

YUKON COLLEGE
FINANCIAL STATEMENTS
June 30, 2007
(audited)

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YUKON COLLEGE
Management Responsibility

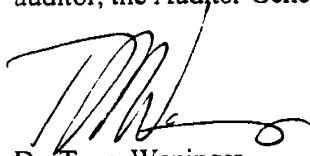
The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include estimates based on the experience and judgement of management. The financial statements present fairly the financial position of the College as at June 30, 2007, and the results of its operations, changes in net assets and cash flows for the year then ended.

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

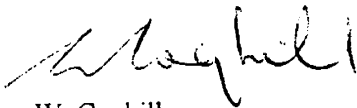
These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with the *College Act*, bylaws and policies of the College.

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

These financial statements for the year ended June 30, 2007 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 26, 2007



AUDITOR'S REPORT

To the Board of Governors:

I have audited the statement of financial position of the Yukon College as at June 30, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. 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, 2007 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 26, 2007

YUKON COLLEGE
Statement of Financial Position
as at June 30

ASSETS

	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and cash equivalents (note 4)	\$ 16,580,996	\$ 16,569,748
Accounts receivable	719,929	758,718
Inventories	190,793	146,742
Prepaid expenses	<u>17,775</u>	<u>15,649</u>
	17,509,493	17,490,857
Other Assets		
Investments (note 5)	1,945,101	1,939,457
Accrued pension benefit (note 6)	5,349,500	4,663,200
Capital assets (note 7)	<u>1,558,270</u>	<u>1,543,495</u>
	<u>\$ 26,362,364</u>	<u>\$ 25,637,009</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued liabilities	\$ 846,540	\$ 903,294
Deferred contributions (note 9)	<u>14,008,784</u>	<u>13,725,430</u>
	<u>14,855,324</u>	<u>14,628,724</u>

Long-term Liabilities

Other employee future benefits (note 6)	<u>2,760,800</u>	<u>2,533,900</u>
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Net Assets

Net assets - capital (note 7)	1,558,270	1,543,495
Net assets - endowment (note 8)	1,895,864	1,862,496
Net assets - unrestricted	<u>5,292,106</u>	<u>5,068,394</u>
	<u>8,746,240</u>	<u>8,474,385</u>
	<u>\$ 26,362,364</u>	<u>\$ 25,637,009</u>

Lease commitments (note 14)

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>2007</u>	<u>2006</u>
Revenues		
Contributions, Yukon Government (note 11)	\$ 17,476,063	\$ 17,629,813
Third party contracts	6,258,708	5,766,987
Miscellaneous income	855,108	850,946
Student assistance/scholarships	730,895	1,018,161
Sales, rentals and services	716,166	638,083
Tuition and registration fees	603,936	683,149
Interest income	483,888	357,034
Services to CWG 2007 (note 15)	<u>749,946</u>	<u>-</u>
	<u>\$ 27,874,710</u>	<u>\$ 26,944,174</u>
Expenses (note 10)		
Direct instruction	\$ 11,314,207	10,870,310
Direct instructional support	4,341,299	4,156,789
General administration	3,957,571	4,114,707
Services received without charge (note 11)	2,548,100	2,548,100
Research	1,265,591	1,153,204
Facility services and utilities	1,241,936	1,225,267
Cost of sales	866,098	782,941
Student assistance/scholarships	730,895	1,018,161
Amortization of capital assets	318,479	328,901
Employee leave and termination benefits	218,951	210,687
Miscellaneous	83,149	99,673
Expenses on services to CWG 2007 (note 15)	<u>749,946</u>	<u>-</u>
	<u>\$ 27,636,222</u>	<u>\$ 26,508,740</u>
Surplus of revenues over expenses	<u>\$ 238,488</u>	<u>\$ 435,434</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>2007</i>	<i>2006</i>
	<u>Unrestricted</u>	<u>Capital</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 5,068,394	\$ 1,543,495	\$ 1,862,496	\$ 8,474,385	\$ 8,006,495
Investment in capital assets		333,254		333,254	176,262
Amortization of capital assets		(318,479)		(318,479)	(328,901)
Change in net assets – capital	(14,776)			(14,776)	152,638
Endowment contributions			33,368	33,368	32,457
Surplus of revenues over expenses	<u>238,488</u>			<u>238,488</u>	<u>435,434</u>
Balance, end of year	<u>\$ 5,292,106</u>	<u>\$ 1,558,270</u>	<u>\$ 1,895,864</u>	<u>\$ 8,746,240</u>	<u>\$ 8,474,385</u>

	<u>2007</u>	<u>2006</u>
Determination of funds available for operations:		
Unrestricted fund balance, end of year	\$ 5,292,106	\$ 5,068,394
Add: Other employee future benefits	<u>2,760,800</u>	<u>2,533,900</u>
(note 13)	<u>\$ 8,052,906</u>	<u>\$ 7,602,294</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>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Surplus of revenues over expenses	\$ 238,488	\$ 435,434
Amortization of capital assets	318,479	328,901
Decrease in non-cash working capital	219,212	1,555,102
Increase in accrued pension benefit asset	(686,300)	(839,100)
Increase in other employee future benefit liabilities	<u>226,900</u>	<u>218,000</u>
Cash flows from operating activities	<u>316,779</u>	<u>1,698,337</u>
 Cash flows from financing activities:		
Endowment contributions	<u>33,368</u>	<u>32,457</u>
Cash flows from financing activities	<u>33,368</u>	<u>32,457</u>
 Cash flows used in investing activities:		
Capital assets acquired	(333,254)	(176,262)
(Increase) decrease in investments	<u>(5,645)</u>	<u>38,843</u>
Cash flows used in investing activities	<u>(338,899)</u>	<u>(137,419)</u>
 Change in cash:		
Net increase in cash and cash equivalents	11,248	1,593,375
Cash and cash equivalents		
Beginning of year	<u>16,569,748</u>	<u>14,976,373</u>
End of year	<u>\$ 16,580,996</u>	<u>\$ 16,569,748</u>

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

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

1. Purpose of the organization

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

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

2. Significant accounting policies

a) Basis of presentation

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

b) Cash and cash equivalents

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

c) 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, with no charge in the year of acquisition and a full charge in the year of disposal.

	<u>Years</u>
Equipment – general	10
Leasehold improvements	20
Equipment – EDP	3
Furniture & fixtures	10
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.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

2. Significant accounting policies (continued)

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.

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

The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by these plans is 9.1 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.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

2. Significant accounting policies (continued)

h) Revenue recognition

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

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

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 13).

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.

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 11).

l) Use of estimates

The preparation of financial statement in conformity with 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.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

3. Financial instruments

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

4. Cash and cash equivalents

	<u>2007</u>	<u>2006</u>
Cash	\$ 1,095,260	\$ 568,803
Bankers acceptances	<u>15,485,736</u>	<u>16,000,945</u>
Total cash and cash equivalents	<u>\$ 16,580,996</u>	<u>\$ 16,569,748</u>

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

The College is exposed to interest rate risk arising from fluctuations in interest rates on its cash and equivalents. In addition, the College is also exposed to credit and concentration risk for its cash and equivalents. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2007 is 4.2% (2006 – 3.2%).

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.

5. Investments

	<u>2007</u>	<u>2006</u>
Short-term deposits	\$ 212,738	\$ 245,314
Bankers acceptances	<u>1,732,363</u>	<u>1,694,143</u>
Total investments	<u>\$ 1,945,101</u>	<u>\$ 1,939,457</u>

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

The College is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments. In addition, the College is also exposed to credit and concentration risk for its short-term investments. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2007 is 4.2% (2006 – 3.2%)

A portion of the investments is externally restricted of which \$ 1,895,864 (2006 - \$ 1,862,496) is related to endowments.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

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, 2007, adjusted for known contributions/payments in transit at that date.

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

	<u>2007</u>	<u>2006</u>
Fair value of plan assets	\$ 48,418,700	\$ 41,390,700
Accrued benefit obligation	<u>(39,216,700)</u>	<u>(35,785,600)</u>
Funded status – plan surplus	9,202,000	5,605,100
Unamortized net actuarial (gain) loss	(4,174,500)	(1,344,400)
Unamortized past service costs	<u>322,000</u>	<u>402,500</u>
Accrued pension benefit asset	<u>\$ 5,349,500</u>	<u>\$ 4,663,200</u>

The actuarial valuation for funding purposes performed by the actuary as of June 30, 2006 established the College's required contributions as 247% of employee contributions. Under the economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service cost of the plan benefits.

The College contribution rate will be revised following the completion of the next actuarial valuation for funding purposes as at June 30, 2007, due to be filed with the federal pension regulator by December 31, 2007. Total benefit payments made in 2007 were \$1,958,500 (2006 - \$2,633,700).

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

	<u>2007</u>	<u>2006</u>
Accrued benefit asset, beginning of year	\$ 4,663,200	\$ 3,824,100
Less: annual pension cost	(1,181,900)	(1,470,200)
Add: contributions by College	<u>1,868,200</u>	<u>2,309,300</u>
Accrued benefit asset, end of year	<u>\$ 5,349,500</u>	<u>\$ 4,663,200</u>

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

	<u>2007</u>	<u>2006</u>
Current service cost, net of employee contributions	\$ 1,942,300	\$ 2,136,800
Interest on accrued benefit obligation	2,075,400	1,926,800
Actual return on plan assets	(6,486,300)	(3,014,800)
Actuarial (gain) loss on accrued benefit obligation	<u>739,900</u>	<u>(2,933,100)</u>
Elements of employee future benefit costs before adjustments to recognize the long term nature of employee future benefit costs.	<u>\$ (1,728,700)</u>	<u>\$ (1,884,300)</u>

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

6. Employee future benefits (continued)

a) Pension benefits (continued)

Adjustments to recognize the long term nature of employee future benefit costs:

	<u>2007</u>	<u>2006</u>
Elements of employee future benefit costs before adjustments to recognize the long term nature of employee future benefit costs	(1,728,700)	(1,884,300)
Difference between expected return and actual return on plan assets for year	\$ 3,570,000	\$ 340,900
Difference between actuarial loss (gain) recognized for year and actual actuarial loss (gain) on accrued benefit obligation for year	(739,900)	2,933,100
Difference between amortization of past service costs for year and actual plan amendments for year	<u>80,500</u>	<u>80,500</u>
Defined benefit costs recognized	<u>\$ 1,181,900</u>	<u>\$ 1,470,200</u>

The plan assets are comprised of the following:

	<u>2007</u>	<u>2006</u>
Equities		
Canadian	37.86%	37.35%
Foreign	<u>23.03%</u>	<u>20.25%</u>
Total equities	<u>60.89%</u>	<u>57.60%</u>
Fixed income		
Government - Canadian	23.94%	29.91%
Government - Foreign	0.75%	0%
Corporate	<u>12.45%</u>	<u>10.57%</u>
Total fixed income	<u>37.14%</u>	<u>40.48%</u>
Short term investments		
Canadian	<u>1.33%</u>	<u>1.46%</u>
Total securities	99.36%	99.54%
Cash	0.29%	0.07%
Accrued income	<u>0.35%</u>	<u>0.39%</u>
Total plan assets	<u>100.00%</u>	<u>100.00%</u>

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

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

2007.03	\$ 950,000
2008.09	950,000
2009.10	950,000
2010.11	300,000
thereafter	<u>990,300</u>
	<u>\$ 4,140,300</u>

The amounts actually received are 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, 2007

6. Employee future benefits (continued)

b) Other non-pension benefit plans

These benefits are not funded. The actuarial valuation of the accrued benefit liability as at June 30, 2007 is as follows:

	<u>2007</u>	<u>2006</u>
Accrued benefit obligation, end of year	\$ 2,804,600	\$ 2,663,400
Unamortized actuarial loss	<u>(43,800)</u>	<u>(129,500)</u>
Accrued benefit liability, end of year	<u>\$ 2,760,800</u>	<u>\$ 2,533,900</u>

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

	<u>2007</u>	<u>2006</u>
Accrued benefit liability, beginning of year	\$ 2,533,900	\$ 2,315,900
Add: Annual benefit plan cost	445,500	421,100
Less: Benefits paid by College	<u>(218,600)</u>	<u>(203,100)</u>
Accrued benefit liability, end of year	<u>\$ 2,760,800</u>	<u>\$ 2,533,900</u>

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

	<u>2007</u>	<u>2006</u>
Accrued benefit obligation as of June 30 th :		
Discount rate	5.50%	5.75%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%
Benefit costs for years ended June 30 th :		
Discount rate	5.75%	5.25%
Expected long-term rate of return on plan assets	n/a	n/a
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%

7. Capital assets

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment – general	\$ 1,184,761	\$ 786,703	\$ 398,058	\$ 474,848
Leasehold improvements	1,236,965	465,677	771,288	813,650
Equipment – EDP	457,843	175,113	282,730	161,930
Furniture & fixtures	77,923	29,745	48,178	29,385
Art	52,349	0	52,349	52,349
Vehicles	<u>28,331</u>	<u>22,664</u>	<u>5,667</u>	<u>11,333</u>
	<u>\$ 3,038,172</u>	<u>\$ 1,479,902</u>	<u>\$ 1,558,270</u>	<u>\$ 1,543,495</u>

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

8. Endowment

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 1,862,496	\$ 1,830,039
Endowment contributions	<u>33,368</u>	<u>32,457</u>
Balance, end of year	<u>\$ 1,895,864</u>	<u>\$ 1,862,496</u>

Endowment contributions consists of principal and interest earned and allocated to the endowment in accordance with the terms of the trust agreement. The allocated interest is \$35,968 (\$26,457 - 2006). In addition, an amount of \$2,600 was reallocated to discretionary accounts, which are included in deferred contributions on the Statement of Financial Position (\$6,000 was reallocated to endowment in 2006).

The balance of interest earned on endowment accounts is credited directly to the discretionary accounts.

9. Deferred contributions

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
Balance, beginning of year	\$ 10,546,497	\$ 3,178,933	\$ 13,725,430	\$ 12,595,863
Less: amount recognized as revenue for the period	(10,546,497)	(3,178,933)	(13,725,430)	(12,595,863)
Add: amounts related to future periods	<u>10,646,897</u>	<u>3,361,887</u>	<u>14,008,784</u>	<u>13,725,430</u>
Balance, end of year	<u>\$ 10,646,897</u>	<u>\$ 3,361,887</u>	<u>\$ 14,008,784</u>	<u>\$ 13,725,430</u>

10. Expenditure by object

	<u>2007</u>	<u>2006</u>
Salaries, wages and benefits	\$ 17,115,266	\$ 17,018,532
Contract services	2,968,954	2,689,230
Materials and Supplies	1,806,370	1,128,548
Other	1,563,402	1,432,099
Utilities and communications	1,491,067	1,465,669
Amortization of capital assets	318,479	328,901
Cost of sales and ancillary services	866,099	782,941
Student assistance: scholarships	730,895	1,018,161
Travel	556,739	433,972
Employee leave and termination benefits	<u>218,951</u>	<u>210,687</u>
	<u>\$ 27,636,222</u>	<u>\$ 26,508,740</u>

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

11. Yukon Government contributions

	<u>2007</u>	<u>2006</u>
Operating contributions	\$ 14,927,963	\$ 15,081,713
Services provided without charge	<u>2,548,100</u>	<u>2,548,100</u>
	<u>\$ 17,476,063</u>	<u>\$ 17,629,813</u>

The majority of the services provided without charge represent costs associated with facilities provided by the Yukon Government at a reduced, or no, charge. The 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.

12. Related party transactions

The College regularly enters into contracts for the provision of services to Departments of the Yukon Government. These contracts, the value of which is \$3,912,297 (\$3,346,640 - 2006), 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.

13. 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>2007</u>	<u>2006</u>
Human resource contingency	\$ 700,000	\$ 800,000
Equipment replacement	621,436	757,124
Program development	430,057	430,057
First Nations programs	400,000	400,000
Lease obligations	313,220	313,220
Northern Research Institute contingency	113,693	113,693
Residence reserve	25,000	25,000
Self insurance reserve	100,000	100,000
Accrued pension benefit asset	<u>5,349,500</u>	<u>4,663,200</u>
	<u>\$ 8,052,906</u>	<u>\$ 7,602,294</u>

14. 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:

2007-2008	\$ 299,827
2008-2009	282,720
2009-2010	171,790
2010-2011	112,394
2011-2012	63,023
thereafter	<u>131,774</u>
	<u>\$ 1,061,528</u>

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15. 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.

16. Subsequent events

Pension plan

Subsequent to year-end, the College has received the preliminary results of the actuarial valuation for funding purposes on the Yukon College Employees' Pension Plan as of June 30, 2007.

The significant points are:

- the surplus on an ongoing basis has increased since the last valuation (June 30, 2006) from \$6,110,200 to \$8,025,000.
- the solvency position has changed since the last valuation from a deficit of \$2,111,800 to a surplus of \$2,737,400.
- assuming the member contributions remain at the rates in effect July 1, 2007, the minimum required contribution for the College is 246% of members' contributions.

New residence

The Yukon Government provided a new residence building to the College in May of 2007. The annual estimated value of services provided at no cost is \$532,000.

17. Comparative figures

Certain comparative figures for 2006 have been reclassified to conform with the 2007 presentation.