

YUKON COLLEGE
FINANCIAL STATEMENTS
June 30, 2015

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YUKON COLLEGE
Management Responsibility

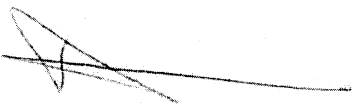
The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian public sector accounting standards with Section 4200 series for government not-for-profit organizations. The financial statements 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, 2015 and comparative periods, and the results of its operations and cash flows for the years 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 *Yukon 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 years ended June 30, 2015 and comparative periods have been independently audited by the College's auditor, the Auditor General of Canada, and his report is included herein.



Dr. Karen Barnes
President



Gayle Corry, CA
Director Finance & Administrative Services

December 12, 2015



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the Yukon College

I have audited the accompanying financial statements of the Yukon College, which comprise the statement of financial position as at 30 June 2015, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Yukon College as at 30 June 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

12 December 2015
Vancouver, Canada

YUKON COLLEGE
Statement of Financial Position
As at June 30, 2015

ASSETS

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Current Assets		
Cash (note 4)	\$ 4,343,687	\$ 4,727,479
Accounts receivable (note 3b)	3,551,780	3,481,563
Inventories	142,387	149,213
Prepaid expenses	<u>116,098</u>	<u>53,858</u>
	\$ 8,153,952	\$ 8,412,113
Other Assets		
Restricted cash (note 5)	2,314,758	2,160,825
Accrued pension benefit asset (note 6 a)	14,819,200	13,813,900
Capital assets (note 7)	<u>7,078,407</u>	<u>6,112,803</u>
	<u>\$ 32,366,317</u>	<u>\$ 30,499,641</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued liabilities	\$ 2,623,691	\$ 1,856,552
Deferred contributions (note 9)	1,861,057	2,380,418
Vacation leave and employee future benefits	<u>2,180,642</u>	<u>2,344,928</u>
	<u>6,665,390</u>	<u>6,581,898</u>

Long-term Liabilities

Deferred capital contributions (note 10)	3,452,342	2,456,352
Other employee future benefits (note 6 b)	<u>4,382,300</u>	<u>3,730,900</u>
	<u>7,834,642</u>	<u>6,187,252</u>

Net Assets

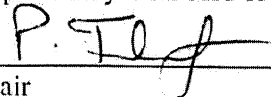
Capital (note 7)	7,078,407	6,112,803
Externally restricted for endowments (note 8)	1,986,286	1,975,313
Externally restricted for pension (note 6 a)	14,819,200	13,813,900
Unrestricted	<u>(6,017,608)</u>	<u>(4,171,525)</u>
	17,866,285	17,730,491
	<u>\$ 32,366,317</u>	<u>\$ 30,499,641</u>

Commitments (note 17)

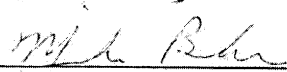
Contingent liabilities (note 18)

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>2015</u>	<u>2014</u>
Revenues		
Contributions, Government of Yukon (note 12)	\$ 22,765,979	\$ 22,580,322
Contracts (note 13 and 16)	17,565,618	14,988,625
Sales, rentals and services	1,706,809	1,569,109
Miscellaneous income (note 14)	1,655,425	1,207,845
Tuition and registration fees	1,217,988	1,162,789
Student assistance/scholarships (note 16)	799,553	605,671
Amortization of deferred capital contributions (note 10)	267,239	195,397
Interest income	73,899	60,672
	<u>\$ 46,052,510</u>	<u>\$ 42,370,430</u>
Expenses (note 11)		
Direct instruction (note 15)	\$ 15,923,136	\$ 15,178,729
Direct instructional support	9,972,985	7,991,780
General administration	7,513,203	6,458,216
Services received without charge (note 12)	3,731,685	4,207,154
Research	4,378,370	3,930,131
Cost of sales	1,936,996	1,759,075
Facility services and utilities	1,411,012	1,379,697
Student assistance/scholarships	799,553	605,671
Amortization of capital assets (note 7)	645,501	464,814
Employee leave and termination benefits	487,115	(18,774)
Miscellaneous	133,433	131,727
	<u>\$ 46,932,989</u>	<u>\$ 42,088,220</u>
Net operating (deficit) surplus	\$ (880,479)	\$ 282,210
Increase (decrease) in accrued pension benefit asset	<u>1,005,300</u>	<u>(203,700)</u>
Total surplus of revenues over expenses	<u>\$ 124,821</u>	<u>\$ 78,510</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>Externally Restricted for Endowments</u>	<u>Externally Restricted for Pension</u>	<u>2015 Total</u>	<u>2014 Total</u>
Balance, beginning of year	\$ (4,171,525)	\$ 6,112,803	\$ 1,975,313	\$ 13,813,900	\$ 17,730,491	\$ 17,640,457
Capital assets acquired (note 7)	-	1,611,105	-	-	1,611,105	3,496,742
Amortization of capital assets (note 7)	-	(645,501)	-	-	(645,501)	(464,814)
Change in net assets - Capital (note 7)	(965,604)	-	-	-	(965,604)	(3,031,928)
Endowment contributions (note 8)	-	-	10,973	-	10,973	11,524
(Increase) decrease in pension benefit asset	(1,005,300)	-	-	1,005,300	-	-
Total surplus of revenues over expenses	124,821	-	-	-	124,821	78,510
Balance, end of year	<u>\$ (6,017,608)</u>	<u>\$ 7,078,407</u>	<u>\$ 1,986,286</u>	<u>\$ 14,819,200</u>	<u>\$ 17,866,285</u>	<u>\$ 17,730,491</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>2015</u>	<u>2014</u>
Cash flows provided from operating activities:		
Total surplus of revenues over expenses	\$ 124,821	\$ 78,510
Items not affecting cash		
Amortization of capital assets (note 7)	645,501	464,814
Amortization of deferred capital contributions (note 10)	(267,239)	(195,397)
Decrease in non-cash working capital balances	(42,139)	(123,577)
(Increase) decrease in accrued pension benefit asset	(1,005,300)	203,700
Increase in other employee future benefits	651,400	34,500
Cash flows provided from operating activities	<u>107,044</u>	<u>462,550</u>
Cash flows used in investing activities:		
Decrease (increase) in restricted cash	<u>(153,933)</u>	<u>(91,786)</u>
Cash flows provided from (used in) investing activities	<u>(153,933)</u>	<u>(91,786)</u>
Cash flows used in capital activities:		
Capital assets acquired (note 7)	<u>(1,611,105)</u>	<u>(2,687,178)</u>
Cash flows used in capital activities	<u>(1,611,105)</u>	<u>(2,687,178)</u>
Cash flows provided from financing activities:		
Interest earned from endowments (note 8)	10,973	11,524
Increase in deferred capital contributions (note 10)	1,263,229	2,651,749
Cash flows provided from financing activities	<u>1,274,202</u>	<u>2,663,273</u>
Change in cash:		
Net increase (decrease) in cash	(383,792)	346,859
Cash		
Beginning of year	4,727,479	4,380,620
End of year	<u>\$ 4,343,687</u>	<u>\$ 4,727,479</u>

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

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

1. Purpose of the organization

Yukon College (the College) is a post-secondary educational institution and is incorporated under the *Yukon 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.

The Hill Top Bistro and Culinary Arts Society (the Society) is incorporated under the *Societies Act* of the Yukon. The purpose of the Society is to provide training and development opportunities to those interested in participating in the culinary arts and hospitality programs offered by the College. The College controls the Society as its employees are directors of the organization. The Society operates out of the College's main campus building with the assistance of College employees from the Culinary Program and the accounting function of the Society is performed by the College. The Society's year end is March 31. For the year ended March 31, 2015, the Society had revenues of \$37,313 (2014 - \$26,486) and expenses of \$31,663 (2014 - \$25,364) for a surplus of \$5,650 (2014 - \$1,122). There were no significant transactions between the year-end date and June 30. Total assets were \$41,407 (2014 - \$24,438) and total liabilities were \$27,859 (2014 - \$16,539) with a cumulative net surplus of \$13,549 (2014 - \$7,899). The Society is not consolidated in the College's financial statements.

2. Significant accounting policies

a) Basis of presentation

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The College has elected to apply the Section 4200 series for government-not-for-profit organizations.

b) Financial instruments

All financial instruments of the College are recorded at cost or amortized cost. The College does not have any financial instruments that are carried at fair value.

c) Accounts receivable

Accounts receivable is recorded at the principal amount less valuation allowances.

d) Capital assets

Purchased equipment and leasehold improvements are recorded at cost, net of accumulated amortization. The items are amortized on a straight-line basis over their estimated useful lives. The College has not received any contributed capital assets of significant value during the year.

	<u>Useful life (years)</u>
Equipment – general	10
Leasehold improvements	20
Equipment – electronic data processing	3
Furniture & fixtures	10
Mobile trailers	20
Vehicles	5

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

e) Inventories

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

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

2. Significant accounting policies (continued)

f) 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.

g) Employee future benefits

Pension benefits

The Yukon College Employees' Pension Plan is a contributory defined benefit pension plan. The pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of the College after 24 months of continuous service. 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 the solvency deficiency, the College has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required 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, administration, consulting and investment management 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 accounted for in the period of the plan amendments.

The cost of the retirement benefits recognized during the period is comprised of the retirement benefits expense and the retirement benefits interest expense.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group, which is estimated to be 9 years.

Other non-pension benefits

The cost of the benefit plan, other than pension, including severance benefits, non-vesting but accumulating sick leave and special 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 (i.e. the period the employee renders service to the College). The College accrues other vacation and leave benefits for employees as earned. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group, which is estimated to be 9 years (2014 - 9 years).

h) Employee vacation leave

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

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

2. Significant accounting policies (continued)

i) Revenue recognition

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue on the same basis and in the same periods as expenses under the terms of the restrictions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

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 are recognized as direct increases in endowment net assets. Interest earned on endowment contributions where a portion of the interest cannot be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes. Endowment contributions that specify that the principal can be spent are recognized as deferred contributions until they are spent for the specified purposes. The revenue from investment income and endowment contributions where the principal can be spent is recognized when the investment income and contributions are spent for the specified purposes.

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.

The College provides education, rentals, research and services to private companies, federal and territorial government departments, agencies and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the terms of the agreements (see note 9).

j) Allocation of expenses

The College allocates the majority of its expenses by function. General administration expenses are not allocated to other functions but are disclosed separately. The College does not incur any significant expenses for fundraising. Administration related to fundraising is included in general administration expenses.

k) Restrictions on net assets

Invested in capital assets represents the amount the College has spent on capital assets using its own funding sources.

Endowment net assets include endowment principal which must remain unexpended.

The accrued pension benefit asset is restricted in order to meet future pension obligations.

l) 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.

m) Services received 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).

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

2. Significant accounting policies (continued)

n) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations 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 revenue and expenses for the year. Significant areas requiring the use of management estimates relate to the determination of the defined benefit pension plan surplus and the liabilities for other employee future benefits, and the estimated useful lives of capital assets. 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.

o) Contingent liabilities

Contingent liabilities may arise from time to time in the normal course of operations. Liabilities on any litigation are recognized in the financial statements when it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated.

p) Change in accounting standards - contaminated sites

Effective July 1, 2014, the College adopted the new Canadian public sector accounting standard PS3260 - Liability for Contaminated Sites. This section establishes how to account for and report a liability associated with the remediation of contaminated sites. There was no impact of adopting this standard for the year ended June 30, 2015.

3. Financial risk management

(a) Fair value of financial instruments

The College's financial instruments consist of cash, accounts receivable, restricted cash and accounts payable and accrued liabilities. The fair values of the College's financial instruments approximate their carrying values.

(b) Financial risks

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.

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 fair value of the College's financial instruments approximate their carrying values due to the short term nature of these instruments. It is management's opinion that the College is not exposed to significant interest rate risk on its cash and restricted cash, which are held in a Canadian chartered bank and an investment firm affiliated with the bank.

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.

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

3. Financial risk management (continued)

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, restricted cash 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.

Credit risk on cash and restricted cash is minimized as these assets are held with a Canadian Chartered bank and an investment firm affiliated with the bank.

Information regarding the College's accounts receivable is as follows:

	<u>2015</u>	<u>2014</u>
Carrying value	\$ 3,551,780	\$ 3,481,563
Allowance for doubtful accounts	\$ 36,889	\$ 11,761
Accounts receivable % less than 30 days	75%	82%
Accounts receivable % over 90 days	8%	12%

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.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the College's reputation. As at June 30, 2015 and 2014, substantially all of the College's accounts payable and accrued liabilities is due within 6 months of year-end.

4. 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 and at June 30, 2014. The College's credit facility interest rates are subject to fluctuations in the prime rate.

5. Restricted cash

Restricted cash consists of \$1,986,286 (2014 - \$1,975,313) for endowments (note 8) and \$328,472 (2014 - \$185,512) for prepaid leave.

Restricted cash consists of high interest savings accounts and the average annual return on restricted cash was 1.3% (2014 - 1.3 %).

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

6. 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, 2015. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as of June 30, 2015 using the projected benefits method prorated on services. The next actuarial valuation for accounting purposes will be performed as of June 30, 2016.

An actuarial valuation for funding purposes was performed as of June 30, 2015 and the next actuarial valuation for funding purposes will be performed as of June 30, 2016. The actuarial valuation for funding purposes performed by the actuary in 2015 established the College's required current service contributions as 161.3% (2014 - 171.5%) 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 pension plan benefits.

Total benefit payments were \$2,143,500 (2014 - \$2,957,400).

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 estimates of these future events. Key assumptions are summarized below:

	<u>2015</u>	<u>2014</u>
Weighted-average assumptions for benefit costs		
Discount rate	5.80 %	5.90 %
Expected long-term rate of return on plan assets	5.80 %	5.90 %
Rate of compensation increase	4.25 %	4.25 %
Weighted-average assumptions of accrued benefit obligation		
Discount rate	5.80 %	5.80 %
Rate of compensation increase	4.25 %	4.25 %
	<u>2015</u>	<u>2014</u>
Change in accrued benefit obligation:		
Accrued benefit obligation - beginning of year	\$ 66,232,800	\$ 59,761,600
Current service cost	2,465,500	2,334,200
Interest cost	3,892,000	3,543,100
Employee contributions	1,417,600	1,205,000
Benefits paid	(2,143,500)	(2,957,400)
Actuarial losses	678,800	2,346,300
Accrued benefit obligation - end of year	<u>\$ 72,543,200</u>	<u>\$ 66,232,800</u>
Change in plan assets:		
Fair value of plan assets - beginning of year	\$ 82,401,400	\$ 68,150,800
Actual return on plan assets	2,852,900	13,673,800
Employer contributions	2,418,000	2,329,200
Employee contributions	1,417,600	1,205,000
Benefits paid	(2,143,500)	(2,957,400)
Fair value of plan assets - end of year	<u>\$ 86,946,400</u>	<u>\$ 82,401,400</u>

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

6. Employee future benefits (continued)

a) Pension benefits (continued)

	<u>2015</u>	<u>2014</u>
Reconciliation of funded status:		
Accrued benefit obligation - end of year	\$ (72,543,200)	\$ (66,232,800)
Fair value of plan assets	<u>86,946,400</u>	<u>82,401,400</u>
Funding surplus (deficit)	14,403,200	16,168,600
Unamortized net actuarial (gain) loss	<u>416,000</u>	<u>(2,354,700)</u>
Accrued pension benefit asset	<u>\$ 14,819,200</u>	<u>\$ 13,813,900</u>

	<u>2015</u>	<u>2014</u>
Elements of defined pension plan benefit costs recognized in the year:		
Current service cost, net of employee contributions	\$ 2,465,500	\$ 2,334,200
Interest cost on benefit obligation	3,892,000	3,543,100
Actual return on plan assets	(2,852,900)	(13,673,800)
Actuarial loss on accrued benefit obligation	<u>678,800</u>	<u>2,346,300</u>

Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	4,183,400	(5,450,200)
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Adjustment to recognize the long-term nature of employee future benefit costs:

Difference between expected return and actual return on plan assets for year	(1,975,400)	9,635,900
Difference between actuarial (gain) loss recognized for the year and actual actuarial benefit (gain) loss on accrued benefit obligation for the year	<u>(795,300)</u>	<u>(1,652,800)</u>
Net periodic pension cost recognized	<u>\$ 1,412,700</u>	<u>\$ 2,532,900</u>

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

	<u>2015</u>	<u>2014</u>
Equity securities	58%	63%
Debt securities	40%	35%
Other	<u>2%</u>	<u>2%</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, 2015.

The funded status of the pension plan, a surplus of \$6,809,700 as at June 30, 2015 (June 30, 2014 - \$7,596,400), has been determined on the basis that the pension plan remains a going concern. As at June 30, 2015, the date of the most recent actuarial valuation for funding purposes, the pension plan had a deficit of \$14,384,500 (June 30, 2014 - \$8,314,600) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2015.

The solvency ratio of the pension plan was 87.1% at June 30, 2015 (2014 - 91.5%). During the fiscal year the College contributed \$2,418,000 (2014 - \$2,329,200) to the pension plan. The Government of Yukon did not provide pension funding to the College during the year. All required contributions to the pension plan have been made.

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

6. Employee future benefits (continued)

a) Pension benefits (continued)

In May 2011, the College acquired a letter of credit for the pension plan. The *Pension Benefits Standards Act* permits that letters of credit can be obtained in lieu of making special solvency payments. The letter of credit is an escalating letter of credit that increases by \$242,075 (2014 - \$269,167) per month up to an amount of \$12,921,258 (2014 - \$10,583,533), which is the estimated amount of solvency payments required up to June 30, 2016. The value of this letter of credit at June 30, 2015 was \$10,016,358 (2014 - \$7,353,533) (note 18). The letter of credit expires on June 30, 2016 but the College plans to renew the letter of credit no later than May 2016 as required by the legislation and in the amount determined by the actuarial valuation for June 30, 2015. The letter of credit is guaranteed by the Government of Yukon.

b) Other non-pension employee future benefits

The non-pension 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, special 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, 2015 is:

	<u>2015</u>	<u>2014</u>
Accrued benefit obligation, end of year	\$ 5,009,400	\$ 4,489,800
Unamortized actuarial gain (loss)	<u>(127,100)</u>	<u>12,600</u>
Actuarially determined other employee future benefits, end of year	4,882,300	4,502,400
Less: Current portion included in vacation leave and employee future benefits	<u>(500,000)</u>	<u>(771,500)</u>
Long-term portion other employee future benefits, end of year	<u>\$ 4,382,300</u>	<u>\$ 3,730,900</u>

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

	<u>2015</u>	<u>2014</u>
Accrued benefit liability, beginning of year	\$ 4,502,400	\$ 4,436,400
Add: Annual benefit plan cost:		
Current service cost	695,800	634,400
Interest on accrued benefit obligation	185,100	191,300
Amortization of net actuarial (gain) loss	<u>(1,000)</u>	<u>(19,700)</u>
Total annual benefit plan cost	879,900	806,000
Less: Benefits paid by College	<u>(500,000)</u>	<u>(740,000)</u>
Actuarially determined other employee future benefits, end of year	4,882,300	4,502,400
Less: Current portion included in vacation leave and employee future benefits	<u>(500,000)</u>	<u>(771,500)</u>
Long-term portion other employee future benefits, end of year	<u>\$ 4,382,300</u>	<u>\$ 3,730,900</u>

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

6. Employee future benefits (continued)

b) Other non-pension employee future benefits (continued)

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

	<u>2015</u>	<u>2014</u>
Weighted average assumptions for benefit costs:		
Discount rate	3.75%	4.25%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%
Weighted average assumptions for accrued benefit obligation:		
Discount rate	3.25%	3.75%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

7. Capital assets

	Beginning of Year	Additions	Disposals	Transfer to Capital Assets	End of Year
June 30, 2015					
Cost:					
Leasehold Improvements	\$ 2,667,616	\$ 1,134,144	\$ (67,937)	\$ 194,132	\$ 3,927,955
Equipment General	1,927,515	227,911	(20,567)	-	2,134,859
Equipment EDP	122,669	67,995	(42,276)	-	148,388
Mobile Trailers	2,247,200	-	-	-	2,247,200
Furniture and Fixtures	182,034	76,200	-	-	258,234
Works of Art	52,349	-	-	-	52,349
Vehicles	419,238	32,912	-	-	452,150
Work in Progress	194,132	71,943	-	(194,132)	71,943
Total	<u>\$ 7,812,753</u>	<u>\$ 1,611,105</u>	<u>\$ (130,780)</u>	<u>\$ -</u>	<u>\$ 9,293,078</u>
Accumulated Amortization:					
Leasehold Improvements	\$ 1,046,920	\$ 153,433	\$ (67,937)	\$ -	\$ 1,132,416
Equipment General	411,670	205,764	(20,567)	-	596,867
Equipment EDP	42,438	65,867	(42,276)	-	66,029
Mobile Trailers	94,088	112,360	-	-	206,448
Furniture and Fixtures	49,779	23,608	-	-	73,387
Works of Art	-	-	-	-	-
Vehicles	55,055	84,469	-	-	139,524
Work in Progress	-	-	-	-	-
Total	<u>\$ 1,699,950</u>	<u>\$ 645,501</u>	<u>\$ (130,780)</u>	<u>\$ -</u>	<u>\$ 2,214,671</u>
Carrying Amounts:	<u>\$ 6,112,803</u>	<u>\$ 965,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,078,407</u>

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

7. Capital assets (continued)

	Beginning of Year	Additions	Disposals	End of Year
June 30, 2014				
Cost:				
Leasehold Improvements	\$ 2,545,535	\$ 157,469	\$ (35,388)	\$ 2,667,616
Equipment General	1,456,359	519,810	(48,654)	1,927,515
Equipment EDP	148,466	39,078	(64,875)	122,669
Mobile Trailers	111,304	2,135,896	-	2,247,200
Furniture and Fixtures	118,213	66,992	(3,171)	182,034
Works of Art	52,349	-	-	52,349
Vehicles	35,873	383,365	-	419,238
Work in Progress	-	194,132	-	194,132
Total	<u>\$ 4,468,099</u>	<u>\$ 3,496,742</u>	<u>\$ (152,088)</u>	<u>\$ 7,812,753</u>
Accumulated Amortization:				
Leasehold Improvements	\$ 943,223	\$ 139,085	\$ (35,388)	\$ 1,046,920
Equipment General	296,959	163,365	(48,654)	411,670
Equipment EDP	55,152	52,161	(64,875)	42,438
Mobile Trailers	27,826	66,262	-	94,088
Furniture and Fixtures	39,395	13,555	(3,171)	49,779
Works of Art	-	-	-	-
Vehicles	24,669	30,386	-	55,055
Work in Progress	-	-	-	-
Total	<u>\$ 1,387,224</u>	<u>\$ 464,814</u>	<u>\$ (152,088)</u>	<u>\$ 1,699,950</u>
Carrying Amounts:	<u>\$ 3,080,875</u>	<u>\$ 3,031,928</u>	<u>\$ -</u>	<u>\$ 6,112,803</u>

The land and buildings at Ayamdigut Campus and some community campuses 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 (note 12).

8. Endowments

	<u>2015</u>	<u>2014</u>
Endowment balance, beginning of year	\$ 1,975,313	\$ 1,963,789
Interest earned and added to principal as direct increase in net assets	10,973	11,524
Endowment balance, end of year	<u>\$ 1,986,286</u>	<u>\$ 1,975,313</u>
Interest earned and added to principal as direct increase in net assets	\$ 10,973	\$ 11,524
Interest earned and recognized as revenue	12,109	12,044
Total interest income on endowments	<u>\$ 23,082</u>	<u>\$ 23,568</u>

Endowment contributions include donations received by the College. Endowment contributions are recognized as direct increases in endowment net assets. Interest earned on endowment contributions where a portion of the interest cannot be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes. Endowment contributions that specify that the principal can be spent are recognized as deferred contributions until they are spent for the specified purposes. The revenue from investment income and endowment contributions where the principal can be spent is recognized when the investment income and contributions are spent for the specified purposes.

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

9. 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. These contributions may only be used in certain programs or in the completion of specific work. Deferred contributions are comprised of funds restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
Contracts	\$ 1,080,266	\$ 1,730,090
Tuition and registration fees	293,675	285,360
Endowments	487,116	364,968
Total deferred contributions	<u>\$ 1,861,057</u>	<u>\$ 2,380,418</u>

Change in Deferred Contributions:

	<u>2015</u>				<u>2014</u>	
	Contracts	Tuition and Registration Fees	Endowments	Yukon Government Operating Contributions	Total	Total
Balance, beginning of year	\$ 1,730,090	\$ 285,360	\$ 364,968	\$ -	\$ 2,380,418	\$ 1,967,169
Investment income on endowments	-	-	13,806	-	13,806	-
Contributions	16,915,794	1,226,303	907,895	19,034,294	38,084,286	38,350,318
Revenue recognized	<u>(17,565,618)</u>	<u>(1,217,988)</u>	<u>(799,553)</u>	<u>(19,034,294)</u>	<u>(38,617,453)</u>	<u>(37,937,069)</u>
Balance, end of year	<u>\$ 1,080,266</u>	<u>\$ 293,675</u>	<u>\$ 487,116</u>	<u>\$ -</u>	<u>\$ 1,861,057</u>	<u>\$ 2,380,418</u>

10. Deferred capital contributions

Deferred capital contributions represent restricted contributions received or receivable to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 2,456,352	\$ -
Restricted government contributions	1,263,229	2,651,749
Amount amortized to revenue	<u>(267,239)</u>	<u>(195,397)</u>
Balance, end of year	<u>\$ 3,452,342</u>	<u>\$ 2,456,352</u>

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

11. Expenditures by object

	<u>2015</u>	<u>2014</u>
Salaries, wages and benefits	\$ 26,791,156	\$ 25,605,300
Contract services	9,161,599	5,912,851
Cost of sales and ancillary services	1,936,996	1,759,075
Utilities and communications	1,849,721	2,364,575
Material and supplies	1,729,655	2,168,008
Travel	975,711	1,032,302
Rental of facilities and equipment	916,917	909,713
Student assistance/scholarships	799,553	605,671
Amortization of capital assets	645,501	464,814
Promotion, events and advertising	622,899	561,535
Employee leave and termination benefits	487,115	(18,774)
Licenses, permits, and memberships	415,723	350,854
Other	239,329	163,962
Books and subscriptions	154,145	63,145
Bank fees and credit card commissions	146,574	106,664
Postage and freight	60,395	38,525
	<u>\$ 46,932,989</u>	<u>\$ 42,088,220</u>

12. Government of Yukon contributions

	<u>2015</u>	<u>2014</u>
Operating contributions	\$ 19,034,294	\$ 18,373,168
Services received without charge	3,731,685	4,207,154
	<u>\$ 22,765,979</u>	<u>\$ 22,580,322</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 received without charge. In 2015 Government of Yukon core funding contributions and services received without charge made up 50% of total revenues (2014 - 53%). No funds were received for pension employer service cost or solvency deficiency in 2015 and 2014.

The majority of the services received 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. Contracts

Revenue from contracts consists of revenue from third party contracts, non-credit program revenues, training provided to federal, territorial and municipal governments and to first nations, not for profit, private and public organizations.

Contract revenue is comprised of the following:

	<u>2015</u>	<u>2014</u>
Third party funded projects and programs	\$ 15,376,805	\$ 12,907,802
Training and non-credit course fees	2,188,813	2,080,823
	<u>\$ 17,565,618</u>	<u>\$ 14,988,625</u>

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

14. Miscellaneous income:

	<u>2015</u>	<u>2014</u>
Salary, travel and other expense recovery	\$ 803,058	\$ 364,985
Pension contract recovery	456,213	447,108
Computer lab usage fees	157,283	104,780
General student fees	91,453	103,291
Facilities and equipment rental	48,776	34,631
Other miscellaneous revenue	47,577	98,092
Book, publication and supply sales	37,617	23,138
Course materials recovery	10,448	17,485
Conference fees	3,000	14,335
	<u>\$ 1,655,425</u>	<u>\$ 1,207,845</u>

15. Centre for Northern Innovation in Mining

The Government of Yukon and the Canadian Northern Economic Development Agency (CANNOR) are providing funds to the College for the purpose of constructing and operating the Centre for Northern Innovation in Mining (CNIM). The Government of Yukon is providing \$4,146,975 and CANNOR is providing \$4,146,975 over three years for the construction of the building. The CNIM building, with an estimated completion date of October 31, 2016, will be owned by the Government of Yukon and is designed to provide training and research, through the delivery of accredited programming in mining, trades and technologies as well as relevant applied research projects and through industry partnerships.

The following amounts pertain to the CNIM building and have been included in the Statement of Operations:

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Government of Yukon (note 16)	\$ 1,037,354	\$ 74,128
CANNOR	<u>1,037,354</u>	<u>74,128</u>
	2,074,708	148,256
<u>Expenses</u>		
Project management	64,608	62,151
Building construction and design	<u>2,010,100</u>	<u>86,105</u>
	2,074,708	148,256
Revenues less expenses	<u>\$ -</u>	<u>\$ -</u>

16. Related party transactions

The College is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions disclosed in Note 12, the College enters into transactions with related entities in the normal course of business.

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 \$9,533,917 (2014 - \$8,226,066) (note 15), are recorded as contract revenue on the Statement of Operations. The College also receives funds from the Government of Yukon for student training allowances, the value of which is \$713,033 (2014 - \$600,000) and this is recognized on the Statement of Operations as student assistance/scholarships. Included in the amortization of deferred capital contributions on the Statement of Operations is \$101,778 (2014 - \$54,970) related to the Government of Yukon. 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, 2015 there was \$131,870 (2014 - \$104,753) of accounts payable and \$1,374,975 (2014 - \$908,138) of accounts receivable related to the Government of Yukon. At June 30, 2015 there was \$500,317 (2014 - \$639,636) of deferred contributions and \$1,881,754 (2014 - \$1,044,421) of deferred capital contributions related to the Government of Yukon.

YUKON COLLEGE
Notes to Financial Statements
Year ended June 30, 2015

17. Commitments

Leases

The College has operating leases and maintenance service agreements for classroom space and the computer system and is committed to basic payments as follows:

	<u>Maintenance Service Agreements</u>	<u>Facility Leases</u>
2015-16	156,282	126,313
2016-17	162,533	39,012
2017-18	169,035	-
2018-19	175,796	-
2019-20	150,498	-
2020-21	156,518	-
2021-22	162,779	-
2022-23	169,290	-
2023-24	176,062	-
	<u>\$ 1,478,793</u>	<u>\$ 165,325</u>

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 it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. In management's judgment, no material exposure exists at this time on the eventual settlement of any existing litigation. Therefore no amount has been included in the Statement of Financial Position for contingent liabilities.

As described in note 6(a), the College acquired a letter of credit for the pension plan. The amount outstanding at June 30, 2015 is \$10,016,358 (2014 - \$7,353,533).

19. Subsequent Events

Subsequent to June 30, 2015, the Yukon College Foundation was established to accept endowment contributions and donations in support of Yukon College students. The Foundation was incorporated on September 15, 2015 under the Canada Not-for-Profit Corporations Act. In early 2016, the endowment contributions and donations that the College currently manages will be transferred to the Foundation and any future endowment contributions and donations will be managed through the Foundation. Most of the restricted cash and some of the deferred contributions on the statement of financial position will be transferred to the Foundation. The revenue and expenses related to the cash being transferred is restricted to student scholarships and research grants which do not significantly impact the ongoing operations of the College. The impact on the statement of operations with respect to revenue and expenses will therefore be minimal. The operations of the College will not be economically dependent on the Foundation.