Opinion

Emphasis of matter

Grant Thornton LLP

STATEMENT 2

	Budget 2014	2014	2013
Revenue			
Grants from Province of British Columbia	$ 56,961,826	$ 57,904,597	$ 56,791,177
Tuition and other fees	23,648,700	21,687,433	22,201,414
Contract services	4,477,534	4,140,917	4,220,543
Ancillary service sales	5,627,440	5,064,946	5,138,547
Investment income	315,400	485,269	560,883
Other	1,007,569	1,407,356	1,506,092
	3,465,920	3,855,546	3,695,689
	95,504,389	94,546,064	94,114,345
Expense			

	2014	2013
Accumulated remeasurement gains and losses, beginning of year	141,799	

The accompanying notes are an integral part of these financial statements

OKANAGAN COLLEGE
STATEMENT OF CHANGES IN NET FINANCIAL DEBT
FOR THE YEAR ENDED MARCH 31, 2014

	Budget 2014	2014	2013
Annual surplus	$ -	$ 452,336	$ 1,127,142
Acquisition of tangible capital assets	(4,033,596)	(5,990,541)	(6,529,032)
Amortization of tangible capital assets	5,311,647	5,611,753	5,493,257
	1,278,051	73,548	91,367
Acquisition of prepaid expenses	-	(653,858)	(635,753)
Use of prepaid expenses	-	635,753	458,179
	-	(18,105)	(177,574)
Net remeasurement gains	-	660,624	111,568
Decrease in net financial debt	1,278,051	716,067	25,361
Net financial debt, beginning of year	(85,187,523)	(85,187,523)	(85,212,884)
Net financial debt, end of year	$ (83,909,472)	$ (84,471,456)	$ (85,187,523)

STATEMENT 5

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The College recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long term debt.

Except for investments, which are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying values of these financial instruments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

(d) Revenue recognition

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted donations and grants are reported as revenue depending on the nature of the restrictions placed 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 contributions for tangible capital assets and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred contributions for tangible capital assets 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 to be held in perpetuity or 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 contribution has been met.

III. Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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.

(g) Prepaid expenses

Prepaid expenses include tuition fees and contract payments.

(h)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Asset retirement obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of t3(d)-6..1(t)-3.9Q4.1(gn)-d 3.3(o)-tirrth4

3. ACCOUNTS RECEIVABLE

5. TANGIBLE CAPITAL ASSETS

The following tables show the cost, additions, accumulated amortization and net book value of the College's tangible capital assets:

As at March 31, 2014	**Land and site improvements**	**Buildings**	**Furniture and equipment**	**Computer equipment**	**Leasehold improvements**	**Assets under construction**	**2014 Total**
Cost							
Opening balance	$ 9,513,594	$ 115,651,819	$ 47,183,945	$ 11,204,569	$ 1,579,304	$ 3,732,582	$ 188,865,813
Additions	279,459	4,332,269	1,086,616	114,668	-	177,529	5,990,541
Closing Balance	9,793,053	119,984,088	48,270,561	11,319,237	1,579,304	3,910,111	194,856,354
Accumulated Amortization							
Opening balance	5,620,187	34,732,365	41,552,568	10,354,934	1,579,304	-	93,839,358
Amortization	376,499	2,918,154	2,036,195	280,905	-	-	5,611,753
Closing balance	5,996,686	37,650,519	43,588,763	10,635,839	1,579,304	-	99,451,111
Net book value	**$ 3,796,367**	**$ 82,333,569**	**$ 4,681,798**	**$ 683,398**	**$ -**	**$ 3,910,111**	**$ 95,405,243**

Assets under construction

Assets under construction as at March 31, 2014, represent work in progress of $3,910,111 (2013 - $3,732,582) on the existing trades building and the construction of a new trades training facility on the College's Kelowna Campus and the wine sensory lab located in Penticton. Amortization of these assets will commence when the assets are put into service. Additions to buildings and furniture and equipment included $4,116,504 (2013 - $267,274) relating to assets under construction that were completed during the year for the trades training facility. ts aitr[t)- 0 Td09.1(d dur)4.6(i)5.1(ng)6.1(t)2.6 [illegible]

6. LONG TERM DEBT

	2014	2013
Province of British Columbia -		

7. EMPLOYEE FUTURE BENEFITS (continued)

(b) Employee future benefit obligations

The College does not establish plan assets to fund the employee future benefit obligations. The College has been providing, and will continue to provide for the payment of these benefits as they become due.

Employees of the College are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Sick leave credits accumulate for employees of the College. As they render

8. DEFERRED CONTRIBUTIONS FOR TANGIBLE CAPITAL ASSETS

The amortization of deferred contributions

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