

Financial Statements of

RED RIVER COLLEGE

Year ended June 30, 2007



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AUDITORS' REPORT

To the Board of Governors of Red River College

We have audited the statement of financial position of Red River College as at June 30, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our examination did not extend to the budget which has been provided as additional information and therefore we do not express any opinion concerning the budget.

Signed "KPMG LLP"

Chartered Accountants

Winnipeg, Canada

September 7, 2007

RED RIVER COLLEGE

Statement of Financial Position
(In thousands of dollars)

June 30, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash and short-term investments - trust and endowment (note 3)	\$ 1,061	\$ 3,979
Cash and short-term investments (note 3)	6,478	2,265
Accounts receivable (note 4)	3,171	3,214
Current portion of note receivable - RRC Students' Association [note 20(a)]	40	-
Inventories	693	958
Prepaid expenses and other assets (note 5)	2,589	3,089
	<u>14,032</u>	<u>13,505</u>
Long term investments - trust and endowment (note 6)	8,656	4,273
Due from Province of Manitoba (note 7)	9,253	9,253
Note receivable - RRC Students' Association [note 20(a)]	210	-
Capital assets (note 8)	70,166	72,189
Intangible asset	10	12
	<u>\$ 102,327</u>	<u>\$ 99,232</u>

Liabilities and Net Assets

Current liabilities:		
Bank indebtedness (note 9)	\$ 255	\$ 1,340
Accounts payable and accrued liabilities (note 10)	22,728	19,754
Current portion of obligations under capital leases (note 11)	1,615	1,458
Deferred revenue	4,150	4,559
	<u>28,748</u>	<u>27,111</u>
Obligations under capital leases (note 11)	1,272	1,350
Deferred contributions (note 12)	3,395	3,087
Deferred capital campaign contributions (note 13)	3,342	3,431
Deferred contributions related to capital assets (note 14)	50,583	53,181
Net assets:		
Invested in capital and intangible assets (note 15)	13,364	12,785
Restricted for endowments (note 16)	8,205	7,078
Internally restricted (note 16)	2,803	1,145
Unrestricted net assets	<u>(9,385)</u>	<u>(9,936)</u>
Commitments [notes 14, 19 and 20(a)]	14,987	11,072
	<u>\$ 102,327</u>	<u>\$ 99,232</u>

See accompanying notes to financial statements.

Approved by the Board of Governors:



Chair



Vice-Chair

RED RIVER COLLEGE

Statement of Operations
(In thousands of dollars)

Year ended June 30, 2007, with comparative figures for 2006

	Budget (Unaudited)	2007	2006
Revenue:			
Academic training fees	\$ 22,309	\$ 26,387	\$ 24,874
Grants and reimbursements	67,496	66,996	62,553
International education	800	974	776
Continuing education	8,259	7,788	7,327
Sundry and other revenue	12,779	11,609	9,679
Gain (loss) on disposal of capital assets/investments	—	(14)	2
Amortization of deferred contributions	5,095	5,168	5,301
	<u>116,738</u>	<u>118,908</u>	<u>110,512</u>
Expenses:			
Instruction	63,976	66,546	60,747
Library	1,717	1,831	1,705
Administration and general	24,873	20,173	18,981
Physical plant	14,739	14,154	13,423
Student services	3,555	3,953	3,662
Amortization of capital and intangible assets	6,600	8,735	8,227
	<u>115,460</u>	<u>115,392</u>	<u>106,745</u>
Excess of revenue over expenses before other items	1,278	3,516	3,767
Other item: Net increase in accrued vacation and severance liability	(1,278)	(728)	(765)
Excess of revenue over expenses	<u>\$ —</u>	<u>\$ 2,788</u>	<u>\$ 3,002</u>

See accompanying notes to financial statements.

RED RIVER COLLEGE

Statement of Changes in Net Assets (In thousands of dollars)

Year ended June 30, 2007, with comparative figures for 2006

	Invested in capital and intangible assets	Restricted for endow- ments	Internally restricted	Unrestricted	2007 Total	2006 Total
Balance, beginning of year	\$ 12,785	\$ 7,078	\$ 1,145	\$ (9,936)	\$ 11,072	\$ 6,768
Endowment gifts	–	1,127	–	–	1,127	1,227
Amounts restricted for endowments	–	–	–	–	–	75
Transfer to internally restricted	–	–	1,658	(1,658)	–	–
Excess (deficiency) of revenue over expenses	(4,002)	–	–	6,790	2,788	3,002
Investment in capital assets	4,581	–	–	(4,581)	–	–
Balance, end of year	\$ 13,364	\$ 8,205	\$ 2,803	\$ (9,385)	\$ 14,987	\$ 11,072

See accompanying notes to financial statements.

RED RIVER COLLEGE

Statement of Cash Flows
(In thousands of dollars)

Year ended June 30, 2007, with comparative figures for 2006

	2007	2006
Operating activities:		
Excess of revenue over expenses	\$ 2,788	\$ 3,002
Adjustments for:		
Amortization of intangible assets	2	2
Amortization of capital assets	8,733	8,227
Amortization of deferred capital contributions	(4,747)	(4,743)
Other deferred contributions recognized as revenue	(2,083)	(2,282)
Other deferred contributions received	2,484	2,319
Trust funds used to support College activities	(99)	—
Loss (gain) on disposal of capital assets	14	(2)
Change in non-cash working capital balances (note 17)	3,373	(674)
	<u>10,465</u>	<u>5,849</u>
Investing activities:		
Purchase of capital assets	(4,706)	(7,037)
Long-term investment for trust and endowment	(4,383)	(4,025)
Proceeds on disposal of capital assets	—	2
Loan provided to RRC Students' Association	(250)	—
	<u>(9,339)</u>	<u>(11,060)</u>
Financing activities:		
Endowment gifts received	1,126	1,227
Contributions received for capital purposes	1,831	3,507
Capital campaign contributions	208	195
Repayment of obligations under capital leases	(1,911)	(2,147)
	<u>1,254</u>	<u>2,782</u>
Increase (decrease) in cash and short-term investments	2,380	(2,429)
Cash and short-term investments, beginning of year	4,904	7,333
Cash and short-term investments, end of year	<u>\$ 7,284</u>	<u>\$ 4,904</u>
Comprised of:		
Cash and short-term investments - trust and endowment	\$ 1,061	\$ 3,979
Cash and short-term investments	6,478	2,265
Bank indebtedness	(255)	(1,340)
	<u>\$ 7,284</u>	<u>\$ 4,904</u>

The following have been excluded from the financing and investing activities on the statement of cash flows:

The portion of the purchase price of assets under capital lease satisfied by the assumption of debt in the amount of \$1,990 (2006 - \$1,850).

See accompanying notes to financial statements.

RED RIVER COLLEGE

Notes to Financial Statements
(In thousands of dollars)

Year ended June 30, 2007

1. General:

Red River College (the College) operates under the authority of *The Colleges Act of Manitoba*. This legislation, which established the College as a board-governed institution on April 1, 1993, allowed for the transfer of assets, liabilities, investment in capital assets and contributed surplus from the Province of Manitoba (the Province). The College is a registered charity under the *Income Tax Act*.

2. Significant accounting policies:

(a) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(b) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at their fair value at the time of the donation. Library holdings are accounted for using the base stock method. Under this method, the value of the base stock is capitalized, but subsequent purchases are not capitalized because it has been determined that annual additions are approximately equal to reductions. Capital assets are amortized on a straight-line basis using an annual rate of:

Asset	Rate
Buildings	2.5%
Major renovations	5%
Equipment and furniture	10 - 20%
Computer equipment and software	20 - 33%
Vehicles	20%
Aircraft	5%
Leasehold improvements	Over the term of the lease

(c) Donations:

Donations are recorded when received. Donations of materials and equipment are recorded at fair value.

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

2. Significant accounting policies (continued):

(d) Revenue recognition:

The College follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

The unearned portion of tuition fees and contractual training revenue received but not earned until next fiscal year is recorded as deferred revenue.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(e) Intangible asset:

The intangible asset is recorded at cost and is amortized on a straight-line basis using an annual rate of 10 percent.

(f) Deferred contributions:

Debt owing to the Province is reflected as deferred contributions in the statement of financial position. The related revenue earned from the Council on Post-Secondary Education (COPSE) to offset the interest expense and the related interest expense are both excluded from the statement of operations.

(g) Foreign currency translation:

Monetary assets and liabilities in foreign currencies have been translated into Canadian dollars at year end exchange rates with any gain or loss included in income in the year. Revenues and expenses have been translated at the exchange rate in effect at the transaction date.

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Short-term investments:

Short-term investment activity is transacted with the Department of Finance of the Province in short-term deposits. Interest rates on short-term investments range between 4.00 percent and 4.20 percent. Short-term investments mature between July 2007 and September 2007.

4. Accounts receivable

	2007	2006
Trust and endowment receivables	\$ 159	\$ 263
Other accounts receivable	3,012	2,951
	<u>\$ 3,171</u>	<u>\$ 3,214</u>

5. Prepaid expenses and other assets:

	2007	2006
Prepaid property taxes	\$ 1,320	\$ 1,274
Other prepaid expenses	992	1,332
Datatel flexible spending account	277	483
	<u>\$ 2,589</u>	<u>\$ 3,089</u>

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

6. Long-term investments:

	2007		2006	
	Fair value	Cost	Fair value	Cost
Cash and fixed term instruments	\$ 7,426	\$ 7,426	\$ 3,274	\$ 3,274
Equity investments	1,393	1,230	952	999
	<u>\$ 8,819</u>	<u>\$ 8,656</u>	<u>\$ 4,226</u>	<u>\$ 4,273</u>

Fair value as represented above was derived from the quoted market value of investments.

7. Due from Province of Manitoba:

The balance due from the Province is non-interest bearing, unsecured and has no fixed terms of repayment. This balance arose when the severance and vacation pay liabilities were transferred from the Province to the College in 1996. The amount of the receivable has been recorded on a non-discounted basis. The fair value of the receivable on a discounted basis would be significantly less than the carrying value and the difference would be materially impacted by the effective discount rate and timing of repayments utilized.

8. Capital assets:

	Cost	Accumulated amortization	2007	2006
			Net book value	Net book value
Equipment and furniture	\$ 26,336	\$ 17,843	\$ 8,493	\$ 9,994
Computer equipment and software	19,907	15,872	4,035	3,991
Major renovations	6,067	1,817	4,250	4,491
Buildings	48,472	3,936	44,536	45,165
Vehicles	208	103	105	67
Aircraft	1,716	356	1,360	1,446
Leasehold improvements	4,870	2,347	2,523	2,596
Construction in progress	580	—	580	33
Assets under capital leases	9,408	6,347	3,061	3,183
Library holdings	1,223	—	1,223	1,223
	<u>\$ 118,787</u>	<u>\$ 48,621</u>	<u>\$ 70,166</u>	<u>\$ 72,189</u>

The assets under capital leases are amortized on a straight-line basis over the expected useful life of the assets. The amount of amortization charged to expense is \$2,113 (2006 - \$2,263).

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

8. Capital assets (continued):

The increase in net book value of capital assets is due to the following:

	2007	2006
Balance, beginning of year	\$ 72,189	\$ 71,298
Purchase of capital assets:		
Funded by deferred capital contributions	1,831	3,507
Funded by deferred capital campaign contributions	208	195
Internally funded	4,581	5,483
Financed through capital lease proceeds	83	(300)
Donations of capital assets	21	231
Gain (loss) on disposal of capital assets	(14)	2
Amortization of capital assets	(8,733)	(8,227)
Balance, end of year	\$ 70,166	\$ 72,189

9. Bank indebtedness:

Bank indebtedness of \$255 (2006 - \$1,340) represents cheques issued in excess of cash on deposit with Royal Bank of Canada.

In addition, the College has a \$5,000 operating line of credit with the Province, bearing interest at prime.

10. Accounts payable and accrued liabilities:

	2007	2006
Trade payables	\$ 4,417	\$ 3,102
Trust and endowment payables	14	3
Accrued salaries and benefits	3,086	2,166
Accrued retirement severance pay	7,051	7,057
Accrued vacation pay	8,160	7,426
	\$ 22,728	\$ 19,754

Significant actuarial assumptions used in the severance obligations at June 30, 2007 and June 30, 2006 were:

Interest rate on obligations	7.00%
Employer current service cost as a percentage of salary	.62%

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

11. Obligations under capital leases:

The following is a schedule of future minimum lease payments under capital leases expiring between July 2007 and April 2012 together with the balances of the obligations under capital leases:

2008	\$	1,740
2009		916
2010		252
2011		127
2012		38
Total minimum lease payments		3,073
Less amount representing interest (ranging from 5% to 10%)		(186)
Balance of obligations		2,887
Current portion		1,615
	\$	1,272

Interest expense on the lease obligations amounted to \$181 (2006 - \$184).

12. Deferred contributions:

Deferred contributions represent the portion of the provincial operating grant and other contributions that pertains to expenditures of the following year and donations for various scholarships, bursaries and other specific purposes to be paid out in future years.

	2007	2006
Deferred provincial operating grant:		
Balance, beginning of year	\$ 1,657	\$ 1,724
Amount recognized as revenue during the year	(1,657)	(1,724)
Amount received related to following year	1,738	1,657
Balance, end of year	1,738	1,657
Deferred other contributions:		
Balance, beginning of year	1,430	1,401
Amount recognized as revenue during the year	(426)	(558)
Amount restricted for endowment	(1)	(75)
Trust funds used to support college operations	(99)	-
Amount received related to following year	753	662
Balance, end of year	1,657	1,430
	\$ 3,395	\$ 3,087

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

13. Deferred capital campaign contributions:

Deferred capital campaign contributions represent donations received for capital fundraising campaigns. The donations are being amortized on the same basis as the capital assets to which they relate. The changes in the deferred capital campaign contributions balance are as follows:

	2007		2006	
Balance, beginning of year	\$	3,431	\$	3,523
Less amortization of deferred capital campaign contributions during the year		(297)		(287)
Add donations received during the year		208		195
Balance, end of year	\$	3,342	\$	3,431

14. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of grants, donations and other revenue received for the purchase of capital assets.

The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions are as follows:

	2007		2006	
Balance, beginning of year	\$	53,181	\$	53,899
Less amortization of deferred contributions		(4,450)		(4,456)
Add:				
Contributions received for capital purposes		1,831		3,507
Donations-in-kind		21		231
Balance, end of year	\$	50,583	\$	53,181

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

14. Deferred capital contributions (continued):

Unamortized capital contributions of \$50,583 (2006 - \$53,181) include contributions received from the Province for the purchase of capital assets. The College has executed promissory notes for these contributions. The promissory notes are payable to the Department of Finance of the Province and the payment of these liabilities is guaranteed and funded by the COPSE. No new funding is expected to be received with respect to these obligations and no revenue or expense is recorded in accordance with their extinguishment, except for the amortization of the deferred contributions. The balances of the promissory notes are as follows:

	2007	2006
Phase 1 - 6.6% interest, maturing June 30, 2042, repayable in monthly instalments of \$71 including principal and interest	\$ 12,097	\$ 12,190
Phase 2 - 6.3% interest, maturing June 30, 2043, repayable in monthly instalments of \$122 including principal and interest	20,960	21,111
Phase 3 - 6.3% interest, maturing June 30, 2043, repayable in monthly instalments of \$46 including principal and interest	8,621	8,680
	<u>\$ 41,678</u>	<u>\$ 41,981</u>

15. Investment in capital and intangible assets:

The investment in capital and intangible assets consists of the following:

	2007	2006
Capital assets, net book value	\$ 70,166	\$ 72,189
Intangible assets, net book value	10	12
Less:		
Amounts financed by deferred capital campaign contributions	(3,342)	(3,431)
Deferred capital contributions	(50,583)	(53,181)
Amounts financed by capital lease	(2,887)	(2,804)
Balance, end of year	<u>\$ 13,364</u>	<u>\$ 12,785</u>

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

15. Investment in capital and intangible assets (continued):

The change in investment in capital and intangible assets is calculated as follows:

	2007	2006
Purchase of capital assets internally financed	\$ 4,581	\$ 5,483
Amortization of:		
Capital and intangible assets	(8,735)	(8,229)
Deferred capital contributions	4,450	4,456
Deferred capital campaign contributions	297	287
Gain (loss) on disposal of capital assets	(14)	3
Increase in investment in capital and intangible assets	\$ 579	\$ 2,000

16. Restrictions on net assets:

Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on these resources is externally restricted to provide various scholarships, bursaries and other expenditures.

Internally restricted net assets consist of the following:

	2007	2006
Princess Street campus structural reserve	\$ 537	\$ 430
Notre Dame campus structural reserve	200	—
Contract training net proceeds	1,266	715
Campus renovations reserve	800	—
Balance, end of year	\$ 2,803	\$ 1,145

Under college internal best practice guidelines, net proceeds earned from designated contract training activities are restricted and eligible for expenditure under certain conditions, in the years following contract completion.

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

17. Change in non-cash working capital balances:

	2007	2006
Accounts receivable	\$ 43	\$ (520)
Inventories	265	(58)
Prepaid expenses and other assets	500	(1,006)
Accounts payable and accrued liabilities	2,974	467
Deferred revenue	(409)	443
Change in non-cash working capital	\$ 3,373	\$ (674)

18. Pension costs and obligations:

The College, together with other related and unrelated parties, is part of a defined benefit pension plan (Civil Service Superannuation Plan) that satisfies the definition of a multi-employer plan. The costs of the benefit plan are not allocated to the individual entities within the group. As a result, individual entities within the group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants Handbook, Section 3461.

The expense related to the pension plan was \$805 (2006 - \$587). These contributions represent the total pension obligations of the College. The College is not required under present legislation to make contributions with respect to any actuarial deficiencies of the plan.

19. Commitments:

The College leases classroom and office space in Winnipeg, Portage la Prairie, Steinbach and Winkler, Manitoba. The College has also contracted for services, as well as leased certain computer and other equipment. Minimum annual lease and contractual commitment payments for accommodation, services, construction costs and equipment, in aggregate, for each of the next five years, is approximately as follows:

2008	\$	1,913
2009		1,731
2010		1,194
2011		915
2012		904
	\$	6,657

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

19. Commitments (continued):

The College has received approval to construct a Heavy Equipment Training Centre at the Notre Dame campus for an estimated cost of \$15.1 million. Construction is expected to commence in early 2008.

The Centre will be secured by a promissory note and will be funded both internally and through funding from the Province and other capital contributions. The College plans to account for the funding of the building as a deferred capital contribution (note 14).

20. Related parties:

(a) Red River College Students' Association Inc.:

The Red River College Students' Association (the Students' Association) is an organization significantly influenced by the College. The Students' Association is responsible for providing services such as health and dental benefits, study and lounging areas, and a voice on the College's Board of Governors to students of the College. The Students' Association and the Students' Association Building Fund (SABF) are incorporated under the *Corporations Act* of Manitoba and operate on a not-for-profit basis. SABF is a wholly-owned subsidiary of the Students' Association. In the current year, the College agreed to loan \$375 to SABF and during the year advanced \$250 to be used to construct a new student lounge on the Notre Dame campus. The remaining \$125 will be advanced in 2008. The note receivable is unsecured and non-interest bearing. Repayment is set to begin in February 2008 and the balance will be repaid as follows:

2008	\$	40
2009		100
2010		105
2011		105
2012		25
	\$	375

The net assets and results of operations of the Students' Association and SABF are not included in the statements of the College.

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

20. Related parties (continued):

(b) Crecomm Radio Inc.:

Crecomm Radio Inc. (Crecomm), is an organization controlled and partially funded by the College. It operates a campus radio station and provides training and educational opportunities for Creative Communication students. Crecomm is incorporated under the *Corporations Act of Manitoba*. As at June 30, 2007, net assets of Crecomm amount to a deficit of \$125 and there is a balance owing to the College of \$138.

The net assets and results from operations of Crecomm are not included in the statements of the College.

(c) Canadian Animal Blood Bank Inc.:

The Canadian Animal Blood Bank Inc. (the Blood Bank) is a significantly influenced investee owned 50 percent by the College and 50 percent by the Manitoba Veterinary Medical Association. The Blood Bank is dedicated to improving veterinary care by providing blood products for animals who require transfusion therapy. The Blood Bank is incorporated under the *Corporations Act of Manitoba* and operates on a not-for-profit basis. As at May 31, 2007, net resources of the Blood Bank amount to \$84.

The net assets and results of operations of the Blood Bank are not included in the statements of the College.

21. Financial instruments:

Credit risk:

Credit risk is the risk to the College's earnings arising from the risk that a counter party to a transaction is unable to satisfy its obligations to the College. Credit risk is mitigated by the fact that the College's accounts receivable are comprised of a large number of comparatively small individual balances.

RED RIVER COLLEGE

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2007

21. Financial instruments (continued):

Fair value:

The carrying amounts of short-term financial assets and liabilities are a reasonable estimate of their fair values because of the short maturity of those instruments. Short-term financial assets are comprised of cash, short-term investments and accounts receivable. Short-term financial liabilities are comprised of accounts payable and accrued liabilities and current portion of obligations under capital leases. The fair value of obligations under capital leases are also approximately equal to their carrying amounts. The fair value of the long-term investments is disclosed in note 6.

The fair value of the note receivable from the Red River College Students' Association and the balance due from the Province of Manitoba is not readily determinable due to the underlying terms and conditions.

22. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.