

**YUKON COLLEGE**  
**FINANCIAL STATEMENTS**  
**June 30, 2006**  
**(audited)**

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**YUKON COLLEGE**  
**Management Responsibility**

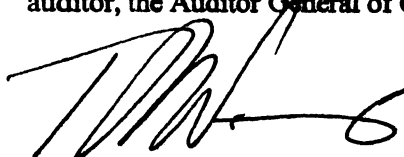
The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include estimates based on the experience and judgement of management. The financial statements present fairly the financial position of the College as at June 30, 2006, and the results of its operations, changes in net assets and cash flows for the year then ended.

The College maintains books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of College objectives and that operations are carried out effectively.

These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with the *College Act*, bylaws and policies of the College.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls and other relevant financial matters. The Board of Governors has reviewed and approved the financial statements.

These financial statements for the year ended June 30, 2006 have been independently audited by the College's auditor, the Auditor General of Canada, and her report is included herein.



Dr. Terry Weninger  
President



W. Coghill  
Director, Administrative Services

October 27, 2006



## AUDITOR'S REPORT

To the Board of Governors:

I have audited the statement of financial position of the Yukon College as at June 30, 2006 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2006 and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Sheila Fraser*

Sheila Fraser, FCA  
Auditor General of Canada

Vancouver, Canada  
October 27, 2006

**YUKON COLLEGE**  
**Statement of Financial Position**  
**as at June 30, 2006**

**ASSETS**

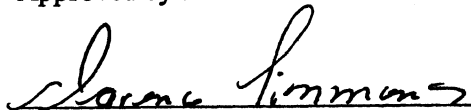
	<u>2006</u>	<u>2005</u>
<b>Current Assets</b>		
Cash and cash equivalents (Note 5)	\$ 16,569,748	\$ 14,976,373
Accounts receivable	758,718	1,063,960
Inventories	146,742	173,912
Prepaid expenses	<u>15,649</u>	<u>13,369</u>
	17,490,857	16,227,614
<b>Other Assets</b>		
Investments (Note 6)	1,939,457	1,978,301
Accrued pension benefit (Note 7)	4,663,200	3,824,100
Equipment and leasehold improvements, net (Note 8)	<u>1,543,495</u>	<u>1,696,134</u>
	<u>\$ 25,637,009</u>	<u>\$ 23,726,149</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 903,294	\$ 807,891
Deferred contributions (Note 9)	<u>13,725,430</u>	<u>12,595,863</u>
	<u>14,628,724</u>	<u>13,403,754</u>
<b>Long -term Liabilities</b>		
Other employee future benefits (Note 7)	<u>2,533,900</u>	<u>2,315,900</u>
<b>Net Assets</b>		
Net assets - capital (Note 8)	1,543,495	1,696,134
Net assets - endowment (Note 10)	1,862,496	1,830,039
Net assets – unrestricted	<u>5,068,394</u>	<u>4,480,322</u>
	<u>8,474,385</u>	<u>8,006,495</u>
	<u>\$ 25,637,009</u>	<u>\$ 23,726,149</u>

Lease commitments (Note 15)

Approved by the Board of Governors



Chair



Member

The accompanying notes are an integral part of the financial statements.

**YUKON COLLEGE**  
**Statement of Operations**  
**for the year ended June 30, 2006**

	<u>2006</u>	<u>2005</u> (restated – see Note 3)
<b>Revenues</b>		
Contributions, Yukon Government (Note 12)	\$ 17,629,813	\$ 16,055,463
Third party contracts	5,616,467	6,214,895
Student assistance/scholarships	1,018,161	1,123,294
Sales, rentals and services	844,793	913,404
Tuition and registration fees	683,149	754,285
Interest income	357,034	251,869
Rebates and miscellaneous income	794,757	729,897
	<u>\$ 26,944,174</u>	<u>\$ 26,043,107</u>
<b>Expenses (Note 11)</b>		
Direct instruction	\$ 10,870,310	\$ 10,993,608
General administration	4,157,707	3,369,763
Direct instructional support	4,156,789	4,570,464
Facility services and utilities	2,730,367	2,624,313
Amortization of equipment and leasehold improvements	1,328,901	1,302,343
Research	1,153,204	952,492
Student assistance/scholarships	1,018,161	1,123,294
Cost of sales	782,941	730,924
Employee leave and termination benefits	210,687	201,038
Miscellaneous	99,673	95,068
	<u>\$ 26,508,740</u>	<u>\$ 25,963,307</u>
Operating surplus	<u>\$ 435,434</u>	<u>\$ 79,800</u>

The accompanying notes are an integral part of the financial statements.

**YUKON COLLEGE**  
**Statement of Changes in Net Assets**  
**for the year ended June 30, 2006**

				<u>2006</u>	<u>2005</u>
	<u>Unrestricted</u>	<u>Capital</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 4,480,322	\$ 1,696,134	\$ 1,830,039	\$ 8,006,495	\$ 7,915,383
Investment in equipment and leasehold improvements		176,262		176,262	355,757
Amortization of equipment and leasehold improvements		(1,328,901)		(1,328,901)	(1,302,343)
Equipment and leasehold improvements provided at no charge by Yukon Government		1,000,000		1,000,000	1,000,000
Change in net assets – capital	152,638			152,638	(53,410)
Endowment contributions			32,457	32,457	11,308
Operating surplus	<u>435,434</u>			<u>435,434</u>	<u>79,800</u>
Balance, end of year	<u>\$ 5,068,394</u>	<u>\$ 1,543,495</u>	<u>\$ 1,862,496</u>	<u>\$ 8,474,385</u>	<u>\$ 8,006,495</u>

	<u>2006</u>	<u>2005</u>
Determination of funds available for operations:		
Unrestricted fund balance, end of year	\$ 5,068,394	\$ 4,480,322
Add: Other employee future benefits (Note 14)	<u>2,533,900</u>	<u>2,315,900</u>
	<u>\$ 7,602,294</u>	<u>\$ 6,796,222</u>

The accompanying notes are an integral part of the financial statements.

**YUKON COLLEGE**  
**Statement of Cash Flows**  
**for the year ended June 30, 2006**

	<u>2006</u>	<u>2005</u> (restated – see Note 3)
<b>Cash flows provided by (used in) operating activities:</b>		
Operating surplus	\$ 435,434	\$ 79,800
Amortization of equipment and leasehold improvements	1,328,901	1,302,343
Decrease (increase) in non-cash working capital	555,102	(786,460)
Increase in accrued pension benefit asset	(839,100)	(572,500)
Increase in other employee future benefit liabilities	<u>218,000</u>	<u>207,900</u>
Net cash provided by operating activities	<u>1,698,337</u>	<u>231,083</u>
 <b>Cash flows from financing activities:</b>		
Endowment contributions	<u>32,457</u>	<u>11,308</u>
Total cash from financing activities	<u>32,457</u>	<u>11,308</u>
 <b>Cash flows used in investing activities:</b>		
Equipment and leasehold improvements acquired	(176,262)	(355,757)
Decrease (increase) in investments	<u>38,843</u>	<u>(70,378)</u>
Net cash used in investing activities	<u>(137,419)</u>	<u>(426,135)</u>
 <b>Change in cash:</b>		
Net increase (decrease) in cash and cash equivalents	1,593,375	(183,744)
Cash and cash equivalents		
Beginning of year	<u>14,976,373</u>	<u>15,160,117</u>
End of year	<u>\$ 16,569,748</u>	<u>\$ 14,976,373</u>

The accompanying notes are an integral part of the financial statements.



**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**1. Purpose of the organization**

Yukon College is a post-secondary educational institution and is incorporated under the *College Act*. The College is a not-for-profit organization and is a registered charity under the *Income Tax Act*. A significant portion of its funding is provided by the Government of the Yukon. The College is not an institution of the Government of the Yukon and, except to the extent an agency relationship is created by contracts with the Government, the College is not an agent of the Government.

The purpose of Yukon College is to provide excellent, relevant and accessible learning opportunities.

**2. Significant accounting policies**

**a) Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, and the accounting policies adopted are consistent with the recommendations of the Canadian Association of University Business Officers.

**b) Cash and cash equivalents**

Cash and cash equivalents include banker acceptance notes with an original maturity of less than 90 days with Canadian financial institutions.

**c) Equipment and leasehold improvements**

Purchased equipment and leasehold improvements are recorded at cost. Amortization is provided on the straight-line basis over the assets' estimated useful lives, which range from three to twenty years. No amortization is taken in the year of acquisition. A full year's amortization is taken in the year of disposal.

Works of Art are capitalized at cost and no amortization is recorded.

**d) Employee future benefits**

Pension benefits

The Yukon College Employees' Pension Plan is a contributory defined benefit pension plan. The pension plan fund provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of Yukon College. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the Federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30<sup>th</sup>. For any unfunded pension liability, the College is contributing the balance of the costs of the plan as determined by the actuary. Contributions by the College are recorded in the financial statements using an accrued benefit method. The College has contracted with external organizations to provide the services of trustee, administrator, and investment manager for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**2. Significant accounting policies (continued)**

**d) Employee future benefits (continued)**

Pension benefits (continued)

The College accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 10 years.

Other non-pension benefits

The cost of benefit plans, other than pension, including severance benefits, sick leave and managers' accrued leave is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, retirement ages of employees, and is recognized over the period in which the benefits are earned. The College accrues vacation and severance benefits for employees as earned.

The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by these plans is 10 years.

**e) Deferred contributions**

Yukon College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenues received for a future period are deferred until the services are provided.

**f) Revenue recognition**

Revenues received without restrictions include tuition and related fees, and sales of services and products. These are recognized as revenue at the time the product or services are delivered.

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized in an amount equal to the amount reported as expenditures under the terms of the restrictions.

**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**2. Significant accounting policies (continued)**

**f) Revenue recognition (continued)**

Endowment contributions, including interest earned, are recognized as direct increases in endowment net assets.

**g) Net assets**

The entire balance of unrestricted net assets has been internally appropriated by the Board of Governors for anticipated fiscal requirements not funded from other sources (see note 14).

Capital net assets are appropriated for equipment and leasehold improvements.

Endowment net assets are set aside for specific purposes. The principal must remain unexpended, but associated investment income may be expended in accordance with the various purposes established by the donors or the Board of Governors.

**h) Internal appropriations**

Internal appropriations are established under the authority of the Board of Governors, by appropriation from unrestricted net assets and other employee future benefits to provide for anticipated fiscal requirements not funded from other sources.

**i) Services provided without charge**

The free rental of the College's main campus and certain other facilities provided by the Government is recorded as contribution revenue and certain offsetting operating expenses (see Note 12).

**3. Change in Accounting Policy**

In accordance with the recommendations in the CICA Handbook, the College has chosen to recognize services received from the Government of Yukon at fair value (see Note 12). Recording the value of services provided without charge by the Government recognizes and discloses the full cost of operations of the College.

There is no effect on the 2006 net operating results of the College as a result of this change. However individual financial statement items have been affected as follows:

	<u>2006</u>	<u>2005</u>
Contributions, Yukon Government – increased	2,548,100	2,548,100
General administration expenses – increased	43,000	43,000
Facility services and utilities expenses – increased	1,505,100	1,505,100
Amortization of equipment and leasehold improvements expense – increased	1,000,000	1,000,000

This change in accounting policy has been applied retrospectively and certain prior year comparative revenue and expense figures have been restated.

**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**4. Financial instruments**

Accounts receivable, accounts payable and accrued liabilities are the result of the transactions incurred in the normal course of business, have no significant credit risks, and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

**5. Cash and cash equivalents**

	<u>2006</u>	<u>2005</u>
Cash	\$ 568,803	\$ 275,623
Bankers acceptances	<u>16,000,945</u>	<u>14,700,750</u>
Total cash and cash equivalents	<u>\$ 16,569,748</u>	<u>\$ 14,976,373</u>

The carrying value of cash and cash equivalents approximates their fair market values due to the relatively short-term maturity of these financial instruments.

The College is exposed to interest rate risk arising from fluctuations in interest rates on its cash and equivalents. In addition, the College is also exposed to credit and concentration risk for its cash and equivalents. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2006 is 3.2% (2005 – 2.1%).

The College has, if needed, an operating demand line of credit with its banker that allows the College to borrow up to \$500,000 at bank prime. The credit line was unused at year-end. The College's credit facility interest rates are subject to fluctuations in the prime rate.

**6. Investments**

	<u>2006</u>	<u>2005</u>
Short-term deposits	\$ 245,314	\$ 311,509
Bankers acceptances	<u>1,694,143</u>	<u>1,666,792</u>
	<u>\$ 1,939,457</u>	<u>\$ 1,978,301</u>

The carrying value of short-term deposits and bankers acceptances approximates their fair market values due to the relatively short-term maturity of these financial instruments.

The College is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments. In addition, the College is also exposed to credit and concentration risk for its short-term investments. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2006 is 3.2% (2005 – 2.1%)

A portion of the investments is internally restricted cash of which \$1,862,496 (2005 - \$ 1,830,039) is related to endowments.

**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**7. Employee future benefits**

a) Pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair value as reported by the custodian of the funds as at June 30, 2006, adjusted for known contributions/payments in transit at that date.

The Actuary calculated his values using appropriate principles for the profession as follows:

	<u>2006</u>	<u>2005</u>
Fair value of plan assets	\$ 41,390,700	\$ 38,021,700
Accrued benefit obligation	<u>35,785,600</u>	<u>36,610,200</u>
Funded status – plan surplus	5,605,100	1,411,500
Unamortized net actuarial (gain) loss	(1,344,400)	1,929,600
Unamortized past service costs	<u>402,500</u>	<u>483,000</u>
 Accrued pension benefit asset	 <u>\$ 4,663,200</u>	 <u>\$ 3,824,100</u>

The actuarial valuation for funding purposes performed by the actuary as of June 30, 2005 established the College's required contributions as 253% of employee contributions. Under the economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service cost of the plan benefits.

The College contribution rate will be revised following the completion of the next actuarial valuation for funding purposes as at June 30, 2006, due to be filed with the federal pension regulator by December 31, 2006. Total benefit payments made in 2006 were \$ 2,633,700 (2005 - \$620,800).

The annual pension cost and change in accrued benefit asset are as follows:

	<u>2006</u>	<u>2005</u>
Accrued benefit asset, beginning of year	\$ 3,824,100	\$ 3,251,600
Less: Annual pension cost	(1,470,200)	(1,164,800)
Add: Contributions by College	<u>2,309,300</u>	<u>1,737,300</u>
 Accrued benefit asset, end of year	 <u>\$ 4,663,200</u>	 <u>\$ 3,824,100</u>

**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**7. Employee future benefits (continued)**

a) Pension benefits (continued)

The elements of defined pension plan benefit costs recognized in the year are as follows:

	<u>2006</u>	<u>2005</u>
Current service cost, net of employee contributions	\$ 2,136,800	\$ 1,478,200
Interest on accrued benefit obligation	1,926,800	1,960,200
Expected return on plan assets	(2,673,900)	(2,354,100)
Amortization of past service costs	<u>80,500</u>	<u>80,500</u>
 Pension costs	 <u>\$ 1,470,200</u>	 <u>\$ 1,164,800</u>

The plan assets are comprised of the following:

	<u>2006</u>	<u>2005</u>
Equities		
Canadian	37.35%	36.50%
Foreign	<u>20.25%</u>	<u>19.37%</u>
Total equities	<u>57.60%</u>	<u>55.87%</u>
Fixed income - Canadian		
Government	29.91%	31.08%
Corporate	<u>10.57%</u>	<u>7.96%</u>
Total fixed income	<u>40.48%</u>	<u>39.04%</u>
Short term investments		
Canadian	<u>1.46%</u>	<u>4.63%</u>
Total securities	99.54%	99.54%
Cash	0.07%	0.08%
Accrued income	<u>0.39%</u>	<u>0.38%</u>
 Total plan assets	 <u>100.00%</u>	 <u>100.00%</u>

Refer to Note 16 for information on the actuarial valuation for funding purposes.

**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**7. Employee future benefits (continued)**

**b) Other non-pension benefit plans**

These benefits are not funded. The actuarial valuation of the accrued benefit liability as at June 30, 2006 is as follows:

	<u>2006</u>	<u>2005</u>
Accrued benefit obligation, end of year	\$ 2,663,400	\$ 2,524,500
Unamortized actuarial loss	<u>(129,500)</u>	<u>(208,600)</u>
Accrued benefit liability, end of year	<u>\$ 2,533,900</u>	<u>\$ 2,315,900</u>

The annual benefit plan cost and change in accrued benefit liability are as follows:

	<u>2006</u>	<u>2005</u>
Accrued benefit liability, beginning of year	\$ 2,315,900	\$ 2,108,000
Add: Annual benefit plan cost	421,100	405,600
Less: Benefits paid by College	<u>(203,100)</u>	<u>(197,700)</u>
Accrued benefit liability, end of year	<u>\$ 2,533,900</u>	<u>\$ 2,315,900</u>

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation are as follows (weighted-average assumptions as of June 30<sup>th</sup>):

	<u>2006</u>	<u>2005</u>
Accrued benefit obligation as of June 30 <sup>th</sup> :		
Discount rate	5.75%	5.25%
Rate of compensation increase	4.00%	4.00%
Benefit costs for years ended June 30 <sup>th</sup> :		
Discount rate	5.25%	6.25%
Expected long-term rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	4.00%	4.00%

**8. Equipment and leasehold improvements**

	<u>2006</u>			<u>2005</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment – general	\$ 1,217,105	\$ 742,257	\$ 474,848	\$ 552,465
Leasehold improvements	1,218,168	404,518	813,650	840,821
Equipment – EDP	278,287	116,357	161,930	206,069
Furniture & fixtures	61,310	31,925	29,385	27,431
Art	52,349	-	52,349	52,349
Vehicles	<u>28,331</u>	<u>16,998</u>	<u>11,333</u>	<u>16,999</u>
Net assets - capital	<u>\$ 2,855,550</u>	<u>\$ 1,312,055</u>	<u>\$ 1,543,495</u>	<u>\$ 1,696,134</u>

**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**9. Deferred contributions**

These represent unspent resources which have been received and relate to expenditures that will occur in subsequent periods, and are therefore not amortized. The unrestricted portion relates to the timing of receipt of the government contributions. These are received on an annual basis on or about April 1 of each year and therefore a significant portion must be deferred. The restricted portion includes funds received for donations, scholarships, bursaries and other purposes.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2006 Total</u>	<u>2005 Total</u>
Balance, beginning of year	\$ 11,707,533	\$ 888,330	\$ 12,595,863	\$ 12,254,916
Less: amount recognized as revenue for the period	(11,707,533)	(888,330)	(12,595,863)	(12,254,916)
Add: amounts related to future periods	<u>12,803,989</u>	<u>921,441</u>	<u>13,725,430</u>	<u>12,595,863</u>
Balance, end of year	<u>\$ 12,803,989</u>	<u>\$ 921,441</u>	<u>\$ 13,725,430</u>	<u>\$ 12,595,863</u>

**10. Endowment**

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 1,830,039	\$ 1,818,731
Endowment contributions, including interest	<u>32,457</u>	<u>11,308</u>
Balance, end of year	<u>\$ 1,862,496</u>	<u>\$ 1,830,039</u>

**11. Expenditure by object**

	<u>2006</u>	<u>2005</u> (restated – see note 3)
Salaries, wages and benefits	\$ 17,018,532	\$ 16,407,442
Contract services	1,689,230	1,871,178
Utilities and communications	1,465,669	1,402,826
Other	1,432,099	1,450,568
Amortization of equipment and leasehold improvements	1,328,901	1,302,343
Materials and Supplies	1,128,548	1,080,848
Student assistance/scholarships	1,018,161	1,123,294
Cost of sales and ancillary services	782,941	730,924
Travel	433,972	392,846
Employee leave and termination benefits	<u>210,687</u>	<u>201,038</u>
	<u>\$ 26,508,740</u>	<u>\$ 25,963,307</u>



**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**12. Yukon Government contributions**

	<u>2006</u>	<u>2005</u>
Operating contributions	\$ 15,081,713	\$ 13,507,363
Services provided without charge	<u>2,548,100</u>	<u>2,548,100</u>
	\$ 17,629,813	\$ 16,055,463

The majority of the services provided without charge represent costs associated with facilities provided by the Yukon Government at a reduced, or no, charge. The fair value of these services is based on the Government's amortization expense (for the main campus), and on an estimated market value for other spaces, plus any related operating expenses.

**13. Related party transactions**

The College regularly enters into contracts for the provision of services to Departments of the Yukon Government. The value of these contracts is \$2,436,640 (\$2,898,610 - 2005)

**14. Internal appropriations**

The total of the unrestricted funds available for operations in future years has been internally appropriated and the balances allocated for the following:

	<u>2006</u>	<u>2005</u>
Equipment replacement	\$ 757,124	\$ 757,124
Human resource contingency	800,000	800,000
Lease obligations	313,220	313,220
Program development	430,057	430,057
First Nations programs	400,000	400,000
Northern Research Institute contingency	113,693	146,721
Residence reserve	25,000	25,000
Self insurance reserve	100,000	100,000
Accrued pension benefit asset	<u>4,663,200</u>	<u>3,824,100</u>
	<u>\$ 7,602,294</u>	<u>\$ 6,796,222</u>

**15. Lease commitments**

The following is a schedule of future minimum payments under operating leases and system maintenance contracts entered into for more than one year:

2006-2007	\$ 236,105
2007-2008	\$ 131,041
2008-2009	\$ 133,140
2009-2010	\$ 127,103
Thereafter	\$ 371,186

**YUKON COLLEGE**  
**Notes to Financial Statements**  
**June 30, 2006**

**16. Subsequent events**

Subsequent to year-end, the College has received the preliminary results of the actuarial valuation for funding purposes on the Yukon College Employees' Pension Plan as of June 30, 2006.

The significant points are:

- the surplus on an ongoing basis has increased since the last valuation (June 30, 2005) from \$4,393,600 to \$6,124,200.
- the deficit on a solvency basis has decreased since the last valuation from \$2,734,700 to \$2,054,400.
- assuming the member contributions remain at the rates in effect July 1, 2006, the minimum required contribution for the College is 247% of members' contributions plus annual special payments of \$464,000

The College is considering options to amortize the solvency deficit over 10 years (versus 5 years) contingent on further analysis, and the passage of Federal regulations that would permit this to occur.

The Government has provided a funding commitment to the College to provide \$1,251,600 per year for five years to address the solvency deficit. The College received the first payment in April 2006.

All required contributions to the Plan have been made.