

YUKON COLLEGE
FINANCIAL STATEMENTS
June 30, 2008

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YUKON COLLEGE
Management Responsibility

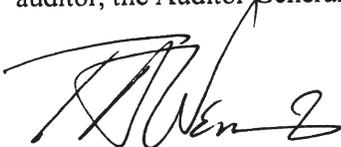
The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include estimates based on the experience and judgement of management. The financial statements present fairly the financial position of the College as at June 30, 2008, 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 external auditor to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters. The Board of Governors has reviewed and approved the financial statements.

These financial statements for the year ended June 30, 2008 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 31, 2008



AUDITOR'S REPORT

To the Board of Governors:

I have audited the statement of financial position of the Yukon College as at June 30, 2008 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, 2008 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.

Andrew Lennox, CGA, CMA
Assistant Auditor General
for the Auditor General of Canada

Vancouver, Canada
October 31, 2008

YUKON COLLEGE
Statement of Financial Position
as at June 30

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and cash equivalents (note 5)	\$ 17,604,558	\$ 16,580,996
Accounts receivable	1,304,981	719,929
Inventories	160,954	190,793
Prepaid expenses	<u>30,857</u>	<u>17,775</u>
	19,101,350	17,509,493
Other Assets		
Investments (note 6)	2,030,082	1,945,101
Accrued pension benefit (note 7)	5,943,500	5,349,500
Capital assets (note 8)	<u>1,842,667</u>	<u>1,558,270</u>
	<u>\$ 28,917,599</u>	<u>\$ 26,362,364</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued liabilities	\$ 1,272,274	\$ 846,540
Deferred contributions (note 10)	<u>15,416,101</u>	<u>14,008,784</u>
	<u>16,688,375</u>	<u>14,855,324</u>

Long -term Liabilities

Other employee future benefits (note 7)	<u>3,041,400</u>	<u>2,760,800</u>
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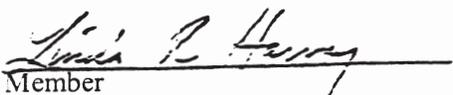
Net Assets

Capital (note 8)	1,842,667	1,558,270
Endowment (note 9)	1,931,930	1,895,864
Unrestricted	<u>5,413,227</u>	<u>5,292,106</u>
	<u>9,187,824</u>	<u>8,746,240</u>
	<u>\$ 28,917,599</u>	<u>\$ 26,362,364</u>

Lease commitments (note 15)
Contingent liabilities (note 18)

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

	<u>2008</u>	<u>2007</u>
Revenues		
Contributions, Government of Yukon (note 12)	\$ 19,982,703	\$ 17,476,063
Third party contracts	8,119,836	6,258,708
Sales, rentals and services	1,382,891	1,017,685
Miscellaneous income	664,379	553,589
Student assistance/scholarships	581,913	730,895
Tuition and registration fees	579,554	603,936
Interest income	483,913	483,888
Services to CWG 2007 (note 16)	-	749,946
	<u>\$ 31,795,189</u>	<u>\$ 27,874,710</u>
Expenses (note 11)		
Direct instruction	\$ 12,438,902	10,909,112
General administration	4,754,596	3,957,571
Direct instructional support	4,313,583	4,341,299
Services received without charge (note 12)	3,982,336	2,548,100
Research	1,818,517	1,265,591
Cost of sales	1,512,405	1,271,193
Facility services and utilities	1,233,621	1,241,936
Student assistance/scholarships	581,913	730,895
Amortization of capital assets	377,698	318,479
Employee leave and termination benefits	280,600	218,951
Miscellaneous	95,501	83,149
Expenses on services to CWG 2007 (note 16)	-	749,946
	<u>\$ 31,389,672</u>	<u>\$ 27,636,222</u>
Surplus of revenues over expenses	<u>\$ 405,517</u>	<u>\$ 238,488</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

				<i>2008</i>	<i>2007</i>
	<u>Unrestricted</u>	<u>Capital</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 5,292,106	\$ 1,558,270	\$ 1,895,864	\$ 8,746,240	\$ 8,474,385
Investment in capital assets		662,095		662,095	333,254
Amortization of capital assets		(377,698)		(377,698)	(318,479)
Change in net assets – Capital	(284,396)			(284,396)	(14,776)
Endowment contributions			36,066	36,066	33,368
Surplus of revenues over expenses	<u>405,517</u>			<u>405,517</u>	<u>238,488</u>
Balance, end of year	<u>\$ 5,413,227</u>	<u>\$ 1,842,667</u>	<u>\$ 1,931,930</u>	<u>\$ 9,187,824</u>	<u>\$ 8,746,240</u>

	<u>2008</u>	<u>2007</u>
Determination of funds available for operations:		
Unrestricted fund balance, end of year	\$ 5,413,227	\$ 5,292,106
Add: Other employee future benefits	<u>3,041,400</u>	<u>2,760,800</u>
(note 14)	<u>\$ 8,454,627</u>	<u>\$ 8,052,906</u>

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

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

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Surplus of revenues over expenses	\$ 405,517	\$ 238,488
Amortization of capital assets	377,698	318,479
Decrease in non-cash working capital	1,264,757	219,212
Increase in accrued pension benefit asset	(594,000)	(686,300)
Increase in other employee future benefit liabilities	<u>280,600</u>	<u>226,900</u>
Cash flows from operating activities	<u>1,734,572</u>	<u>316,779</u>
Cash flows from financing activities:		
Endowment contributions	<u>36,066</u>	<u>33,368</u>
Cash flows from financing activities	<u>36,066</u>	<u>33,368</u>
Cash flows used in investing activities:		
Capital assets acquired	(662,095)	(333,254)
Increase in investments	<u>(84,981)</u>	<u>(5,645)</u>
Cash flows used in investing activities	<u>(747,076)</u>	<u>(338,899)</u>
Change in cash:		
Net increase in cash and cash equivalents	1,023,562	11,248
Cash and cash equivalents		
Beginning of year	<u>16,580,996</u>	<u>16,569,748</u>
End of year	<u>\$ 17,604,558</u>	<u>\$ 16,580,996</u>

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

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

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 Yukon. The College is not an institution of the Government of 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. Change in accounting policies

Adoption of new accounting standards

Effective July 1, 2007 the College adopted the new Canadian Institute of Chartered Accountant Handbook Sections 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation, and Section 3865, Hedges. As required by the new standards, prior period results have not been restated.

Section 3855 – Financial Instruments – Recognition and measurement requires the College to categorize its financial assets as held to maturity, held for trading, available for sale, or as loans and receivables. The College is also required to categorize its financial liabilities as either held for trading or other liabilities. Upon initial recognition, financial assets and financial liabilities are required to be measured at fair value and are subsequently accounted for based on their classification. Held to maturity financial assets, loans and receivables and other financial liabilities are subsequently measured at amortized cost using the effective interest method. Held for trading financial assets and liabilities are subsequently measured at fair value with changes in fair value recognized in the statement of operations. Available for sale financial assets are subsequently measured at fair value with unrealized gains and losses recognized in either unrestricted net assets or deferred contributions, as appropriate, until the gains or losses are realized.

The College's financial assets consist of cash and cash equivalents, investments and accounts receivable. Upon adoption of the standard, cash and cash equivalents and Investments, consisting of bankers acceptances, were classified as "held to maturity". Accounts receivable were classified as "loans and receivables". The College's financial liabilities consist of accounts payable and accrued liabilities and they were classified as "other financial liabilities".

The adoption of the financial instruments standards has no material impact on the College's financial statements because financial instruments were already recorded at amortized cost prior to adoption of the standards.

The adoption of CICA Handbook Section 3865, Hedges by the Corporation did not have an impact on the Corporation because it does not apply hedge accounting.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

3. 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. Cash and cash equivalents are recorded at cost, which approximates fair value.

c) Capital assets

Purchased equipment and leasehold improvements are recorded at cost. The items are amortized on a straight-line basis over their estimated useful lives.

	<u>Years</u>
Equipment – general	10
Leasehold improvements	20
Equipment – EDP	3
Furniture & fixtures	10
Mobile trailers	20
Vehicles	5

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

d) Inventory

Inventory held for resale is recorded at the lower of cost and net realizable value. Supplies inventories are recorded at cost.

e) Contributed services

The College benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not determinable and accordingly is not included in the financial statements.

f) 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 30th. 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.

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

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

3. Significant accounting policies (continued)

f) Employee future benefits (continued)

Pension benefits (continued)

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 9 years.

Other non-pension benefits

The cost of benefit plans, other than pension, including severance benefits, sick leave and managers' accrued leave, payable upon termination of employment, death or retirement, 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 other 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 8.1 years.

g) 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.

h) Revenue recognition

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized in an amount equal to the amount reported as expenses under the terms of the restrictions.

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.

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

i) 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.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

3. Significant accounting policies (continued)

i) Net assets (continued)

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.

j) 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.

k) 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).

l) Use of estimates

The preparation of financial statement in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of lease commitments at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the defined benefit pension plan surplus and the liabilities for accrued severance, retirement and sick leave benefits, amortization, accounts receivable, accrued liabilities and deferred contributions. Financial results as determined by actual events could differ significantly from these estimates.

m) Future accounting changes

On December 1, 2006, the CICA issued the new accounting standard Section 1535 Capital Disclosures. The standard applies to fiscal years beginning on or after October 1, 2007 and accordingly will be effective for the College on July 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the College regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This section is expected to have limited impact on the College's financial statements.

Section 3031 is a new recommendation for the measurement and disclosure of inventories. This section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write down to net realizable value and on the cost formulas that are used to assign costs to inventories. The standard applies to fiscal years beginning on or after January 1, 2008 and accordingly will be effective for the College on July 1, 2008. This section is expected to have little impact on the College's financial statements.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

4. Financial instruments

The College's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities. The carrying value of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

Credit risk

The College is exposed to credit risk for its cash and cash equivalents, investments and accounts receivable. Credit risk is minimized substantially for cash and cash equivalents and investments by ensuring that these financial assets are placed with credit worthy counter parties and Canadian chartered banks.

Account receivable are the result of transactions incurred in the normal course of business. They do not have significant credit risk and are non-interest bearing. The College maintains an allowance for estimated losses resulting from customers not paying outstanding amounts.

Interest rate risk

The College is exposed to interest rate risk arising from fluctuations in interest rates on cash equivalents and investments.

5. Cash and cash equivalents

	<u>2008</u>	<u>2007</u>
Cash	\$ (96,120)	\$ 1,095,260
Bankers acceptances	<u>17,700,678</u>	<u>15,485,736</u>
Total cash and cash equivalents	<u>\$ 17,604,558</u>	<u>\$ 16,580,996</u>

The average term to maturity of bankers acceptances was 28 days (2007 – 26 days).

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>2008</u>	<u>2007</u>
Short-term deposits	\$ 263,386	\$ 212,738
Bankers acceptances	<u>1,766,696</u>	<u>1,732,363</u>
Total investments	<u>\$ 2,030,082</u>	<u>\$ 1,945,101</u>

A portion of the investments is externally restricted of which \$1,931,930 (2007 - \$1,895,864) is related to endowments.

The average annual return on investments is 4.1% (2007 - 4.2%).

The average term to maturity of bankers acceptances was 26 days (2007 – 28 days).

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

7. Employee future benefits

a) Pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair values as reported by the custodian of the funds as at June 30, 2008. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as of June 30, 2008 by Leong & Associates Actuaries and Consultants Inc., using the projected benefits method prorated on services. The next actuarial valuation for accounting purposes will be performed as of June 30, 2009.

An actuarial valuation for funding purposes was performed as of June 30, 2007 and the next actuarial valuation for funding purposes will be performed as of June 30, 2010. The actuarial valuation for funding purposes performed by the actuary established the College's required contributions as 246% of employee contributions. Under 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 costs of the plan benefits.

Total benefit payments were \$1,898,400 (2007 - \$1,958,500).

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below:

Weighted-average assumptions for benefit costs	<u>2008</u>	<u>2007</u>
Discount rate	5.50%	5.75%
Expected long-term rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	4.25%	4.25%
Weighted-average assumptions for accrued benefit obligation	<u>2008</u>	<u>2007</u>
Discount rate	5.75%	5.50%
Rate of compensation increase	4.25%	4.25%
Change in accrued benefit obligation	<u>2008</u>	<u>2007</u>
Accrued benefit obligation – beginning of year	\$ 39,216,700	\$ 35,785,600
Current service cost	2,257,900	1,942,300
Interest cost on benefit obligation	2,188,300	2,075,400
Employee contributions	782,400	632,000
Benefits paid	(1,898,400)	(1,958,500)
Actuarial losses (gains)	(1,290,200)	739,900
Accrued benefit obligation - end of year	<u>\$ 41,256,700</u>	<u>\$ 39,216,700</u>

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

7. Employee future benefits (continued)

a) Pension benefits (continued)

	<u>2008</u>	<u>2007</u>
Change in Plan Assets		
Fair value of plan assets – beginning of year	\$ 48,418,700	\$ 41,390,700
Actual return on plan assets	(1,660,300)	6,486,300
Employer contributions	1,710,600	1,868,200
Employee contributions	782,400	632,000
Benefits paid	(1,898,400)	(1,958,500)
Fair value of plan assets - end of year	<u>\$ 47,353,000</u>	<u>\$ 48,418,700</u>
 Market value of plan assets - end of year	 \$ 47,353,000	 \$ 48,418,700
 Reconciliation of Funded Status		
Accrued benefit obligation - end of year	\$ 41,256,700	\$ 39,216,700
Fair value of plan assets	<u>(47,353,000)</u>	<u>(48,418,700)</u>
Funding surplus	(6,096,300)	(9,202,000)
Unamortized past service costs	(241,500)	(322,000)
Unamortized net actuarial gain	<u>394,300</u>	<u>4,174,500</u>
Accrued benefit asset	<u>\$ (5,943,500)</u>	<u>\$ (5,349,500)</u>
 Elements of defined pension plan benefit costs recognized in the year are as follows:		
Current service cost, net of employee contributions	\$ 2,257,900	\$ 1,942,300
Interest cost on benefit obligation	2,188,300	2,075,400
Actual return on plan assets	1,660,300	(6,486,300)
Actuarial (gain) loss on accrued benefit obligation	<u>(1,290,200)</u>	<u>739,900</u>
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	4,816,300	(1,728,700)
 Adjustments to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for year	(5,070,400)	3,570,000
Difference between actuarial loss (gain) recognized for the year and actual actuarial benefit loss (gain) on accrued benefit obligation for year	1,290,200	(739,900)
Difference between amortization of past service costs for the year and actual plan amendments for year	80,500	80,500
Net periodic pension cost recognized	<u>\$ 1,116,600</u>	<u>\$ 1,181,900</u>

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

7. Employee future benefits (continued)

a) Pension benefits (continued)

Based on fair value of plan assets held as at June 30, 2008, the assets were composed of:

	2008	2007
Equity securities	57%	61%
Debt securities	40%	37%
Other	3%	2%
Total	100%	100%

The accrued benefit asset has been recorded on the Corporation's books of account and is included on the balance sheet as at June 30, 2008.

The funded status of the pension plan (a surplus of \$6,096,300 as at June 30, 2008) presented in these financial statements has been determined on the basis that the pension plan remains a going concern. As at June 30, 2007, the date of the most recent actuarial valuation for funding purposes, the pension plan had a surplus of \$2.7 million if valued on the basis that the pension plan were terminated/wound up as at June 30, 2007.

Since the solvency ratio of the plan was 106% at June 30, 2007, there is no solvency shortfall. During the fiscal year the College contributed \$1,710,600 to the plan. The Government of Yukon provided pension funding of \$1,013,254 (2007 - \$866,100) to the College. All the required contributions to the Plan have been made.

The Government of Yukon has provided a funding commitment to the College to cover increased pension costs up to 2015. The maximum amount per year is summarized as follows:

2008/09	\$	950,000
2009/10		950,000
2010/11		300,000
thereafter		990,300
		\$ 3,190,300

The amount is subject to re-evaluation after each actuarial valuation.

All required contributions to the Plan have been made.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

7. Employee future benefits (continued)

b) Other non-pension benefit plans

These benefits represent the only obligation of the College that entails settlement by future payment. The benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability as at June 30, 2008 is:

	<u>2008</u>	<u>2007</u>
Accrued benefit obligation, end of year	\$ 3,160,300	\$ 2,804,600
Unamortized actuarial loss	<u>(118,900)</u>	<u>(43,800)</u>
Accrued benefit liability, end of year	<u>\$ 3,041,400</u>	<u>\$ 2,760,800</u>

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

	<u>2008</u>	<u>2007</u>
Accrued benefit liability, beginning of year	\$ 2,760,800	2,533,900
Add: Annual benefit plan cost	474,800	445,500
Less: Benefits paid by College	<u>(194,200)</u>	<u>(218,600)</u>
Accrued benefit liability, end of year	<u>\$ 3,041,400</u>	<u>\$ 2,760,800</u>

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

	<u>2008</u>	<u>2007</u>
Weighted average assumption for accrued benefit obligation:		
Discount rate	5.75%	5.50%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%
Weighted average assumption for benefit costs:		
Discount rate	5.50%	5.75%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%

YUKON COLLEGE
Notes to Financial Statements
June 30, 2008

8. Capital assets

	<u>2008</u>			<u>2007</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment – general	\$ 759,312	\$ 436,260	\$ 323,052	\$ 398,058
Leasehold improvements	1,451,333	527,776	923,557	771,288
Equipment – EDP	494,359	131,274	363,085	282,730
Furniture & fixtures	82,217	27,397	54,820	48,178
Art	52,349	-	52,349	52,349
Mobile trailers	111,304	-	111,304	-
Vehicles	14,500	-	14,500	5,667
	<u>\$ 2,965,374</u>	<u>\$ 1,122,707</u>	<u>\$ 1,842,667</u>	<u>\$ 1,558,270</u>

The land and buildings at Ayamdigut Campus are owned by the Government of Yukon and leased to the College at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the building and grounds, and the College is responsible for minor interior maintenance and repairs.

9. Endowment

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 1,895,864	\$ 1,862,496
Endowment contributions	36,066	33,368
Balance, end of year	<u>\$ 1,931,930</u>	<u>\$ 1,895,864</u>

Endowment contributions consists of principal and interest earned and allocated to the endowment in accordance with the terms of the trust agreement.

10. 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 under conditions of a trust agreement, and funds received for specific projects.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
Balance, beginning of year	\$ 10,646,897	\$ 3,361,887	\$ 14,008,784	\$ 13,725,430
Less: amount recognized as revenue for the period	(10,646,897)	(3,361,887)	(14,008,784)	(13,725,430)
Add: amounts related to future periods	11,396,147	4,019,954	15,416,101	14,008,784
Balance, end of year	<u>\$ 11,396,147</u>	<u>\$ 4,019,954</u>	<u>\$ 15,416,101</u>	<u>\$ 14,008,784</u>

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11. Expenditure by object

	<u>2008</u>	<u>2007</u>
Salaries, wages and benefits	\$ 18,178,775	\$ 16,710,171
Contract services	4,604,346	2,968,954
Utilities and communications	1,962,400	1,491,067
Other	1,694,665	1,563,402
Cost of sales and ancillary services	1,512,405	1,271,194
Materials and Supplies	1,360,958	1,806,370
Travel	835,912	556,739
Student assistance/scholarships	581,913	730,895
Amortization of capital assets	377,698	318,479
Employee leave and termination benefits	<u>280,600</u>	<u>218,951</u>
	<u>\$ 31,389,672</u>	<u>\$ 27,636,222</u>

12. Government of Yukon contributions

	<u>2008</u>	<u>2007</u>
Operating contributions	\$ 16,000,367	\$ 14,927,963
Services provided without charge	<u>3,982,336</u>	<u>2,548,100</u>
	<u>\$ 19,982,703</u>	<u>\$ 17,476,063</u>

The College receives approximately 60% of its income from the Government of Yukon in the form of annual operating grants.

The majority of the services provided without charge represent costs associated with facilities provided by the Government of Yukon at a reduced, or no, charge. The estimated value of these services is based on the Government's amortization expense (for the main campus), and on an estimated 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 Government of Yukon. These contracts, the value of which is \$4,208,972 (2007 - \$3,912,297), are recorded as third party contract revenue on the Statement of Operations. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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>2008</u>	<u>2007</u>
Human resource contingency	\$ 625,730	\$ 700,000
Equipment replacement	400,000	621,436
Program development	400,000	430,057
First Nations programs	400,000	400,000
Lease obligations	200,000	313,220
Northern Research Institute contingency	113,693	113,693
Residence reserve	25,000	25,000
Self insurance reserve	100,000	100,000
Pension actuarial reserve	246,704	-
Accrued pension benefit asset	<u>5,943,500</u>	<u>5,349,500</u>
	<u>\$ 8,454,627</u>	<u>\$ 8,052,906</u>

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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:

2008-2009	\$ 367,117
2009-2010	252,719
2010-2011	156,761
2011-2012	66,142
2012-2013	68,788
thereafter	<u>71,539</u>
	<u>\$ 983,067</u>

16. Canada Winter Games 2007

The College was contracted by the Whitehorse 2007, Jeux du Canada Games Host Society to provide food services to the Athletes and Coaches. The contract reflected all costs of the service delivery and all costs were fully recovered from the Host Society.

17. Subsequent events

There has been a world wide economic decline between June 30, 2008, the date of the actuarial valuation, and October 31, 2008, the audit report date. The fair value of the plan assets has declined during this period. A significant decrease in pension assets may cause the plan to be underfunded. The financial effect on the pension plan of this economic decline has not been determined as of October 31, 2008. There is a possibility the College may have to request additional funding from the Government of Yukon for solvency deficiency payments.

18. Contingent liabilities

The College is involved from time to time in litigation which arises in the normal course of operations. Liabilities on any litigation are recognized in the financial statements when the outcome becomes reasonably determinable. In management's judgment, no material exposure exists at this time on the eventual settlement of any existing litigation.

19. Comparative figures

Certain comparative figures for 2007 have been reclassified to conform with the 2008 presentation.