emily carr
university of art + design

FINANCIAL STATEMENTS
Year ended March 31, 2014

emily carr
university of art + design
1399 Johnston Street, Vancouver, BC, Canada V6H 3R9

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

To the Board of Governors of Emily Carr University of Art + Design

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in compliance with the accounting requirements 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 objective judgment is required.

In discharging its responsibilities 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 transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Governors and Board Finance and Audit Committee are composed primarily of those who are neither management nor employees of the University. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial information included in the annual report. The Board Finance and Audit Committee has the responsibility of meeting with management and external auditors to discuss the financial reporting process, auditing matters, financial reporting issues, and recommends approval of the financial statements to the Board. The Committee is also responsible for recommending the appointment of the University's external auditor.

KPMG LLP, an independent firm of Chartered Accountants, is appointed by the Board to audit the financial statements and report directly to them through the Board Finance and Audit Committee; their report follows. The external auditor has full and free access to, and meets periodically and separately with, both the Committee and management to discuss their audit findings.

On behalf of Emily Carr University of Art + Design

Michael Clifford, Vice President
Finance + Administration

Date May 15, 2014

Michelle Lock
Director, Financial Services

KPMG LLP
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Governors of Emily Carr University of Art + Design, and
To the Ministry of Advanced Education, Province of British Columbia

We have audited the accompanying financial statements of Emily Carr University of Art + Design, which comprise the statement of financial position as at March 31, 2014, the statements of operations and accumulated surplus, remeasurement gains and losses, changes in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Emily Carr University of Art + Design at March 31, 2014 and for the year ended March 31, 2014 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describe the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 15, 2014

Burnaby, Canada

Emily Carr University of Art + Design
STATEMENT OF FINANCIAL POSITION
March 31, 2014

	2014	2013
Financial assets		
Cash and cash equivalents	$ 3,163,404	$ 2,013,712
Investments (note 3)	9,735,001	8,576,552
Investment in GNW Campus Trust (note 5)	15,239,573	13,694,598
Accounts receivable (note 2)	2,207,989	2,495,464
Inventories for resale	164,202	142,050
	30,510,169	26,922,376
Liabilities		
Accounts payable and accrued liabilities (note 7)	3,546,909	3,689,579
Deferred revenue	2,106,664	1,656,835
Capital lease obligation (note 11)	212,041	258,660
Debt	29,594	54,353
Deferred contributions (note 9)	30,226,906	26,450,884
	36,122,114	32,110,311
Net debt	(5,611,945)	(5,187,935)
Non-financial assets		
Tangible capital assets (note 6)	24,559,707	23,069,271
Endowment investments (note 4)	4,932,460	4,642,521
Inventories of supplies	8,000	8,000
Prepaid expenses	238,593	234,401
	29,738,760	27,954,193
Accumulated surplus	$ 24,126,815	$ 22,766,258
Accumulated surplus is comprised of:		
Accumulated operating surplus	$ 23,543,939	$ 22,590,316
Accumulated remeasurement gains	582,876	175,942
	$ 24,126,815	$ 22,766,258

See accompanying notes to financial statements.

Approved on behalf of the Board:

Evaleen Jaager Roy, Chair
Board of Governors

Michael Clifford, Vice-President
Finance + Administration

Emily Carr University of Art + Design
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year ended March 31, 2014

	Budget (note 1(n))	2014	2013
Revenue			
Grants			
Province of British Columbia	$ 13,974,441	$ 13,982,905	$ 13,963,084
Federal government	173,563	165,563	170,351
Tuition fees	12,137,386	11,899,002	11,082,444
Amortization of deferred contributions	3,362,474	3,363,746	3,098,171
Income from equity accounted organizations	30,239	36,835	1,555,354
Gifts, grants and bequests	134,400	43,999	64,280
Interest	250,800	241,063	281,435
Miscellaneous	579,590	592,503	539,304
	30,642,893	30,325,616	30,754,423
Expenses			
Instruction	14,573,363	14,423,236	14,200,495
Instruction support	14,413,238	13,269,683	12,890,778
Research	873,200	1,139,648	929,698
Externally sponsored activity and trust	673,600	773,138	874,035
	30,533,401	29,605,705	28,895,006
Annual operating surplus	109,492	719,911	1,859,417
Endowment contributions	-	233,712	50,848
Annual surplus	109,492	953,623	1,910,265
Accumulated operating surplus, beginning of year	22,590,316	22,590,316	20,680,051
Accumulated operating surplus, end of year	$ 22,699,808	$ 23,543,939	$ 22,590,316

See accompanying notes to financial statements.

Emily Carr University of Art + Design
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
Year ended March 31, 2014

	2014	2013
Accumulated remeasurement gains, beginning of year	$ 175,942	$ 57,671
Unrealized losses attributable to designated fair value financial instruments	5,125	(14,413)
Amounts reclassified to the statement of operations for designated fair value financial instruments	(3,041)	(28,066)
Accumulated remeasurement gains for the year before other comprehensive income from government business enterprises	178,026	15,192
Other comprehensive income from government business enterprises	404,850	160,750
Accumulated remeasurement gains, end of year	$ 582,876	$ 175,942

See accompanying notes to financial statements.

Emily Carr University of Art + Design
STATEMENT OF CHANGES IN NET DEBT
Year ended March 31, 2014

	Budget (note 1(n))	2014	2013
Annual surplus	$ 109,492	$ 953,623	$ 1,910,265
Acquisition of tangible capital assets	(2,737,625)	(3,134,809)	(3,343,545)
Amortization of tangible capital assets	2,048,179	1,644,373	1,585,471
	(689,446)	(1,490,436)	(1,758,074)
Acquisition of prepaid expense	-	(238,593)	(234,401)
Use of prepaid expense	(234,401)	234,401	235,195
	(234,401)	(4,192)	794
Increase in endowment investments	-	(233,712)	(50,848)
Transfer of unrestricted investments to endowment	-	(56,227)	-
Effect of other comprehensive income from government business enterprises	-	404,850	160,750
Effect of remeasurement losses	-	2,084	(42,479)
	-	116,995	67,423
Decrease (increase) in net debt	(814,355)	(424,010)	220,408
Net debt, beginning of year	(5,187,935)	(5,187,935)	(5,408,343)
Net debt, end of year	$ (6,002,290)	$ (5,611,945)	$ (5,187,935)

See accompanying notes to financial statements.

Emily Carr University of Art + Design
STATEMENT OF CASH FLOWS
Year ended March 31, 2014

	2014	2013
Cash flows from operating activities:		
Annual operating surplus	$ 953,623	$ 1,910,265
Adjustments to reconcile net cash provided by operating activities		
Income from equity accounted organizations	(36,835)	(1,555,354)
Amortization of tangible capital assets	1,644,373	1,585,471
Amortization of deferred contributions	(3,363,746)	(3,098,171)
Change in non-cash working capital:		
Accounts receivable	444,551	(747,735)
Inventories for resale	(22,152)	182,694
Prepaid expenses	(4,192)	794
Accounts payable and accrued liabilities	(142,670)	263,466
Deferred revenue	449,829	417,459
	(77,219)	(1,041,111)
Cash flows from capital activities:		
Purchase of tangible capital assets	(2,983,337)	(3,143,722)
Cash flows from financing activities:		
Payments on capital lease obligations	(198,092)	(195,823)
Decrease in debt	(24,759)	(24,759)
Deferred contributions received	7,139,768	4,680,538
	6,916,917	4,459,956
Cash flows from investing activities:		
Contribution to GNW	(1,260,366)	-
Purchase of investments	(1,446,303)	(1,827,611)
	(2,706,669)	(1,827,611)
Increase (decrease) in cash and cash equivalents during the year	1,149,692	(1,552,488)
Cash and cash equivalents, beginning of year	2,013,712	3,566,200
Cash and cash equivalents, end of year	$ 3,163,404	$ 2,013,712
Cash and cash equivalents is comprised of:		
Unrestricted cash	$ 2,813,378	$ 1,917,209
Restricted cash	350,026	96,503
	$ 3,163,404	$ 2,013,712
Supplementary information:		
Non-cash transactions:		
Acquisition of tangible capital assets through capital lease	$ 151,472	$ 199,823
Distribution declared and unpaid at year end	157,076	1,260,366

See accompanying notes to financial statements.

Emily Carr University of Art + Design (the “University") is a post-secondary educational university that was granted university status on September 1, 2008 and incorporated under the amended University Act. The University was formerly known as the Emily Carr Institute of Art + Design and was incorporated under the College and Institute Act. The University is a learning community devoted to excellence and innovation in Visual Arts, Media Arts and Design and receives significant funding from the British Columbia Provincial Government. The University is exempt from income taxation under Section 149 of the Income Tax Act.

1. Significant accounting policies

(a) Basis of presentation

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

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

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

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

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 government transfers, which 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. 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) Controlled entity

The University controls the Emily Carr Foundation by virtue of its ability to appoint a majority of the Foundation’s Board of Directors. The Foundation’s net assets and operating activity as at and for the years ended March 31, 2014 and 2013 were insignificant.

1. Significant accounting policies (continued)

(c) Investments in Government Business Enterprises

Great Northern Way Campus Trust (GNW Campus Trust)

The University participates as an equal beneficiary in a Joint Venture with British Columbia Institute of Technology, University of British Columbia and Simon Fraser University. Joint Venture members participate equally in the control of the GNW Campus Trust. GNW Campus Trust is a trust established for the four institutions (the "Owners"), each of whom is an equal shareholder in Great Northern Way Campus Ltd. and each of whom appoints one director to its Board of Directors.

The Trust holds the legal and beneficial interest in the lands and premises located at 555 and 577 Great Northern Way and 375 East 1st Avenue, Vancouver, British Columbia, which were acquired by way of donation from Finning International Inc.

The Trust is considered to be a government business enterprise (GBE), which is accounted for by the modified equity method. Under this method, the University's investment in the GNW Campus Trust business enterprise and its net income and other changes in equity are recorded using the modified equity method. No adjustment is made to conform the accounting policies of the government business enterprise to those of the University other than if other comprehensive income exists; it is accounted for as an adjustment to accumulated surplus of the University. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions between entities of assets that remain within the entities controlled by the University. Any dividends the University receives from GNW Campus Trust are reflected as a reduction in the investment asset account.

The Trust has a December 31st fiscal year end, which is used to record the equity income. Any material transactions between December 31st and the fiscal year end of the University are recognized in the financial statements.

The University monitors the recoverability of revenue generating long-lived assets within GNW Campus Trust based on estimates using factors such as expected future asset utilization, economic outlook and future cash flows expected to result from the use of the related assets or be realized on sale. The University recognizes an impairment loss if the projected undiscounted aggregate cash flows are less than the carrying amount. The amount of impairment charge, if any, is defined as the excess of carrying value over its fair value.

The GNW Campus Trust has an accumulated operating deficit from significant operating losses in previous years. Accordingly, the GNW Campus Trust's continuance as a going concern, and classification as a GBE is dependent upon continued positive earnings. If the going concern basis is not appropriate, adjustments may be necessary in the carrying amounts of the GNW Campus Trust Fund assets, liabilities and expenses in these financial statements and the adjustments could be material. In this regard, the University annually reviews its continued interest in, and obligations relating to, the GNW Campus Trust.

1. Significant accounting policies (continued)

(c) Investments in Government Business Enterprises (continued)

Under the provision of the Trust Deed, Great Northern Way Campus Ltd. in its capacity as trustee of the GNW Campus Trust, and at its sole discretion, is required to distribute all net income of the GNW Campus Trust to the beneficiaries. A distribution of $628,304 was declared in fiscal 2013 (2012 - $5,041,464).

(d) 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.

(e) Revenue recognition

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.

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

Restricted donations, grants and contributions 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 contributions in the form of a depreciable tangible capital asset are recorded in accordance with Regulation 198/2011 which requires that they be recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services. The University records deferred capital contributions as part of deferred contributions on the statement of financial position (note 9).

(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.

(iii) Endowment contributions are recognized as revenue when received. Any related investment income earned thereon is deferred when earned in accordance with the stipulations in the endowment agreements. The income is recognized as revenue when it is spent on the purpose specified.

(iv) Donations of capital assets that would otherwise be purchased are accounted for at fair value when a fair value can be reasonably estimated.

1. Significant accounting policies (continued)

(e) Revenue recognition (continued)

Land disposals by the GNW Campus Trust are recognized as revenue by GNW Campus Trust when the agreement for sale has been entered into, an appropriate down payment has been received and all conditions of the agreement have been met, including the passage of the risks and rewards of ownership.

The GNW Campus Trust has retained substantially all of the risks and benefits of ownership of its revenue-producing properties and therefore accounts for its leases with its tenants as operating leases. Rental revenue is recorded on a straight line basis over the term of the rental period.

(f) Service contributions

Contributions of supplies and services that would otherwise have been purchased are not recognized in these financial statements.

(g) Inventories for resale

Inventories for resale are recorded at the lower of cost or net realizable value. Cost is comprised of the purchase price, freight and handling costs, net taxes and any other costs directly attributable to bringing inventories to their present location, and is determined on a specific items basis. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to declining selling prices.

(h) Financial Instruments

Financial instruments are initially classified upon initial recognition as a fair value or amortized cost instrument. Transaction costs are added to the amortized cost or expensed if they relate to instruments recorded on a fair value basis. The effective interest rate method is used to recognize interest. Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus and related balances reversed from the statement of remeasurement gains and losses. Restricted endowment interest is recognized as a direct increase to deferred contributions until distributed for the specified purpose. Interest and dividends attributable to financial instruments are reported in the statement of operations.

Endowment investments are held in perpetuity and presented as non-financial assets as they are not available for consumption or to discharge liabilities. The investments are recorded at fair value.

The University's financial instruments are comprised of and measured as follows:

- Investments elected to be recorded at fair value.
- Accounts receivable and accounts payable and accrual liabilities are measured at amortized cost using the effective interest method.

1. Significant accounting policies (continued)

(i) 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 less accumulated amortization. Borrowing costs directly attributable to the construction of tangible capital assets are capitalized during the construction period. Contributed tangible capital assets are recorded at fair value at the date of contribution.

Amortization of tangible capital assets is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Asset	Period
Emily Carr Campus Buildings	40 years
Furniture and equipment	5 - 10 years
Computer equipment	3 years
Library materials	10 years

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

(ii) Leased tangible capital assets

Leases, which 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.

(iii) Impairment of tangible capital assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to 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.

(iv) Prepaid expenses

Prepaid expenses are non-financial assets, which are expensed over the periods expected to benefit from them.

1. Significant accounting policies (continued)

(j) Employee future benefits

(i) Multi-employer plans

The University and its employees make contributions to the College Pension and Municipal Pension Plans (the "Plans") which are multi-employer joint trustee 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, the plans are accounted for as a defined contribution plan and any contributions of University to the plans are expensed as incurred.

(ii) Employee leave benefits

The University allows employees to accumulate unused vacation days and gratuity days for future use. Any unused vacation or gratuity days are recorded as a liability when earned. The University does not allow employees to carryforward and utilize any unused sick days.

(k) Asset retirement obligations

The University recognizes asset retirement obligations in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset, including leased premises resulting from the acquisition, construction, development, and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is amortized over the life of the asset. The liability may be changed to reflect the passage of time and changes in the fair value assessment of the retirement obligation. The University has determined that there were no significant asset retirement obligations to be recognized.

(l) Foreign currency transactions

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 currencies and non-monetary assets and liabilities which were designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the statement of financial position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or the statement of financial position date is recognized in the statement of remeasurement gains and losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the statement of remeasurement gains and losses and the exchange gain or loss in relation to the exchange rate at the date of the item's initial recognition is recognized in the statement of operations.

1. Significant accounting policies (continued)

(m) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses for the periods reported. Significant areas requiring the use of management's estimates relate to the useful lives of tangible capital assets for the purposes of amortization, valuation of revenue-producing properties and property under development held by the GNW Campus Trust, net realizable value of inventories for resale, collectibility of accounts receivable, provisions for employee benefit obligations, and provisions for contingent liabilities. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(n) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the 2013/14 Budget Projection approved by the Board of Governors of the University on May 15, 2013.

2. Accounts receivable

	2014	2013
Tuition and trade receivables	$ 787,741	$ 626,919
Due from government agencies	1,101,221	300,000
Sales tax rebates receivable	54,470	214,870
Other	264,557	1,353,675
	$ 2,207,989	$ 2,495,464

3. Investments

Financial assets and endowment investments recorded at fair value are comprised of the following:

Investments comprising of fixed income securities and mutual funds with the fixed income securities having maturities greater than one year at time of purchase.

All fixed income securities held at March 31, 2014 mature at various dates to March 2019 (2013 - various dates to February 2018) and bear interest at rates ranging from 2.000% to 4.650% per annum (2013 - 2.000% to 5.125%).

4. Endowment investments

Restricted investments represent that portion of endowment funds that are to be held in perpetuity by the University and are not available for use for operations or capital purchases. Only the income from the investments is available to the University, and in some cases only a part of the income. The balance must be reinvested to maintain the capital.

In accordance with University policy, endowment funds are invested in highly liquid securities that are not rated lower than A by Canadian Bond Rating Service at the time of investment. Permitted securities include government bonds, commercial paper, term deposits, guaranteed investment certificates, banker's acceptances and corporate bonds.

Capitalization on investments is 10% of the income earned on the endowment. The uncapitalized portion of income earned is available for disbursement to students in the form of scholarships, bursaries and awards.

	2013	Earned	Transfer fund	Amounts Received/ spent	Amounts 2014
Trust Fund Endowment					
Principal contribution	$ 4,642,521	$ 233,712	$ 56,227	$ -	$ 4,932,460
Investment income earned	87,534	98,574	-	(111,115)	74,993
Total	$ 4,730,055	$ 332,286	$ 56,227	$ (111,115)	$ 5,007,453

5. Investments in Government Business Enterprises

The University has a 25% share of the GNW Campus Trust.

	2014	2013
Investment in GNW Campus Trust	$ 14,667,611	$ 13,527,486
Other comprehensive income	571,962	167,112
	$ 15,239,573	$ 13,694,598

	2014	2013
Investment at beginning of year	$ 13,694,598	$ 13,238,861
Distributions declared	(157,076)	(1,260,367)
Contributions from Emily Carr	1,260,366	-
Net earnings	36,835	1,555,354
Other comprehensive income	404,850	160,750
Investment at end of year	$ 15,239,573	$ 13,694,598

5. Investments in Government Business Enterprises (continued)

The University's 25% share of the GNW Campus Trust is of the following:

	2014	2013
Financial assets	$ 9,317,926	$ 10,402,375
Liabilities	5,527,680	7,840,334
Net assets	3,790,246	2,562,041
Non-financial assets	11,449,327	11,132,557
Accumulated surplus	$ 15,239,573	$ 13,694,598

	2014	2013
Revenue	$ 6,939,175	$ 4,759,967
Expenses	6,902,340	3,204,613
Surplus for the year	$ 36,835	$ 1,555,354

6. Tangible capital assets

Cost	2013	Additions	Disposals	2014
Buildings	$ 27,706,288	$ 268,203	$ -	$ 27,974,491
Buildings – work in progress	1,824,584	2,140,113	-	3,964,697
Equipment – general	1,053,685	113,302	(58,813)	1,108,174
Equipment – computer	1,175,992	407,238	(197,841)	1,385,389
Library collection	724,523	54,481	(66,803)	712,201
Leasehold improvements	261,479	-	-	261,479
Leases – digital equipment	644,571	151,472	-	796,043
Total	$ 33,391,122	$ 3,134,809	$ (323,457)	$ 36,202,474

Accumulated amortization	2013	Disposals	Amortization expense	2014
Buildings	$ 8,541,880	$ -	$ 696,010	$ 9,237,890
Buildings – work in progress	-	-	-	-
Equipment – general	517,647	(58,813)	222,067	680,901
Equipment – computer	450,636	(197,841)	406,203	658,998
Library collection	367,920	(66,803)	75,176	376,293
Leasehold improvements	149,809	-	52,296	202,105
Leases – digital equipment	293,959	-	192,621	486,580
Total	$ 10,321,851	$ (323,457)	$ 1,644,373	$ 11,642,767

6. Tangible capital assets (continued)

	Net book value 2013	Net book value 2014
Buildings	$ 19,164,408	$ 18,736,601
Buildings – work in progress	1,824,584	3,964,697
Equipment – general	536,038	427,273
Equipment – computer	725,356	726,391
Library collection	356,603	335,908
Leasehold improvements	111,670	59,374
Leases – digital equipment	350,612	309,463
Total	$ 23,069,271	$ 24,559,707

(a) Buildings – work in progress

The buildings – work in progress relates to the Great Northern Way Campus development and the capitalized costs to date are not amortized until the asset is available for production use.

(b) Works of art and historical treasures

The University manages and controls various works of art including drawings, prints, lithographs and etchings located on site in public display areas. These assets have an appraised value of $983,599, but are not recorded as tangible capital assets on these financial statements.

7. Accounts payable and accrued liabilities

	2014	2013
Trade accounts payable and accrued liabilities	$ 1,727,650	$ 1,809,867
Accrued payroll benefits		
Holiday pay	1,159,830	1,018,793
Banked overtime	18,251	14,775
Gratuity days	154,274	155,377
Early retirement incentives	486,904	690,767
	$ 3,546,909	$ 3,689,579

8. Employee future benefits

(a) Multi-employer pension plans

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan (the "Plan"), jointly trusteed pension plans. The boards 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 contributory pension plans. Basic pension benefits provided are based on a formula. The College Pension Plan has about 13,000 active members from college senior administration and instructional staff and approximately 6,000 retired members. The Municipal Pension Plan has approximately 179,000 active members, with approximately 5,700 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2012 indicated a $105 million funding deficit for basic pension benefits. The next valuation will be as at August 31, 2015 with results available in 2016. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan 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 Plan. The University's employer contributions to the plans amounted to $1,293,214 in 2014 (2013 - $1,194,394).

9. Deferred contributions

	2013	Amounts Received	Amortized as revenue	2014
Provincial Operating	$ 457,390	$ 326,293	$ (257,474)	$ 526,209
Federal Operating	609,998	981,990	(956,466)	635,522
Other Operating	1,180,582	2,715,808	(778,021)	3,118,369
Subtotal	2,247,970	4,024,091	(1,991,961)	4,280,100
Provincial Capital	20,072,404	2,719,586	(733,599)	22,058,391
Federal Capital	1,888,639	310,267	(275,748)	1,923,158
Other Capital	2,241,871	85,824	(362,438)	1,965,257
Subtotal	24,202,914	3,115,677	(1,371,785)	25,946,806
Total	$ 26,450,884	$ 7,139,768	$ (3,363,746)	$ 30,226,906

10. Commitments

(a) Operating and building leases

The University has entered into operating leases with respect to land, premises and operating equipment. The University is obligated to make the following minimum lease payments in each of the next five fiscal years ending March 31:

2015	$ 900,083
2016	887,163
2017	459,436
2018	288,521
2019	288,521
	$ 2,823,724

(b) GNW Campus Trust commitments

(i) The GNW Campus Trust has provided letters of guarantee totaling $3,469,309 (2012 - $540,446) for various on-site and off-site servicing and street works projects.

(ii) The GNW site is currently zoned pursuant to CD-1 (401) *Comprehensive Development Zone*. A condition of the CD-1 zoning is related to servicing and engineering obligations both on and off the site. When the site was partially gifted, these obligations were assumed by the Trust when it and the partner institutions entered into an Assignment and Assumptions Agreement with the City of Vancouver in 2002. This agreement pertains to the entire land area under CD-1 (402) zoning, including land not owned by the Trust. This agreement obligates the Trust to reimburse the City of Vancouver for certain costs in addition to carrying out certain on-site and off-site servicing works. The timing of payments is largely contingent on activities that may be performed by the GNW Campus Trust in the coming years as part of its site development plan.

(iii) The GNW Campus Trust leases certain computer and printing equipment under operating leases. Minimum annual lease payments to the end of the lease terms in 2014 are $9,840.

(iv) Effective September 1, 2010, the GNW Campus Trust entered into a Management Services Agreement with SFU whereby SFU will provide certain budget and financial services, student services, and academic and administrative services relating to the Masters in Digital Media program. The Trust agrees to pay SFU five percent (5%) of the gross tuition and mandatory fees in return for these services.

11. Capital lease obligation

The University has entered into capital leases with respect to computer equipment. The principal and interest payments are as follows:

	2014	2013
2014	$ -	$ 160,999
2015	118,545	93,466
2016	70,100	29,111
2017	42,833	1,844
2018	933	-
Total minimum lease payments	232,411	285,420
Amount representing interest	(20,370)	(26,760)
Capital lease obligations	$ 212,041	$ 258,660

12. Expenses by object

The following is a summary of expenses by object:

	2014	2013
Salaries and benefits	$ 21,116,039	$ 20,455,016
HR programs and professional development	361,798	361,868
Library services	103,290	103,799
Scholarships, bursaries and awards	571,292	396,077
Student recruitment and development	495,956	812,333
Counselling and interpreting	104,040	105,646
Communications	451,247	402,067
Advertising and promotions	470,012	425,037
University memberships	121,794	95,595
Information technology	460,419	347,266
Facility services	635,484	637,301
Leases and rentals	1,010,495	1,043,160
Guest artists and speakers	173,389	135,210
Professional services	546,704	452,932
Supplies	450,882	439,966
Repairs and maintenance	130,593	166,732
Utilities	395,339	340,167
Cost of goods sold	76,258	96,480
Amortization	1,644,373	1,585,471
Other	286,301	492,883
	$ 29,605,705	$ 28,895,006

13. Funds held by Vancouver Foundation

The University has endowment funds of $627,625 (2013 - $570,992) with the Vancouver Foundation. These funds are permanent funds with the Foundation which provides income for scholarships, bursaries and other student aid at the University. The funds are not under University ownership or control. The University has recorded its contributions to the funds as donation expenses. The University received amounts totaling $19,547 (2013 - $19,371) as income from the funds during the year.

14. Financial risk management

The University 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 University has identified its major risks and ensures that management monitors and controls them.

(a) Fair values

Generally accepted accounting principles define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying values of cash and cash equivalents, investments, accounts receivable and accounts payable approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

All of the University's financial instruments are measured at fair value based on the Level 2 method, using inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(b) Liquidity risk

Liquidity risk is the risk that the University is not able to meet its financial obligations as they become due, or can only do so at excessive costs. The University establishes budgets and cash flow projections to ensure it has the necessary funds, including access to a bank operating line of credit to fulfill its obligations when due.

(c) Market risk

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

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

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

14. Financial risk management (continued)

(d) Credit risk

Credit risk is the risk of financial loss to the University if a student 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, amounts receivable and investments. The risk is mitigated by ensuring the majority of receivables are collected prior to delivery of programs.

The University's exposure to credit risk is influenced mainly by the individual characteristics of each student. The University is exposed to credit risk in the event of non-payment of billings. This risk is mitigated by the University's prompt collection process and ability to withhold transcripts.

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

15. Accumulated surplus

Accumulated surplus is comprised of the following:

	2014	2013
Equity of GNW Campus Trust	$ 15,239,573	$ 13,694,598
Invested in tangible capital assets	865,330	857,954
Internally restricted for special projects	610,402	582,004
Internally restricted for student awards	453,736	397,765
Endowments	4,932,460	4,642,521
Unappropriated surplus	2,025,314	2,591,416
	$ 24,126,815	$ 22,766,258