	123,092	123,092
2025	15,765	15,765
Total minimum lease payments	271,576	404,295
Less amounts representing interest	(5,012)	(10,918)
Present value of net minimum capital lease payments	$ 266,564	$ 393,377

Total interest payment on capital leases for the year was $5,905 (2021 - $6,769).

10. Tangible capital assets:

Cost	Balance, March 31, 2021	Additions	Disposals	Balance, March 31, 2022
Land and land improvements	$ 4,939,557	$ -	$ -	$ 4,939,557
Buildings	210,885,322	3,681,479	-	214,566,801
Furniture and equipment	26,240,428	2,890,834	(3,797,034)	25,334,228
Leasehold improvements	9,714,930	220,718	-	9,935,648
	$ 251,780,237	$ 6,793,031	$ (3,797,034)	$ 254,776,234

Accumulated amortization	Balance, March 31, 2021	Disposals	Amortization expense	Balance, March 31, 2022
Land and land improvements	$ -	$ -	$ -	$ -
Buildings	100,410,241	-	5,390,934	105,801,175
Furniture and equipment	14,686,765	(3,797,034)	4,556,137	15,445,868
Leasehold improvements	2,662,049	-	995,866	3,657,915
	$ 117,759,055	$ (3,797,034)	$ 10,942,937	$ 124,904,958

10. Tangible capital assets (continued):

Net book value	Balance, March 31, 2021	Balance, March 31, 2022
Land and land improvements	$ 4,939,557	$ 4,939,557
Buildings	110,475,081	108,765,626
Furniture and equipment	11,553,663	9,888,360
Leasehold improvements	7,052,881	6,277,733
	$ 134,021,182	$ 129,871,276

Included in buildings is $4,129,960 of assets under construction that will not be amortized until the assets are available for productive use (2021 - buildings $983,148 and leasehold improvements $258,980).

11. 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 ensures that the College has identified its risks and ensures that management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, accounts receivable, due from the provincial and federal governments and investments.

The College is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as most amounts receivable are due from the provincial and federal governments and therefore, are collectible.

It is management's opinion that the College is exposed to some credit risk associated with its cash deposits and investments. The College assesses these assets on a continuous basis and ensures the amounts are collectible or realizable. The College’s fixed income portfolio is investment grade. Investment grade bonds are those that have a credit rating of either BBB, A, AA, or AAA and are considered to have relatively low risk of default.

11. Risk management (continued):

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

- Currency risk:

  Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The College is exposed to currency risk through its investments.

- Interest rate risk:

  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The College is exposed to interest rate risk through its investments.

- Other price risk:

  Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

It is management's opinion that the College is exposed to some market risk associated with its investments. The College monitors these investments on a continuous basis and ensures investments are within the parameters of the Douglas College Investment Policy A62 ("A62"). The bond mandate is managed in a segregated, laddered, buy-and-hold portfolio, subject to the quality constraints of A62.

(c) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the College's reputation.

12. Contractual rights:

The College has entered into multiyear contracts with third party entities to receive the following amounts:

2023	$ 22,438,155
2024	17,213,562
2025	5,643,874
2026	2,537,414
2027	2,367,589

13. 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. The College has contracts for operating expenses such as information technology, security, gas and cleaning services. The College also has eight property rental leases relating to six locations. Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	Services	Leases
2023	$ 4,072,500	$ 4,239,269
2024	1,062,000	4,215,237
2025	473,600	4,301,118
2026	450,200	4,334,018
2027	318,200	4,374,682
Thereafter	24,300	5,383,250

14. Contingent liabilities:

The College is involved, from time to time, in claims which arise in the ordinary course of business. Liabilities on any claims are recognized in the financial statements when the outcome becomes reasonably determinable. Management has determined that there are no significant claims against the College resulting from such litigation that would materially affect the financial statements of the College. Any difference between the liability accrued by the College related to the claims and the amounts ultimately settled will be recorded in the period in which the claim is resolved.

15. Expenses by object:

The following is a summary of expenses by object:

	2022	2021
Salaries and benefits	$ 125,992,280	$ 119,211,859
Supplies and services	31,739,017	28,283,284
Cost of goods sold	2,570,728	2,327,686
Amortization of tangible capital assets	10,942,937	10,773,148
Scholarships, bursaries and awards	1,660,844	1,161,173
	$ 172,905,806	$ 161,757,150

16. Pension plans:

The College 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, 2021, the College Pension Plan has about 16,500 active members, and approximately 9,500 retired members. As at December 31, 2020, the Municipal Pension Plan has about 220,000 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, 2018, indicated a $303 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a $2,866 million funding surplus for basic pension benefits on a going concern basis.

The College paid $9,529,389 (2021 - $9,240,446) for employer contributions to the plans in fiscal 2022.

The next valuation for the College Pension Plan will be as at August 31, 2021, with results available in 2022. The next valuation for the Municipal Pension Plan will be December 31, 2021, with results available in 2022.

16. Pension plans (continued):

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.

17. Related party transactions:

(a) The College is related through common control to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities and crown corporations. Transactions with these entities, unless disclosed separately, are generally considered to be in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Details showing breakdown between amounts due from the provincial government are shown in note 3.

(b) The College exercises significant influence over the Douglas College Foundation (the “Foundation”) by virtue of the integration of the operations of both organizations. The Foundation was established to advance education and community services and other charitable activities beneficial to the College. The Foundation is a registered charity under the provisions of the Income Tax Act of Canada. The assets of the Foundation as at March 31, 2022 total $23,498,407 (2021 - $22,450,356), of which $20,113,421 (2021 - $19,477,811) is held as endowments with distribution of donated principal prohibited. All of the remaining funds are held pending distribution in accordance with the donors’ terms of reference.

The net assets and results from operations of the Foundation are not included in the statements of the College, but are reported on separately.

The College contributed $1,845,731 in fiscal 2022 (2021 - $1,399,598) to the Foundation to support student financial aid.

18. Budget information:

Budget information has been provided for comparative purposes and reflect the budget approved by the Board on March 18, 2021.