

YUKON COLLEGE
FINANCIAL STATEMENTS
June 30, 2010

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YUKON COLLEGE
Management Responsibility

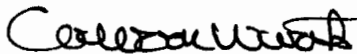
The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include estimates based on the experience and judgement of management. The financial statements present fairly the financial position of the College as at June 30, 2010, 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, 2010 have been independently audited by the College's auditor, the Auditor General of Canada, and her report is included herein.



Dr. Terry Weninger
President

for



Gayle Corry CA
Director Finance & Administrative Services

October 22, 2010



AUDITOR'S REPORT

To the Board of Governors

I have audited the statement of financial position of the Yukon College as at June 30, 2010 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, 2010 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.

Terrance DeJong, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
October 22, 2010

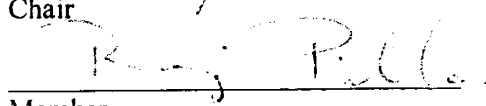
YUKON COLLEGE
Statement of Financial Position
as at June 30

ASSETS	<u>2010</u>	<u>2009</u> (Restated - note 4)
Current Assets		
Cash (note 6)	\$ 2,716,549	\$ 8,040,143
Accounts receivable	2,893,589	1,607,903
Inventories	156,538	120,354
Prepaid expenses	<u>94,928</u>	<u>57,490</u>
	5,861,604	9,825,890
Other Assets		
Investments (note 7)	2,036,162	2,109,535
Accrued pension benefit asset (note 8 a)	6,828,400	6,654,100
Capital assets (note 9)	<u>2,574,026</u>	<u>2,400,744</u>
	<u>\$ 17,300,192</u>	<u>\$ 20,990,269</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,721,847	\$ 1,435,838
Deferred contributions (note 11)	<u>2,741,820</u>	<u>6,784,307</u>
	4,463,667	8,220,145
Long-term Liabilities		
Other employee future benefits (note 8 b)	3,382,800	3,169,600
Employee vacation leave liability	<u>1,315,794</u>	<u>1,171,859</u>
	4,698,594	4,341,459
Net Assets		
Capital (note 9)	2,574,026	2,400,744
Endowments (note 10)	1,952,577	1,947,249
Unrestricted	<u>3,611,328</u>	<u>4,080,672</u>
	<u>8,137,931</u>	<u>8,428,665</u>
	<u>\$ 17,300,192</u>	<u>\$ 20,990,269</u>
Commitments (note 17)		
Contingent liabilities (note 18)		

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

Approved by the Board of Governors


 Chair


 Member

YUKON COLLEGE
Statement of Operations
for the year ended June 30

	<u>2010</u>	<u>2009</u> (Restated - note 4)
Revenues		
Contributions, Government of Yukon (note 13)	\$ 20,100,220	\$ 19,882,760
Third party contracts	12,475,206	10,336,609
Sales, rentals and services	1,368,751	1,365,244
Miscellaneous income (note 14)	960,472	799,028
Tuition and registration fees	929,620	591,815
Student assistance/scholarships	904,132	500,066
Interest income	37,667	185,290
	<u>\$ 36,776,068</u>	<u>\$ 33,660,812</u>
Expenses (note 12)		
Direct instruction	\$ 13,420,520	\$ 12,139,611
Direct instructional support	6,435,614	5,709,114
General administration	5,772,535	4,959,585
Services received without charge (note 13)	3,416,857	3,992,336
Research	3,121,592	2,506,479
Cost of sales	1,569,044	1,529,336
Facility services and utilities	1,530,020	1,323,227
Student assistance/scholarships	904,132	500,066
Amortization of capital assets	415,813	361,271
Employee leave and termination benefits	357,135	236,649
Miscellaneous	128,868	114,206
	<u>\$ 37,072,130</u>	<u>\$ 33,371,880</u>
(Deficit) surplus of revenues over expenses	<u>\$ (296,062)</u>	<u>\$ 288,932</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

	<u>Unrestricted</u>	<u>Capital</u>	<u>Endowments</u>	<u>2010 Total</u>	<u>2009 Total</u>
					(Restated - note 4)
Balance, beginning of year	\$ 4,080,672	\$ 2,400,744	\$ 1,947,249	\$ 8,428,665	\$ 9,187,824
Prior period adjustment (note 4)	-	-	-	-	(1,063,410)
Balance, beginning of year, restated	4,080,672	2,400,744	1,947,249	8,428,665	8,124,414
Investment in capital assets		589,095		589,095	919,348
Amortization of capital assets		(415,813)		(415,813)	(361,271)
Change in net assets - Capital	(173,282)			(173,282)	(558,077)
Endowment contributions (note 10)			5,328	5,328	15,319
(Deficit) surplus of revenues over expenses	(296,062)	-	-	(296,062)	288,932
Balance, end of year	<u>\$ 3,611,328</u>	<u>\$ 2,574,026</u>	<u>\$ 1,952,577</u>	<u>\$ 8,137,931</u>	<u>\$ 8,428,665</u>

	<u>2010</u>	<u>2009</u>
Internally restricted funds (note 16):		
Unrestricted fund balance, end of year	\$ 3,611,328	\$ 4,080,672
Add: Other employee future benefits	3,382,800	3,169,600
Employee vacation leave liability	1,315,794	1,171,859
	<u>\$ 8,309,922</u>	<u>\$ 8,422,131</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>2010</u>	<u>2009</u> (Restated - note 4)
Cash flows used in operating activities:		
Surplus of revenues over expenses	\$ (296,062)	\$ 288,932
Items not affecting cash		
Amortization of capital assets	415,813	361,271
Decrease in non-cash working capital balances	(5,115,785)	(8,757,184)
Increase in accrued pension benefit asset	(174,300)	(710,600)
Increase in other employee future benefits	357,135	236,649
Cash flows used in operating activities	<u>(4,813,199)</u>	<u>(8,580,932)</u>
Cash flows provided from financing activities:		
Endowment contributions	<u>5,328</u>	<u>15,319</u>
Cash flows provided from financing activities	<u>5,328</u>	<u>15,319</u>
Cash flows used in investing activities:		
Capital assets acquired	(589,095)	(919,348)
Increase in investments	<u>73,372</u>	<u>(79,454)</u>
Cash flows used in investing activities	<u>(515,723)</u>	<u>(998,802)</u>
Change in cash:		
Net decrease in cash	(5,323,594)	(9,564,415)
Cash		
Beginning of year	<u>8,040,143</u>	<u>17,604,558</u>
End of year	<u>\$ 2,716,549</u>	<u>\$ 8,040,143</u>

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

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

1. Purpose of the organization

Yukon College (the 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 the College is to provide excellent, relevant and accessible learning opportunities.

2. Changes in accounting standards

Effective July 1, 2009, the College adopted the recommendations of the CICA with respect to the financial statement presentation by not-for-profit organizations as noted below:

Section 4400

- a) Eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets. While no longer a requirement, the College has chosen to stay with existing disclosure.
- b) Require that revenues and expenditures be recognized and presented on a gross basis when a not-for-profit is acting as a principal in transactions. The College was not affected by this recommendation as this reporting was existing practice.

Section 4460

Disclosure of related party transactions by not-for-profit organization. The College was not affected by this recommendation as this reporting was existing practice.

Section 4470

Disclosure of allocated expenses by non-for-profit organizations. The College is not affected by this recommendation as it currently reports expenditures by function and by object of expenditure, and does not allocate any overhead or fundraising charges across functional areas.

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.

b) Financial instruments

The College's financial instruments are classified as follows:

- Cash and investments – Held for trading
- Accounts receivable – Loans and receivables
- Accounts payable and accrued liabilities, and deferred contributions – Other liabilities

Held for trading

Cash and investments are recorded at fair value.

Loans and receivables

These financial assets are initially measured at fair value and thereafter are measured at amortized cost using the effective interest method, less any impairment.

Other liabilities

These financial liabilities are recorded at amortized cost using the effective interest rate method.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

3. Significant accounting policies (continued)

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) Inventories

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

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 the 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.

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.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

3. Significant accounting policies (continued)

f) Employee future benefits (continued)

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 8.4 years.

g) Employee vacation leave

Employee vacation leave is expensed as the benefits accrue to employees under their respective terms of employment.

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.

Revenues received for a future period are deferred until the services are provided.

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.

Sales, rentals and services; miscellaneous income; and tuition and registration fees are reported as revenue at the time the services are substantially provided or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized when the courses are delivered.

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 16).

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.

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.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

3. Significant accounting policies (continued)

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 13).

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, and amortization. Financial results as determined by actual events could differ significantly from these estimates. Estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period which they become known.

m) Future accounting changes

The CICA has decided to transition Canadian GAAP for certain publicly accountable entities to International Financial Reporting Standards (IFRS) effective January 1, 2011. The College is currently classified as a not-for-profit organization. The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have jointly issued an Invitation to Comment on the future financial reporting by not-for-profit organizations. As part of the strategy, the Accounting Standards Board proposed undertaking an examination of the needs of the financial statement users of not-for-profit organizations and, based on its examination, to determine the most appropriate reporting approach. The College is monitoring these initiatives and their impact on its reporting framework and financial statements.

4. Correction of error

During the year ended June 30, 2010, the College noted that it had not been recording a liability and associated expense for vacation, long service and compensation leave (Employee vacation leave liability) owed to employees in its prior years' financial statements. The correction of this error has been applied retrospectively by restating prior period results.

As a result of this change:

- a vacation leave liability of \$1,315, 794 was recorded at June 30, 2010 (2009 - \$1,171,859)
- the employee leave and termination benefits increased by \$143,935 in 2010 (2009 - \$108,449)
- the balance of Net Assets – Unrestricted at July 1, 2008 decreased by \$1,063,410.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

5. Financial instruments

The College's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities.

The fair value of the College's financial instruments approximate their carrying values due to the short-term nature of these instruments.

The College's financial instruments are exposed to the following risks: credit risk, interest rate risk, foreign exchange risk, and liquidity risk. The College manages these risk exposures on an ongoing basis. The College is not party to any financial derivatives.

Credit risk

Credit risk arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash, investments and accounts receivable represents the maximum credit exposure. The credit risk associated with these instruments is considered to be minimal due to the nature of the instruments and the fact that the majority of the accounts receivable are due from the federal, territorial, first nation and municipal governments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The College is not exposed to significant interest rate risk on its cash and investments, which are held in a Canadian chartered bank, due to the short-term nature of these instruments.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The College is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they become due. The College monitors its cash balance and cash flows from operations to ensure that it has sufficient liquidity on hand to meet its liabilities when due.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

6. Cash

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.

7. Investments

A portion of the investments is externally restricted of which \$1,952,577 (2009 - \$1,947,250) is related to endowments.

Investments consist of high interest savings accounts and the average annual return on investments was 0.9% (2009 - 1.7%).

8. 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, 2010. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as of June 30, 2010 by Morneau Sobeco using the projected benefits method prorated on services. The next actuarial valuation for accounting purposes will be performed as of June 30, 2011.

An actuarial valuation for funding purposes was performed as of June 30, 2009 and the next actuarial valuation for funding purposes will be performed as of June 30, 2010. As of October 22, 2010 the actuarial valuation was not yet complete. The actuarial valuation for funding purposes performed by the actuary established the College's required contributions as 169% 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 \$1,552,900 (2009 - \$1,783,400).

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

8. Employee future benefits (continued)

a) Pension benefits (continued)

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:

	<u>2010</u>	<u>2009</u>
Weighted-average assumptions for benefit costs		
Discount rate	6.25%	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		
Discount rate	5.50%	6.25%
Rate of compensation increase	4.25%	4.25%
Change in accrued benefit obligation:		
Accrued benefit obligation - beginning of year	\$ 41,780,900	\$ 41,256,700
Current service cost	2,564,400	2,390,400
Interest cost	2,673,300	2,414,200
Employee contributions	971,000	851,100
Benefits paid	(1,552,900)	(1,783,400)
Actuarial losses (gains)	<u>3,975,700</u>	<u>(3,348,100)</u>
Accrued benefit obligation - end of year	<u>\$ 50,412,400</u>	<u>\$ 41,780,900</u>
Change in plan assets:		
Fair value of plan assets - beginning of year	\$ 43,756,400	\$ 47,353,000
Actual return on (decrease of) plan assets	4,404,600	(4,899,700)
Employer contributions	2,382,300	2,235,400
Employee contributions	971,000	851,100
Benefits paid	<u>(1,552,900)</u>	<u>(1,783,400)</u>
Fair value of plan assets - end of year	<u>\$ 49,961,400</u>	<u>\$ 43,756,400</u>
Market value of plan assets - end of year	\$ 49,961,400	\$ 43,756,400
Reconciliation of funded status:		
Accrued benefit obligation - end of year	\$ 50,412,400	\$ 41,780,900
Fair value of plan assets	<u>(49,961,400)</u>	<u>(43,756,400)</u>
Funding deficit (surplus)	451,000	(1,975,500)
Unamortized past service costs	(80,500)	(161,000)
Unamortized net actuarial loss	<u>(7,198,900)</u>	<u>(4,517,600)</u>
Accrued pension benefit asset	<u>\$ (6,828,400)</u>	<u>\$ (6,654,100)</u>

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

8. Employee future benefits (continued)

a) Pension benefits (continued)

	<u>2010</u>	<u>2009</u>
Elements of defined pension plan benefit costs recognized in the year:		
Current service cost, net of employee contributions	\$ 2,564,400	\$ 2,390,400
Interest cost on benefit obligation	2,673,300	2,414,200
Actual (return on) decrease of plan assets	(4,404,600)	4,899,700
Actuarial loss (gain) on accrued benefit obligation	<u>3,975,700</u>	<u>(3,348,100)</u>
 Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	 4,808,800	 6,356,200
 Adjustment to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for year	1,278,600	(8,260,000)
Difference between actuarial (gain) loss recognized for the year and actual actuarial benefit (gain) loss on accrued benefit obligation for the year	(3,959,900)	3,348,100
Difference between amortization of past service costs for the year and actual plan amendments for year	<u>80,500</u>	<u>80,500</u>
Net periodic pension cost recognized	<u>\$ 2,208,000</u>	<u>\$ 1,524,800</u>
 Based on fair value of plan assets held as at June 30, the assets were composed of:	 <u>2010</u>	 <u>2009</u>
Equity securities	72%	56%
Debt securities	27%	39%
Other	<u>1%</u>	<u>5%</u>
Total	100%	100%

The accrued benefit asset has been recorded on the College's books of account and is included on the statement of financial position as at June 30, 2010.

The funded status of the pension plan (a surplus of \$5,510,900 as at June 30, 2009) presented in these financial statements has been determined on the basis that the pension plan remains a going concern. As at June 30, 2009, the date of the most recent actuarial valuation for funding purposes, the pension plan had a deficit of \$6,124,700 if valued on the basis that the pension plan were terminated/wound up as at June 30, 2009.

The solvency ratio of the plan was 88.7% at June 30, 2009. During the fiscal year the College contributed \$2,382,300 (2009 - \$2,070,258) to the plan. The Government of Yukon provided pension funding of \$950,000 (2009 - \$817,014) to the College.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

8. Employee future benefits (continued)

a) Pension benefits (continued)

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:

2010/11	300,000
2011/12	300,000
thereafter	<u>690,300</u>
	<u>\$ 1,290,300</u>

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

All required contributions to the Plan have been made.

b) Other non-pension benefit plans

The benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits include severance, prorated sick leave, and other outstanding leave entitlements and will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability as at June 30, 2010 is:

	<u>2010</u>	<u>2009</u>
Accrued benefit obligation, end of year	\$ 3,386,800	\$ 3,197,700
Unamortized actuarial loss	<u>(4,000)</u>	<u>(28,100)</u>
Accrued benefit liability, end of year	<u>\$ 3,382,800</u>	<u>\$ 3,169,600</u>

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

	<u>2010</u>	<u>2009</u>
Accrued benefit liability, beginning of year	\$ 3,169,600	\$ 3,041,400
Add: Annual benefit plan cost	536,800	513,300
Less: Benefits paid by College	<u>(323,600)</u>	<u>(385,100)</u>
Accrued benefit liability, end of year	<u>\$ 3,382,800</u>	<u>\$ 3,169,600</u>

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

	<u>2010</u>	<u>2009</u>
Weighted average assumption for benefit costs:		
Discount rate	6.25%	6.25%
Rate of compensation increase		
for 10 years (2009 - 9 years)	4.25%	4.25%
thereafter	4.75%	4.75%
Weighted average assumptions for accrued benefit obligation:		
Discount rate	5.50%	5.75%
Rate of compensation increase		
for 10 years (2009 - 9 years)	4.25%	4.25%
thereafter	4.75%	4.75%

YUKON COLLEGE
Notes to Financial Statements
June 30, 2010

9. Capital assets

	<u>2010</u>			<u>2009</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$ 2,499,737	\$ 703,663	\$ 1,796,074	\$ 1,455,808
Equipment - general	789,502	360,212	429,290	444,241
Equipment - EDP	326,305	206,747	119,558	267,996
Mobile trailers	111,304	11,130	100,174	105,739
Furniture & fixtures	98,631	45,484	53,147	63,011
Art	52,349	-	52,349	52,349
Vehicles	29,236	5,802	23,434	11,600
	<u>\$ 3,907,064</u>	<u>\$ 1,333,038</u>	<u>\$ 2,574,026</u>	<u>\$ 2,400,744</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.

10. Endowments

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 1,947,249	\$ 1,931,930
Endowment contributions	<u>5,328</u>	<u>15,319</u>
Balance, end of year	<u>\$ 1,952,577</u>	<u>\$ 1,947,249</u>

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

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11. Deferred contributions

These represent unspent externally restricted resources which have been received and relate to expenses that will occur in subsequent periods, and are therefore not recognized as revenue until the related expenses are incurred. The amount of contributions received from the Yukon Government for future periods is the result of a timing difference in the receipt of government contributions. These funds are externally restricted not for a specific project or line of expenses but for the purposes of use in the coming period. Effective April 1, 2009 the contributions from the government are received on a quarterly basis (rather than on an annual basis as in previous years)

Change in Deferred Contributions:

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 6,784,307	\$ 15,416,101
Amounts received in the year	29,115,450	21,036,682
Amount recognized to revenue in the year	<u>(33,157,937)</u>	<u>(29,668,476)</u>
Balance, end of year	<u>\$ 2,741,820</u>	<u>\$ 6,784,307</u>

The balance consists of funds restricted for:

Contributions received for future periods	\$ 290,250	\$ 4,191,466
Capital	31,421	187,500
Trusts and endowments	497,574	602,675
Other O&M	<u>1,922,575</u>	<u>1,802,666</u>
Balance, end of year	<u>\$ 2,741,820</u>	<u>\$ 6,784,307</u>

12. Expenditures by object

	<u>2010</u>	<u>2009</u>
Salaries, wages and benefits	\$ 21,847,224	\$ 19,467,823
Contract services	5,909,498	5,471,902
Utilities and communications	1,806,726	2,045,286
Materials and supplies	1,759,701	1,408,702
Other	1,726,187	1,593,062
Cost of sales and ancillary services	1,569,044	1,529,336
Student assistance/scholarships	904,132	500,066
Travel	776,670	757,783
Amortization of capital assets	415,813	361,271
Employee leave and termination benefits	<u>357,135</u>	<u>236,649</u>
	<u>\$ 37,072,130</u>	<u>\$ 33,371,880</u>

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13. Government of Yukon contributions

	<u>2010</u>	<u>2009</u>
Operating contributions	\$ 16,683,363	\$ 15,890,424
Services provided without charge	<u>3,416,857</u>	<u>3,992,336</u>
	<u>\$ 20,100,220</u>	<u>\$ 19,882,760</u>

A significant portion of the College's income is received from the Government of Yukon in the form of annual operating contributions and services provided without charge. In 2010 Government of Yukon contributions made up 55% of total revenues (2009 - 59%).

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.

14. Miscellaneous income:

Miscellaneous income consists of the following:

	<u>2010</u>	<u>2009</u>
Pension contract recovery	\$ 317,132	\$ 256,242
Other miscellaneous revenue	223,252	103,621
Computer lab usage fees	98,990	92,599
General student fees	86,444	87,025
Facilities rental	71,312	65,422
Secondment recovery	59,774	146,265
Course materials recovery	55,854	42,327
Conference fees	<u>47,714</u>	<u>5,527</u>
	<u>\$ 960,472</u>	<u>\$ 799,028</u>

15. 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 \$7,701,688 (2009 - \$4,820,577), and which includes service provided by the government in the construction of two community campuses and a cold storage/research lab, 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.

At June 30, 2010 there was \$408,777 (2009 - \$414,980) of accounts payable and \$1,543,465 (2009 - \$780,887) of accounts receivable related to Government of Yukon.

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16. 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>2010</u>	<u>2009</u>
Human resource contingency	\$ 500,730	\$ 500,730
First Nations programs	316,589	400,000
Northern Research Institute contingency	235,728	113,693
Program development	213,199	213,199
Self insurance reserve	100,000	100,000
Equipment replacement	90,276	275,000
Residence reserve	25,000	25,000
Lease obligations	-	140,409
Accrued pension benefit asset	<u>6,828,400</u>	<u>6,654,100</u>
	<u>\$ 8,309,922</u>	<u>\$ 8,422,131</u>

17. Commitments

Leases

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

2010-2011	\$ 327,027
2011-2012	\$ 199,941
2012-2013	\$ 150,275
2013-2014	\$ 148,673
2014-2015	\$ 7,516

Construction projects

The College has a commitment with the government to construct two community campuses and a cold storage/research lab. The commitment at June 30, 2010 is \$3,714,454 and is scheduled to be paid in the following fiscal year.

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.

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19. Capital disclosures

The College considers its capital to be its net assets which consist of Unrestricted and Capital. In general, Endowment funds are restricted as to use by external agencies. The College's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services to its students, clients and research funding agencies. Annual budgets are developed and monitored to ensure the College's capital is maintained at an appropriate level. The College's base funding agreement with the Government of Yukon requires the College to ensure that no deficit is incurred, except that which may result from the full disclosure of leave accrual and depreciation charges, that can not be covered with internal resources. That condition has been met.

There have been no changes to the entity capital management since the prior year.

20. Comparative figures

Certain comparative figures for 2009 have been reclassified to conform with the 2010 presentation.