Financial Statements of

Langara College

And Independent Auditors' Report thereon

For the period ended March 31, 2021

Langara College

Statement of Management Responsibility

Year ended March 31, 2021

Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying financial statements for the year ended March 31, 2021, 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. 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 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 College carries out its responsibility for review and approval of the financial statements. The Audit and Finance Committee of the Board meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

These financial statements have been reported on by KPMG LLP, the College'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.

Dr. Lane Trotter, President and CEO

Viktor Sokha, Vice-President, Administration and Finance

June 24, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Langara College, and
To the Minister of the Ministry of Advanced Education and Skills Training, Province of British Columbia

Opinion

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

- the statement of financial position as at March 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows 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, 2021 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 24, 2021

Langara College

Statement of Financial Position
March 31, 2021 with comparative figures for 2020

		2021	2020
Financial assets			
Cash	Note 3	$ 71,499,266	$ 58,710,126
Investments	Note 3	42,155,572	40,967,190
Accounts receivable		4,444,175	4,591,236
Inventories for resale		399,107	442,010
Net investment in lease	Note 4	2,884,733	2,982,806
		121,382,853	107,693,368
Liabilities			
Accounts payable and accrued liabilities	Note 5	23,113,754	22,772,917
Employee future benefits	Note 6	1,604,900	1,432,371
Deferred revenue		47,751,912	42,113,429
Deferred contributions	Note 7	4,650,184	2,937,853
Deferred capital contributions	Note 8	54,192,903	54,535,743
Long-term debt	Note 9	7,691,109	7,800,268
		139,004,762	131,592,581
Net debt		(17,621,909)	(23,899,213)
Non-financial assets			
Tangible capital assets	Note 10	140,331,524	141,698,578
Prepaid expenses		1,188,081	1,974,862
		141,519,605	143,673,440
Accumulated surplus		**$ 123,897,696**	**$ 119,774,227**

Commitments — Note 12

See accompanying notes to the financial statements

Approved on behalf of the Board of Governors:

Ian Mass

Ian Mass
Chair, Board of Governors

Michal Jaworski
First Vice Chair, Board of Governors

Langara College

Statement of Operations and Accumulated Surplus
Year ended March 31, 2021 with comparative figures for 2020

		Annual Budget 2021	Actual 2021	Actual 2020
		Note 2(i)		
Revenue:				
Province of British Columbia grants		$ 50,052,000	54,980,298	$ 51,234,381
Tuition and student fees		116,290,000	102,780,840	111,217,421
Sales of goods and services		5,506,000	2,177,658	5,104,749
Contract services		1,385,000	1,225,615	2,144,011
Investment income		2,095,000	1,478,278	2,532,639
Revenue recognized from deferred capital contributions	Note 8	4,362,000	3,704,139	6,087,210
Miscellaneous income and contributions		1,439,000	1,953,308	2,552,266
		181,129,000	**168,300,136**	**180,872,677**
Expenses:				
Instruction		172,883,000	156,548,797	161,641,883
Ancillary operations		6,636,000	5,920,554	6,985,384
Contributions to Langara College Foundation	Note 14	1,610,000	1,707,316	1,724,896
		$ 181,129,000	**$ 164,176,667**	**$ 170,352,163**
Annual surplus		-	4,123,469	10,520,514
Accumulated surplus, beginning of year		119,774,227	119,774,227	109,253,713
Accumulated surplus, end of year		**$ 119,774,227**	**123,897,696**	**$ 119,774,227**

See accompanying notes to the financial statements

Langara College

Statement of Changes in Net Debt

Year ended March 31, 2021 with comparative figures for 2020

		Annual Budget 2021	2021	2020
		Note 2(i)		
Annual surplus		$ -	$ 4,123,469	$ 10,520,514
Acquisition of tangible capital assets	Note 10	(19,101,000)	(8,468,716)	(15,361,453)
Amortization of tangible capital assets	Note 10	10,193,000	9,835,770	11,452,895
		(8,908,000)	1,367,054	(3,908,558)
Acquisition of prepaid expenses		-	(752,719)	(3,308,202)
Use of prepaid expenses		-	1,539,500	2,843,367
		-	786,781	(464,835)
Decrease (increase) in net debt		(8,908,000)	6,277,304	6,147,121
Net debt, beginning of year		(23,899,213)	(23,899,213)	(30,046,334)
Net debt, end of year		**$ (32,807,213)**	**$ (17,621,909)**	**$ (23,899,213)**

See accompanying notes to the financial statements.

Langara College

Statement of Cash Flows

Year ended March 31, 2021 with comparative figures for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Annual surplus	$ 4,123,469	$ 10,520,514
Items not involving cash:		
Amortization of tangible capital assets	9,835,770	11,452,895
Revenue recognized from deferred capital contributions	(3,704,139)	(6,087,210)
Loss (gain) on sinking fund investments for long-term debt	41,371	(118,746)
Change in employee future benefits	172,529	(55,065)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	147,061	(1,010,766)
Decrease in inventories for resale	42,903	125,209
Decrease (increase) in prepaid expenses	786,781	(464,835)
Increase in accounts payable and accrued liabilities	340,837	442,156
Increase in deferred revenue	5,638,483	1,100,902
Increase in deferred contributions	1,743,131	394,000
	19,168,196	16,299,054
Capital activities:		
Acquisition of tangible capital assets	(8,468,716)	(15,361,453)
	(8,468,716)	(15,361,453)
Financing activities:		
Sinking fund payments on long-term debt	(150,530)	(150,530)
Deferred capital contributions received	3,330,499	1,808,174
	3,179,969	1,657,644
Investing activities:		
Principal payments received on net investment in lease	98,073	94,000
Purchase of investments	(1,188,382)	(776,470)
	(1,090,309)	(682,470)
Increase in cash	12,789,140	1,912,775
Cash, beginning of year	58,710,126	56,797,351
Cash, end of year	**$ 71,499,266**	**$ 58,710,126**

	2021	2020
Non-cash transactions:		
Transfer from (to) deferred capital contributions to deferred contributions	$ (30,800)	$ 48,956

See accompanying notes to the financial statements.

1. Authority and purpose

Langara College (the "College") operates under the authority of the College and Institute Act of British Columbia. The College is a government not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the Province of British Columbia. The College is a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

The College provides university studies, career studies and continuing studies programs and courses to over 21,000 full and part-time students annually.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the College's operations are not known at this time. During 2021, the College moved to a primarily remote (online) instructional delivery model. This resulted in a decrease in certain revenues and expenditures. In accordance with the announcement made by the Ministry of Advanced Education and Skills Training regarding in-person classes, the College is striving to have increased students and employees on the campus in Fall 2021, barring the imposition of any further lockdown measures.

At this time these factors present uncertainty over future cash flows, may cause changes to the assets or liabilities and may have impact on future operations. An estimate of the financial impact is not practicable at this time.

2. Summary of 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 that all tax-payer supported organizations adopt Canadian public sector accounting standards without any PS4200 elections.

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 deferred capital contributions and recognition of revenue is accounted for in the fiscal period in 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 stipulations or restrictions on the contributions have been met.

For British Columbia taxpayer-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 when the eligibility criteria have been met in accordance with public sector accounting standard PS3410. As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Financial instruments

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

(i) Investments 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 such investments are recorded as an expense. Unrealized gains and losses on investments carried at fair value are recorded in the Statement of Re-measurement Gains and Losses until such time as they are realized. Realized gains and losses on financial assets are transferred from the Statement of Re-measurement Gains and Losses and recognized in the Statement of Operations and Accumulated Surplus provided their use is not restricted. As at March 31, 2021, the College does not have any unrealized gains and losses and a Statement of Re-measurement Gains and Losses has not been included in these financial statements.

(ii) Investments with fixed maturity dates are recorded at amortized cost unless designated as fair value. Income on these investments is recognized in the Statement of Operations and Accumulated Surplus over the period of time that the investments are held using the effective interest rate method. 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. The College has not designated any such instruments as fair value.

(iii) The carrying amounts of other financial instruments, being accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short maturities. The fair value of the College's fixed rate long-term debt is impacted by changes in market yields, which can result in differences between carrying value and fair value. Based on management's estimates, the fair value of the College's long-term debt at March 31, 2021, is not significantly different than its carrying value, as interest rates applicable to the debt are not significantly different from interest rates in effect at the year-end date. The sinking fund investments related to the long term debt are carried at fair value.

(c) Inventories for resale

Inventories held for resale, including books and other 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.

(d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Asset	**Period**
Buildings and improvements	6-60 years
Furniture and fixtures	10 years
Office equipment	4-15 years
Computer hardware	3-7 years
Computer and enterprise software	3-15 years
Library holdings	5 years

In 2021, the College reviewed and revised the useful lives of certain buildings (note 10).

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

Tangible capital assets are written down to residual value when conditions indicate that they no longer contribute to the provision of goods and services, or when the value of future economic benefits associated with these assets is less than their net book value.

(e) Employee future benefits

The College and its employees make contributions to the College Pension Plan and the Municipal Pension Plan, which are multi-employer joint trusteed plans. These plans are defined benefit plans, 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, they are accounted for as defined contribution plans and contributions by the College to the plans are expensed as incurred.

Benefits for sick leave, vacation and other leaves are also available to College employees. The costs of sick leave benefits and other leaves are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the employees' average remaining service lifetime. Vacation benefits are recorded as a liability as earned.

(f) Revenue recognition and deferred revenue

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. Tuition fees and other amounts collected in advance of the delivery of related instruction are accounted for as deferred revenue until the programs are delivered.

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 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, for use in providing services, are recorded as a deferred capital contribution and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded.

(ii) Contributions restricted for specific purposes, other than for 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 contribution have been met.

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

(g) Use of estimates

The preparation of the financial statements in accordance with the reporting framework described in note 2(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(h) Foreign currency translation

The College'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.

(i) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the Operations and Capital Budget approved by the Board of Governors of the College on March 26, 2020. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

(j) Contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and an environmental standard exists, contamination exceeds the environmental standard, the College is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and 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.

(k) Art collection

The cost of additions to the College's collection are expensed in the year of acquisition. Proceeds from deaccession from the collection are recorded as revenue in the year of disposition.

The College also receives donated works of art, the value of which is not reflected in these financial statements given the difficulty of determining the fair value.

3. Cash and investments

As at March 31, 2021, the College held guaranteed investment certificates totaling $42,155,572 (2020: $40,967,190). The guaranteed investment certificates have interest rates ranging from 0.80% to 2.55% (2020: 2.05% to 3.05%) and maturities in 2022 to 2023 (2020: 2020 to 2022). The Langara Students' Union Capital Fund of $2,854,401 (2020: $2,244,149) is currently held in cash.

4. Net investment in lease

The College has entered into an agreement for the lease of the Students' Union Building to the Langara Students' Union ("LSU") for a thirty-year term commencing September 1, 2009. Finance income on the lease of $138,440 (2020: $142,513) is included in miscellaneous income and contributions. Minimum lease payments receivable for each year of the lease are $236,513.

The College's net investment in the lease is comprised of minimum lease payments receivable net of tax and unearned finance income as follows:

		2021		2020
Net investment in lease:				
Total minimum lease payments receivable	$	4,308,755	$	4,545,268
Unearned finance income		(1,424,022)		(1,562,462)
	$	**2,884,733**	**$**	**2,982,806**

5. Accounts payable and accrued liabilities

		2021		2020
Accounts payable and accrued liabilities	$	9,898,517	$	9,037,958
Salaries and benefits payable		13,215,237		13,734,959
	$	**23,113,754**	**$**	**22,772,917**

6. Employee future benefits

(a) Accumulated sick leave benefit:

Employees of the College earn sick leave according to the terms of the collective agreements or terms of employment, whichever is applicable. Sick leave credits accumulate to each employee as they render services to the College; however, the accumulated amount does not vest and so is extinguished for each employee once they are no longer employed by the College. The expected use of the accumulated amount is determined using actuarial valuation techniques and the corresponding liability is recorded by the College. An expense for sick leave is recognized in the period for which each employee earns this benefit.

(b) Other leaves that vest:

Certain employee groups may be eligible to earn other time-off benefits that may accumulate for multiple years and vest with each qualifying employee. These time-off benefits accumulate to each qualifying employee as they render services to the College. The value of these obligations is determined using actuarial valuation techniques and the corresponding liability is recorded by the College.

The amounts recorded for these liabilities are as follows:

	Accumulated sick leave benefit	Other leaves that vest	2021	2020
Accrued benefit obligation, beginning of year	$ 1,262,000	$ 1,157,500	$ 2,419,500	$ 2,502,100
Current service cost	118,900	151,900	270,800	255,700
Interest cost	33,100	31,100	64,200	72,900
Benefit payments	(112,700)	(176,500)	(289,200)	(502,100)
Actuarial loss	-	43,200	43,200	90,900
Accrued benefit obligation, end of year	1,301,300	1,207,200	2,508,500	2,419,500
Unamortized net actuarial loss	(638,900)	(264,700)	(903,600)	(987,129)
Accrued benefit liability, end of year	$ 662,400	$ 942,500	$ 1,604,900	$ 1,432,371

The significant actuarial assumptions used to determine the College's liability are as follows:

	2021	2020
Discount rate	2.5%	2.5%
Inflation rate	2.0%	2.0%
Expected average remaining service life of employees	11 years	11 years

(c) Pension benefits:

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, 2019, the College Pension Plan has about 15,000 active members, and approximately 9,000 retired members. As at December 31, 2019, the Municipal Pension Plan has about 213,000 active members, including approximately 6,000 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 $7,679,181 (2020: $7,181,811) as employer contributions to the College Pension Plan and $1,804,728 (2020: $1,540,236) as employer contributions to the Municipal Pension Plan in the current year.

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.

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.

7. Deferred contributions

2021	Capital	LSU	Other	Total
Balance, beginning of year	$ 102,190	$ 2,244,149	$ 591,514	$ 2,937,853
Contributions received during the year				
From the Province of British Columbia	-	-	2,320,480	2,320,480
From other sources	-	858,591	324,712	1,183,303
Revenue recognized from deferred contributions	-	(248,339)	(1,512,313)	(1,760,652)
Transfer to deferred capital contributions (note 8)	-	(30,800)	-	(30,800)
Balance, end of year	**$ 102,190**	**$ 2,823,601**	**$ 1,724,393**	**$ 4,650,184**

2020	Capital	LSU	Other	Total
Balance, beginning of year	$102,190	$ 1,582,069	$ 810,638	$ 2,494,897
Contributions received during the year				
From the Province of British Columbia	-	-	446,522	446,522
From other sources	-	910,419	144,992	1,055,411
Revenue recognized from deferred contributions	-	(248,339)	(859,594)	(1,107,933)
Transfer from deferred capital contributions (note 8)	-	-	48,956	48,956
Balance, end of year	**$102,190**	**$ 2,244,149**	**$ 591,514**	**$ 2,937,853**

8. Deferred capital contributions

	2021	2020
Balance, beginning of year	$ 54,535,743	$ 58,863,735
Grants received from the Province of British Columbia	3,330,499	1,808,174
Transfer from (to) deferred contributions (note 7)	30,800	(48,956)
Amount amortized to revenue	(3,704,139)	(6,087,210)
Balance, end of year	**$ 54,192,903**	**$ 54,535,743**

9. Long-term debt

The College borrowed Series LC-CP-154 debt through the provincial government on November 10, 2009. This debt is for a thirty-year term maturing on November 10, 2039, carries an interest rate of 4.68% with interest-only payments of $234,000 due on May 10 and November 10 of each year, and an annual sinking-fund requirement of $150,530, payable to the provincial government until maturity. Interest expense of $468,000 (2020: $468,000) is included in instruction expense. Sinking fund investments reduced in value by $41,371 in the current year (2020: gain of $118,746).

	2021	2020
Face value of debt	$ 10,000,000	$ 10,000,000
Sinking fund	(2,308,891)	(2,199,732)
	$ 7,691,109	**$ 7,800,268**

10. Tangible capital assets

Cost	2020	Additions, net of transfers	Disposals	2021
Land	$ 2,043,360	$ -	$ -	$ 2,043,360
Buildings and improvements	186,387,706	3,689,029	-	190,076,735
Furniture and equipment	8,670,396	1,409,953	(47,827)	10,032,522
Computer hardware	15,227,760	2,253,764	(1,859,298)	15,622,226
Computer software	11,923,578	284,884	(357,178)	11,851,284
Enterprise software - work in progress	-	675,206	-	675,206
Library holdings	1,288,207	155,880	(242,926)	1,201,161
Total	**$ 225,541,007**	**$ 8,468,716**	**$ (2,507,229)**	**$ 231,502,494**

Accumulated Amortization	2020	Amortization Expense	Disposals	2021
Buildings and improvements	$ 69,625,878	$ 4,521,953	$ -	$ 74,147,831
Furniture and equipment	3,651,222	1,350,396	(47,827)	4,953,791
Computer hardware	8,754,583	2,746,164	(1,859,298)	9,641,449
Computer software	940,828	1,044,945	(357,178)	1,628,595
Library holdings	869,918	172,312	(242,926)	799,304
Total	**$ 83,842,429**	**$ 9,835,770**	**$ (2,507,229)**	**$ 91,170,970**

Net Book Value	2020	2021
Land	$ 2,043,360	$ 2,043,360
Buildings and improvements	116,761,828	115,928,904
Furniture and equipment	5,019,174	5,078,731
Computer hardware	6,473,177	5,980,777
Computer software	10,982,750	10,222,689
Enterprise software - work in progress	-	675,206
Library holdings	418,290	401,857
Total	**$ 141,698,578**	**$ 140,331,524**

During 2021, the College conducted a review of the useful lives of the campus buildings. As a result, the estimated remaining useful life of two of the buildings increased:

- Building A's estimated remaining useful life increased from 2 to 6 years, resulting in a decrease of $2,581,780 to the amortization expense recognized in 2021.
- Building B's estimated remaining useful life increased from 18 to 25 years, resulting in a decrease of $170,413 to the amortization expense recognized in 2021.

There were no changes to the estimated remaining useful lives of the other buildings.

11. Financial risk management

The College is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and manages them.

(a) 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 establishes budgets and cash flow projections to ensure that it has the necessary funds to meet its obligations as they become due.

(b) Market and interest rate risk

Market risk is the risk that changes in market prices will affect the College's operating results. Interest rate risk is the risk that the fair value of future cash flows of floating rate instruments will fluctuate due to changes in market interest rates. It is management's opinion that the College is not exposed to excessive levels of market or interest rate risk arising from its financial instruments.

(c) Credit risk

Credit risk is the risk of financial loss to the College if a client of the College or counterparty to a financial instrument fails to meet their contractual obligations. Such risks arise principally from certain financial assets held by the College consisting of cash, investments and accounts receivable.

The College's exposure to credit risk is influenced mainly by the individual characteristics of its clients, in the event of non-payment of amounts owing. This risk is mitigated by ensuring that the majority of receivables are collected prior to the delivery of programs, by the College's prompt collection processes and by other remedies such as withholding of transcripts in the event of non-payment.

The College accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable.

The College has deposited cash and holds investments with reputable financial institutions, from which management believes the risk of loss is remote.

There has been no change to the risk exposures from 2020.

12. Commitments

The College has entered into agreements relating to premises, vehicles, software and office equipment. The minimum annual payments are as follows:

Fiscal year		
2022	$	1,730,241
2023		2,084,694
2024		1,732,199
2025		947,761
2026		404,749
	$	**6,899,644**

13. Contractual rights

The College has entered into a food services contract, entitling them to minimum annual commission fees. Due to the COVID-19 pandemic, the amount of the future commission fees is uncertain and cannot be reasonably estimated.

The College has also entered into an agreement for the lease of the Students' Union Building to the LSU, for which the future receivable amounts have been included in note 4.

14. Langara College Foundation

The Langara College Foundation (the "Foundation") was established under the Societies Act of British Columbia on February 6, 2013 and is a registered charity under the Income Tax Act of Canada. The purpose of the Foundation, as stated in its constitution, is the solicitation and management of donations and endowments for the purpose of providing awards and grants to students of the College and to further the interests of the College. The Foundation is governed by an independent board of directors, the voting members of which can include employees and officers of the College.

During the year, as part of its ordinary course of business, the College contributed certain funds to the Foundation.

At its meeting held on March 25, 2021, the Board of Governors of the College authorized the following contributions to the Foundation:

		2021		**2020**
Donations matching	$	250,000	$	200,000
Building Legacy Fund		1,150,227		1,183,809
International Education Development Fund		300,075		332,500
Other miscellaneous transfers		7,014		8,587
	$	**1,707,316**	**$**	**1,724,896**

During the year, general and administrative expenses of the Foundation totaling $140,080 (2020: $148,380) were paid by the College. Those costs are not charged to the Foundation. The College also provides administrative, management and staff resources to the Foundation at no charge. During the year, gifts-in-kind of $22,472 (2020: $11,724) were gifted to the College by the Foundation.

15. Expenses by object

		2021		2020
Salaries and benefits	$	120,784,598	$	118,459,615
Fees and contract services		13,561,637		13,364,616
Amortization of tangible capital assets		9,835,770		11,452,895
Facilities		4,809,405		9,468,070
Cost of goods sold		1,750,273		2,484,683
Supplies		6,693,571		7,528,771
Professional development and travel		1,566,044		2,515,024
Contributions to Langara College Foundation		1,707,316		1,724,896
Leases and rental		801,154		1,042,362
Scholarships and bursaries		1,525,230		955,354
Communications		486,148		602,296
Interest on long-term debt		468,000		468,000
Other		187,521		285,581
	$	**164,176,667**	**$**	**170,352,163**

16. Related party transactions

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 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 College and the related parties.