

Consolidated Financial Statements of

**CAPILANO UNIVERSITY**

And Independent Auditor's Report thereon

Year ended March 31, 2024



## STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying consolidated financial statements for the year ended March 31, 2024 in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which judgment is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that assets are safeguarded and that the financial records provide a reliable basis for the preparation of the financial statements.

The Board of Governors of the University carries out its responsibility for review of the consolidated financial statements. The Audit and Risk Committee of the Board meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

These consolidated financial statements have been reported on by KPMG LLP, the University's external auditors appointed by the Board of Governors. The external auditors have full access to the Board with and without the presence of management.

A handwritten signature in blue ink, appearing to read "Paul Dangerfield", is positioned above a horizontal line.

Paul Dangerfield, President

A handwritten signature in blue ink, appearing to read "Tally Bains", is positioned above a horizontal line.

Tally Bains, VP Finance and Administration

June 17, 2024



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Governors of Capilano University, and

To the Minister of the Ministry of Post-Secondary Education and Future Skills,  
Province of British Columbia

### ***Opinion***

We have audited the consolidated financial statements of Capilano University (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of changes in net financial assets (debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- and notes to the consolidated 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, 2024 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### ***Basis for Opinion***

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity'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 Entity'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 Entity 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 17, 2024

# CAPILANO UNIVERSITY

## Consolidated Statement of Financial Position

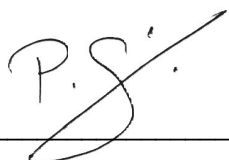
March 31, 2024, with comparative information for 2023

	2024	2023
<b>Financial Assets</b>		
Cash	\$ 71,480,347	\$ 72,957,529
Investments (note 4)	73,479,723	74,934,709
Accounts receivable (note 5)	6,283,738	6,994,180
Other receivable (note 6)	4,265,452	2,000,000
Inventories	812,532	779,619
	<u>156,321,792</u>	<u>157,666,037</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	25,901,268	22,058,313
Employee future benefits (note 8(a))	1,788,800	1,680,800
Asset retirement obligation (note 9)	975,790	941,337
Deferred revenue	44,196,083	57,155,338
Deferred contributions (note 10)	18,827,901	10,416,338
Deferred capital contributions (note 11)	129,552,513	58,709,417
	<u>221,242,355</u>	<u>150,961,543</u>
Net financial assets (debt)	(64,920,563)	6,704,494
<b>Non-Financial Assets</b>		
Endowment investments (note 4)	14,165,218	13,886,930
Tangible capital assets (note 12)	164,911,650	80,462,782
Prepaid expenses	2,654,253	2,281,104
	<u>181,731,121</u>	<u>96,630,816</u>
Accumulated surplus	\$ 116,810,558	\$ 103,335,310
Accumulated surplus is comprised of:		
Accumulated operating surplus (note 18)	\$ 111,651,187	\$ 99,743,818
Accumulated remeasurement gains	5,159,371	3,591,492
	<u>\$ 116,810,558</u>	<u>\$ 103,335,310</u>

Contractual obligations (note 14)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:



David Ayriss  
Chair, Board of Governors



Rodger So  
Chair, Audit and Risk Committee

# CAPILANO UNIVERSITY

## Consolidated Statement of Operations and Accumulated Operating Surplus

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

	Budget 2024	2024	2023
Revenue:			
Province of British Columbia	\$ 48,857,216	\$ 42,544,785	\$ 50,565,112
Tuition fees	70,479,756	97,410,496	67,311,860
Project and other revenue	7,447,522	9,848,970	9,250,396
Amortization of deferred capital contributions (note 11)	2,794,024	3,921,151	3,041,492
Sales of goods	1,265,750	1,190,822	1,282,133
Parking, childcare and theatre	973,840	1,225,958	1,699,003
Donations and gifts-in-kind	297,109	850,731	333,190
Investment income	4,115,062	8,209,949	4,156,840
	136,230,279	165,202,862	137,640,026
Expenses (note 15):			
Instruction and student support	84,258,436	96,846,099	80,716,749
Facilities and institutional support	48,050,925	49,530,059	47,348,670
Ancillary	7,263,285	7,197,623	7,168,136
	139,572,646	153,573,781	135,233,555
Annual operating surplus (deficit)	(3,342,367)	11,629,081	2,406,471
Endowment contributions	-	278,288	256,892
Annual surplus (deficit)	(3,342,367)	11,907,369	2,663,363
Accumulated operating surplus, beginning of year	99,743,818	99,743,818	97,080,455
Accumulated operating surplus, end of year	\$ 96,401,451	\$ 111,651,187	\$ 99,743,818

See accompanying notes to consolidated financial statements.

# CAPILANO UNIVERSITY

## Consolidated Statement of Changes in Net Financial Assets (Debt)

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

	Budget 2024	2024	2023
Annual surplus (deficit)	\$ (3,342,367)	\$ 11,907,369	\$ 2,663,363
Acquisition of tangible capital assets	(73,713,279)	(92,380,106)	(9,252,356)
Amortization of tangible capital assets	7,677,422	7,931,238	7,428,728
	(66,035,857)	(84,448,868)	(1,823,628)
Acquisition of prepaid expense	-	(3,827,105)	(3,707,601)
Use of prepaid expenses	-	3,453,956	3,276,986
	-	(373,149)	(430,615)
Net remeasurement gains (losses)	-	1,567,879	(2,066,739)
Change in endowment investments	-	(278,288)	(6,892)
Change in net financial assets (debt)	(69,378,224)	(71,625,057)	(1,664,511)
Net financial assets, beginning of year	6,704,494	6,704,494	8,369,005
Net financial assets (debt), end of year	\$ (62,673,730)	\$ (64,920,563)	\$ 6,704,494

See accompanying notes to consolidated financial statements.



# CAPILANO UNIVERSITY

## Consolidated Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 11,907,369	\$ 2,663,363
Items not involving cash:		
Amortization of tangible capital assets	7,931,238	7,428,728
Loss on disposal of tangible capital assets	891,891	-
Revenue recognized from deferred capital contributions	(3,921,151)	(3,041,492)
Accretion expense	34,453	33,237
Changes in non-cash operating working capital:		
Accounts receivable	710,442	(2,373,937)
Other receivable	(2,265,452)	-
Prepaid expenses	(373,149)	(430,615)
Inventories	(32,913)	(68,301)
Accounts payable and accrued liabilities	3,842,955	4,058,974
Employee future benefits	108,000	51,400
Deferred revenue	(12,959,255)	27,743,896
Deferred contributions	8,411,563	62,898
	14,285,991	36,128,151
Capital activities:		
Purchase of tangible capital assets	(93,271,997)	(9,252,356)
Financing activities:		
Deferred capital contributions received	74,764,247	7,516,680
Investing activities:		
Net disposal (purchase) of investments	2,744,577	(1,961,072)
Increase (decrease) in cash	(1,477,182)	32,431,403
Cash, beginning of year	72,957,529	40,526,126
Cash, end of year	\$ 71,480,347	\$ 72,957,529

See accompanying notes to consolidated financial statements.

# CAPILANO UNIVERSITY

## Consolidated Statement of Remeasurement Gains and Losses

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

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 3,591,492	\$ 5,658,231
Unrealized gains (losses) attributed to fair value of investments	1,774,398	(2,258,362)
Amounts reclassified to investment income	(206,519)	191,623
Net remeasurement gains (losses)	1,567,879	(2,066,739)
Accumulated remeasurement gains, end of year	\$ 5,159,371	\$ 3,591,492

See accompanying notes to consolidated financial statements.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2024

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## 1. Purpose of the University:

Capilano University (the “University” or “Capilano”) is a post-secondary educational institution funded by the Provincial Government of British Columbia. The University is incorporated under the amended University Act (Bill 34 was enacted on September 1, 2008). The University is a special purpose teaching university and has regional campuses in the Province of British Columbia in North Vancouver, Squamish and the Sunshine Coast.

The University is a registered charity under the Income Tax Act and is exempt from income tax under Section 149 of the Income Tax Act.

These consolidated financial statements incorporate the financial position and results of operations and accumulated surplus and cash flows of the University and its controlled foundation, the Capilano University Foundation (the “Foundation”). The purpose of the Foundation is to raise funds for student financial assistance, capital needs, and program development at the University. The Foundation is a registered charity and is exempt from income taxes under Section 149 of the Income Tax Act.

## 2. Significant accounting policies:

These consolidated financial statements of the University are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the University are as follows:

### (a) Basis of accounting:

These consolidated 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 consolidated financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for public sector organizations, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for public sector organizations 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.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 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 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 requires 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 Consolidated Statement of Operations and Accumulated Surplus and certain related deferred capital contributions in the Consolidated Statement of Financial Position would be recorded differently under Canadian public sector accounting standards.

### (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.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (c) Financial instruments:

Financial instruments are classified into two categories: fair value or amortized 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 Consolidated 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 Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses. Unrealized gains and losses on endowment investments where earnings are restricted as to use are recorded as deferred contributions and recognized in revenue when disposed and when related expenses are incurred.

These financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

These different levels are defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The University's investments, except for the TCC investments and donated insurance policy, are all considered to be Level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. The TCC investment and donated insurance policy are deemed Level 3 financial instruments as the inputs for the asset are not based on observable market data. Changes in fair valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year, there were no significant transfers of securities between the different levels.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (c) Financial instruments (continued):

#### (ii) Amortized cost category:

Investments with specified or determinable maturity dates are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Consolidated 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 is included in the cost of the related investments.

Accounts receivable, other receivables, and accounts payable and accrued liabilities are measured at amortized 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 liability that gave rise to the gain, loss or expense. Valuation allowances are made when collection is in doubt.

### (d) Inventories:

Inventories held for resale, including books and materials, 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 and are held for use in the provision of services. They may 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 asset acquisitions are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated assets are recorded at fair value at the date of donation. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recognized at nominal value. Land is not amortized as it is deemed to have a permanent value. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives shown below:

Asset	Rate
Buildings	40 years
Leasehold improvements	Lesser of lease term or 10 years
Computer equipment	4 years
Software	3 years
Office furniture and equipment	5 years
Public works	10 years
Vehicles	10 years

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# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (e) Non-financial assets (continued) :

#### (i) (continued):

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.

Tangible capital assets are written down to net realizable value when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

#### (ii) *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. As at March 31, 2024, the University did not have leased tangible capital assets (2023 - nil).

### (f) Employee future benefits:

The University and its employees make contributions to the College Pension Plan and Municipal Pension Plan ("the Plans"), which are multi-employer jointly trustee plans. These Plans are a defined benefit plan, providing a pension on retirement based on the member's age at retirement; length of service; and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the Plans are not segregated by institution, the Plans are accounted for as a defined contribution plan and any contributions of the University to the Plans are expensed as incurred.

The University also has a defined benefit plan for retired employees and employees on long-term disability. The University accrues its obligations under this defined benefit plan as the employees render the services necessary to earn these benefits and as employees on long-term disability become eligible for such benefits. Actuarial gains (losses) incurred are deferred and recognized into the Consolidated Statement of Operations and Accumulated Surplus over the estimated average remaining service life of the employee group. The effective date of the most recent valuation is December 31, 2021 and results have been extrapolated to March 31, 2024.

The University accrues vacation for employees as earned. However, revenue for funding for these is not accrued, as the Province does not provide special funding for vacations and retiring allowances. As the majority of employees are paid salaries, management anticipates that vacation accruals will be reversed when these employees take their standard vacations and that no additional funding will be required above authorized salaries.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (g) Revenue recognition:

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time) the University satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor. Revenues from transactions without performance obligations are recognized at realizable value when the University has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

Tuition and 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. Fees received prior to the year-end where the course is delivered subsequent to the year-end are recorded as deferred revenue.

Project revenue and expenses are recognized as 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 equal amounts of revenue and expense be recognized until the financial outcome of a contract can be reasonably estimated. Provision for anticipated losses is made in the period in which they become evident.

Unrestricted donations and grants are recorded as revenue when receivable, if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received by the University or the transfer of property is completed.

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.



# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (g) Revenue recognition (continued):

- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as endowment donations received on the Consolidated Statement of Operations and Accumulated Surplus for the portion to be held in perpetuity and as deferred contributions for the investment income earned thereon.

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

### (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 standards;
- (iii) The University 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) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos and other hazardous material in buildings owned by the University has been recognized based on estimated future expenses on retirement of buildings. Under the modified retroactive application, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (i) Asset retirement obligation (continued):

The liability is discounted using a present value calculation and adjusted yearly for accretion expenses. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The buildings capital assets affected by the asbestos and other hazardous materials liability are being amortized with the building following the amortization accounting policies outlined in note 2(e).

### (j) Use of estimates:

The preparation of these consolidated financial statements, in accordance with the accounting framework described in note 2(a), requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Management has made estimates and assumptions relating to the useful lives of tangible capital assets, fair value of investments, accrued liabilities and employee future benefits payable. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

### (k) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the consolidated budget approved by the Board of Governors of the University on February 28, 2023. This budget is reflected in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Changes in Net Financial Assets (Debt).

### (l) Foreign currency translation:

The University's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currency are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the year-end date.

## 3. Changes in accounting policies:

### (a) Adoption of PS 3400 Revenue Standard

On April 1, 2023, the University adopted Canadian Public Sector Accounting Standard PS 3400, Revenue ("PS 3400"). The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at March 31, 2024, the University determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

### 3. Changes in accounting policies (continued):

#### (b) Adoption of PSG-8, Purchased Intangibles

On April 1, 2023, the University adopted public sector guideline PSG-8 Purchased Intangibles (“PSG-8”). The new accounting guideline permits recognition of purchased intangibles that are acquired through an arm’s length exchange transaction between willing parties provided the purchased intangible meets the recognition criteria for an asset. The University has determined that it does not have any purchased intangible, and therefore, the new guideline did not have an impact on the amounts presented in the financial statements.

#### (c) Adoption of PS 3160 Public Private Partnerships

On April 1, 2023, the University adopted Canadian Public Sector Accounting Standard PS 3160, Public Private Partnerships (“PS 3160”). The new accounting standard addresses the recognition, measurement, presentation, and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements. The University has determined that it does not have any public private partnership arrangements, and therefore, the new standard did not have an impact on the amounts presented in the financial statements.

### 4. Financial instruments:

Financial assets and non-financial assets recorded are comprised of the following:

	2024	2023
<b>Level 1:</b>		
Fixed income investments	\$ 29,542,677	\$ 26,979,493
Canadian equity investments	12,543,905	11,584,130
Foreign equity investments	19,610,591	17,909,675
Guaranteed investment certificate	15,140,039	21,140,039
Cash	-	10,400,000
Real estate investments	407,729	417,302
	<u>77,244,941</u>	<u>88,430,639</u>
<b>Level 3:</b>		
Trans Canada Capital – alternative investments	10,400,000	-
Donated insurance policy	-	391,000
	<u>10,400,000</u>	<u>391,000</u>
Less: Endowment investments	(14,165,218)	(13,886,930)
<u>Investments</u>	<u>\$ 73,479,723</u>	<u>\$ 74,934,709</u>

As at year-end, a cash balance of nil (2023 - \$10,400,000) was earmarked for investment purposes, and was therefore included in the investments balance.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 5. Accounts receivable:

	2024	2023
Accounts receivable	\$ 8,123,634	\$ 8,486,798
Allowance for doubtful accounts	(1,839,896)	(1,492,618)
	\$ 6,283,738	\$ 6,994,180

## 6. Other receivable:

	2024	2023
The Loon Foundation (a)	\$ 2,000,000	\$ 2,000,000
District of North Vancouver (b)	2,265,452	-
Other Receivable	\$ 4,265,452	\$ 2,000,000

### (a) The Loon Foundation

The Loon Foundation is a non-profit society that works to preserve and enhance the natural habitat and wildlife of the Ruby Lake Lagoon and the Sunshine Coast. The Loon Foundation operates the Pender Harbour Ocean Discovery Station ("PODS") and envisions this facility to conduct research and to monitor the surrounding marine and freshwater ecosystems and enhance the aquatic biodiversity in the harbour area.

In fiscal 2020, the Loon Foundation received a \$2.0 million donation to support educational and research efforts on the Sunshine Coast and donated these funds to the University. The University and the Loon Foundation entered into a partnership to collaborate in the development of PODS to support the University and students to participate in educational and research initiatives on the Sunshine Coast. The University provided an interest free loan of \$2.0 million to the Loon Foundation that is secured by a first mortgage against the Loon Foundation's property. The Loon Foundation commits to providing the University access to facilities, programs, services and recognition that will be used to offset the outstanding loan. The construction of the new PODS facility was to be completed in 2022 and the partnership and loan was anticipated to be fully satisfied in 2037. Construction is now estimated to be completed in 2026 and the loan anticipated to be fully satisfied in 2046.

### (b) District of North Vancouver

In fiscal 2024, the University entered into an agreement with the District of North Vancouver ("DNV") for construction related to the Children's Centre and Student Housing Building. The University paid deposits of \$2,265,452 to DNV which are to be returned upon completion of the set conditions.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 7. Accounts payable and accrued liabilities:

	2024	2023
Accounts payable and accrued liabilities	\$ 8,980,189	\$ 5,901,508
Salaries and benefits payable	10,932,625	11,191,094
Accrued vacation pay	5,988,454	4,965,711
	<u>\$ 25,901,268</u>	<u>\$ 22,058,313</u>

## 8. Employee future benefits:

### (a) Benefits for employees on long-term disability and faculty retirees:

Information about liabilities for the University's employee benefit plans is as follows:

	2024	2023
Accrued benefit obligation balance, beginning of year	\$ 1,943,900	\$ 1,973,200
Current service cost	23,300	24,800
Interest cost	18,300	13,300
Employee contributions	365,000	330,500
Benefit payments	(395,000)	(356,800)
Immediate recognition of continuation of benefits for disabled employees	71,000	8,700
Actuarial loss (gain)	(12,500)	(49,800)
Accrued benefit obligation balance, end of year	<u>\$ 2,014,000</u>	<u>\$ 1,943,900</u>
	2024	2023
Accrued benefit obligation	\$ 2,014,000	\$ 1,943,900
Unamortized actuarial (loss)	(225,200)	(263,100)
Accrued benefit liability	<u>\$ 1,788,800</u>	<u>\$ 1,680,800</u>

As the employee future benefit liability for long-term disability is an event-driven obligation, the expense (recovery) recorded in the Consolidated Statement of Operations and Accumulated Surplus is comprised only of the immediate recognition of the liability.

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation are as follows:

	2024	2023
Obligation discount rate	4.11%	3.78%
Healthcare cost trend rates	5.59%	5.68%
Estimated average remaining service life	9 years	9 years

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 8. Employee future benefits (Continued):

### (b) Provincial pension plans:

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The Board of Trustees for these Plans represent plan members and employers and are responsible for the management of the pension plan, including investment of the assets and administration of benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided 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 funding surplus for basic pension benefits. The most recent actuarial valuation for the Municipal Pension Plan, as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits. 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 as at December 31, 2024 with results available in 2025.

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 records accrued liabilities and accrued assets for the Plans in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plans.

The University records pension expense as cash contributions to the Plans are made. During the year, the University paid \$7,607,378 (2023 - \$6,582,774) for employer contributions to the above plans.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 9. Asset retirement obligation:

The University owns and operates buildings that are known to have asbestos and other hazardous materials, which represents a health hazard upon retirement of the building and there is a legal obligation to remove it. Following the adoption of PS3280 - Asset retirement obligations, the University recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at April 1, 2021. The buildings have an average estimated useful life of 21 years. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. Estimated costs have been discounted at the present value using a discount rate of 3.66% per annum (2023 – 3.66%).

Changes to the asset retirement obligation in the year are as follows:

	2024	2023
Beginning of year	\$ 941,337	\$ 908,100
Accretion expense	34,453	33,237
	\$ 975,790	\$ 941,337

## 10. Deferred contributions:

Deferred contributions consist of deferred government contributions and project and other revenue, deferred restricted donations and deferred restricted investment income as follows:

	2024	2023
Deferred government contributions and project and other revenue (a) and (b)	\$ 10,398,551	\$ 3,427,325
Restricted donations and investment income (c)	8,429,350	6,989,013
	\$ 18,827,901	\$ 10,416,338

(a) Included in deferred government contributions and project and other revenue is the following:

	2024	2023
Provincial contributions:		
Beginning of year	\$ 2,799,164	\$ 3,212,270
Amounts received during the year	9,339,923	1,875,310
Recognized as revenue	(2,683,314)	(2,288,416)
	\$ 9,455,773	\$ 2,799,164

Operating grants from the Province of British Columbia of \$39,861,471 (2023 - \$48,276,696) were immediately recognized as revenue in the Consolidated Statement of Operations and Accumulated Surplus when received. Amounts recognized as revenue are included in Province of British Columbia revenue in the Consolidated Statement of Operations and Accumulated Surplus.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 10. Deferred contributions (continued):

- (b) Included in deferred government contributions and project and other revenue is the following related to contributions revenue:

	2024	2023
Non-provincial contributions:		
Beginning of year	\$ 628,161	\$ 637,911
Amounts received during the year	1,971,928	1,906,571
Recognized as revenue	(1,657,311)	(1,916,321)
	\$ 942,778	\$ 628,161

- (c) Restricted donations and investment income is comprised of the following amounts from non-government organizations:

	2024	2023
Beginning of year	\$ 6,989,013	\$ 6,503,259
Amounts received during the year	1,626,979	1,916,529
Recognized as revenue	(186,642)	(1,430,775)
	\$ 8,429,350	\$ 6,989,013

## 11. Deferred capital contributions:

Contributions for capital are referred to as deferred capital contributions. Amounts are recognized as revenue over the useful life of the asset. Treasury Board provided direction on accounting treatment as disclosed in note 2(a). Changes in the deferred capital contributions balance are as follows:

	2024	2023
Balance, beginning of year	\$ 58,709,417	\$ 54,234,229
Contributions received during the year	74,764,247	7,516,680
Revenue recognized from deferred capital contributions	(3,921,151)	(3,041,492)
Balance, end of year	\$ 129,552,513	\$ 58,709,417



# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 11. Deferred capital contributions (continued):

Included in the above is the following related to government and non-government organizations:

	2024	2023
Provincial contributions:		
Beginning of year	\$ 44,438,923	\$ 40,395,308
Amounts received during the year	73,742,314	6,663,512
Recognized as revenue	(3,499,556)	(2,619,897)
	<u>\$ 114,681,681</u>	<u>\$ 44,438,923</u>

	2024	2023
Federal contributions:		
Beginning of year	\$ 12,131,144	\$ 12,552,739
Recognized as revenue	(421,595)	(421,595)
	<u>\$ 11,709,549</u>	<u>\$ 12,131,144</u>

	2024	2023
Other contributions:		
Beginning of year	\$ 2,139,350	\$ 1,286,182
Amounts received during the year	1,021,933	853,168
Recognized as revenue	-	-
	<u>\$ 3,161,283</u>	<u>\$ 2,139,350</u>

Revenue is recognized as amortization of deferred capital contributions on the Consolidated Statement of Operations and Accumulated Surplus. The deferred capital contributions balance at March 31, 2024 includes a \$11,500,000 operating grant restriction for capital projects (2023 - \$2,500,000).

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 12. Tangible capital assets:

<b>Cost</b>	Balance, March 31, 2023	Additions net of Transfers	Disposals	Balance, March 31, 2024
Land	\$ 10,000,370	\$ 17,967,674	\$ -	\$ 27,968,044
Buildings	125,911,273	50,411,243	-	176,322,516
Leasehold improvements	3,515,511	-	-	3,515,511
Computer equipment	21,587,381	1,600,875	-	23,188,256
Other furniture and equipment	18,366,193	918,831	-	19,285,024
Public works	2,182,307	-	-	2,182,307
Software	2,724,321	15,271	-	2,739,592
Vehicles	569,674	-	-	569,674
Assets under construction/renovation	10,275,257	22,358,103	891,891	31,741,469
	<b>\$ 195,132,287</b>	<b>\$ 93,271,997</b>	<b>\$ 891,891</b>	<b>\$ 287,512,393</b>

<b>Accumulated amortization</b>	Balance, March 31, 2023	Additions	Disposals	Balance, March 31, 2024
Land	\$ -	\$ -	\$ -	\$ -
Buildings	76,410,354	3,637,896	-	80,048,250
Leasehold improvements	1,170,743	351,551	-	1,522,294
Computer equipment	17,491,346	2,130,639	-	19,621,985
Other furniture and equipment	15,219,037	1,414,983	-	16,634,020
Public works	1,598,730	151,077	-	1,749,807
Software	2,379,086	216,255	-	2,595,341
Vehicles	400,209	28,837	-	429,046
	<b>\$ 114,669,505</b>	<b>\$ 7,931,238</b>	<b>\$ -</b>	<b>\$ 122,600,743</b>

<b>Net book value</b>	March 31, 2023	March 31, 2024
Land	\$ 10,000,370	\$ 27,968,044
Buildings	49,500,919	96,274,266
Leasehold improvements	2,344,768	1,993,217
Computer equipment	4,096,035	3,566,271
Other furniture and equipment	3,147,156	2,651,004
Public works	583,577	432,500
Software	345,235	144,251
Vehicles	169,465	140,628
Assets under construction/renovation	10,275,257	31,741,469
<b>Total</b>	<b>\$ 80,462,782</b>	<b>\$ 164,911,650</b>

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 13. Financial risk management:

The University 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 University 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 University 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 University consisting of cash and cash equivalents, investments, accounts receivable, and other receivable. The University 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 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.

#### - 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.

#### - 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.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. The University manages market risk by adoption of an investment policy and adherence to this policy by an investment manager. Investments are in pooled funds and alternative investments in diversified portfolios in accordance with the University's investment policy.

It is management's opinion that the University is exposed to some market risk associated with its investments. The University monitors these investments on a continuous basis and ensures investments are within the parameters of the applicable investment policies.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 13. Financial risk management (continued):

### (c) Liquidity risk:

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

The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing 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 University's reputation.

There has been no change to any of the risk exposure from the prior period.

## 14. Contractual obligations:

The nature of the University's activities results in multi-year contracts and obligations whereby the University is committed to make future payments. Significant contractual obligations related to facilities, security, parking and janitorial services that can be reasonably estimated are as follows:

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2025	\$	5,875,600
2026		3,518,200
2027		3,052,900
2028		2,942,800
2029		1,943,700
	\$	17,333,200

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## 15. Expenses by object:

The following is a summary of expenses by object:

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	2024	2023
Amortization of tangible capital assets	\$ 7,931,238	\$ 7,428,728
Buildings and grounds maintenance	6,092,968	5,949,880
Cost of goods sold	886,101	987,334
Other operating expenses	31,687,502	24,834,415
Salaries and benefits	104,858,780	94,088,581
Student support activities	2,117,192	1,944,617
	\$ 153,573,781	\$ 135,233,555

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# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 16. Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the consolidated budget approved by the Board of Governors of the University on February 28, 2023. The budget is reflected in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Changes in Net Financial Assets (Debt) and is reconciled to the Consolidated Statement of Operations as follows:

	Approved Budget	Reallocation	Statement of Operations and Accumulated Surplus
Expenses by object:			
Amortization of tangible capital assets	\$ 7,677,422	\$ (7,677,422)	\$ -
Expenses	34,717,625	(34,717,625)	-
Salaries and benefits	97,177,598	(97,177,598)	-
	139,572,645	(139,572,645)	-
Expenses by function:			
Instruction and student support	-	84,258,436	84,258,436
Facility and institutional support	-	48,050,924	48,050,924
Ancillary	-	7,263,285	7,263,285
	-	139,572,645	139,572,645
	\$ 139,572,645	\$ -	\$ 139,572,645

## 17. Related party transactions:

The University 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 related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed to between the University and the related parties.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 18. Accumulated operating surplus:

Accumulated operating surplus is comprised of the following:

	2024	2023
Unrestricted	\$ 57,909,231	\$ 62,131,681
Invested in tangible capital assets (a)	35,359,137	21,753,365
Endowments (b)	14,165,218	13,886,930
Internally restricted (c)	4,217,601	1,971,842
	<u>\$ 111,651,187</u>	<u>\$ 99,743,818</u>

### (a) Invested in tangible capital assets:

	2024	2023
Tangible capital assets	\$ 164,911,650	\$ 80,462,782
Amounts financed by deferred capital contributions	(129,552,513)	(58,709,417)
	<u>\$ 35,359,137</u>	<u>\$ 21,753,365</u>

### (b) Endowment investments:

	2024	2023
Balance beginning of year	\$ 13,886,930	\$ 13,880,038
Contributions received during the year	278,288	256,892
Transfer to deferred contributions	-	(250,000)
	<u>\$ 14,165,218</u>	<u>\$ 13,886,930</u>

### (c) Internally restricted:

	2024	2023
Student success support (i)	\$ 4,039,071	\$ 1,695,464
Creative activity, research and scholarship (ii)	178,530	276,378
	<u>\$ 4,217,601</u>	<u>\$ 1,971,842</u>

(i) The student success support fee is a targeted fee that focuses on services in three areas: successful transitions, student development, and student health and well-being. The fee was approved by the Board of Governors with an original commencement date of Fall 2020; however, due to the pandemic, the start date was delayed to Fall 2021.

(ii) The Creative Activity, Research and Scholarship (CARS) restriction are funds set aside to advance and support faculty CARS activity aligned with both the CARS plan/framework and Illuminating 2030.

# CAPILANO UNIVERSITY

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## **19. Subsequent event:**

On January 25, 2024, the University entered into an agreement to purchase housing in Squamish, BC for a purchase price of \$47 million. The purchase closed on May 15, 2024.