

YUKON COLLEGE
FINANCIAL STATEMENTS
June 30, 2009

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YUKON COLLEGE
Management Responsibility

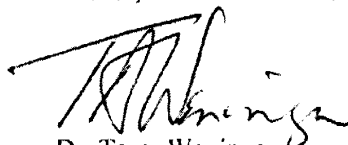
The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include estimates based on the experience and judgement of management. The financial statements present fairly the financial position of the College as at June 30, 2009, 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.

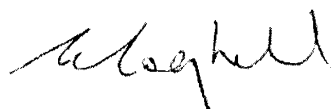
These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with the *College Act*, bylaws and policies of the College.

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, 2009 have been independently audited by the College's auditor, the Auditor General of Canada, and her report is included herein.



Dr. Terry Weninger
President



Wayne Coghill
Director, Administrative Services

October 23, 2009



AUDITOR'S REPORT

To the Board of Governors

I have audited the statement of financial position of the Yukon College as at June 30, 2009 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, 2009 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.

Guy LeGras, CA
Principal
for the Auditor General of Canada

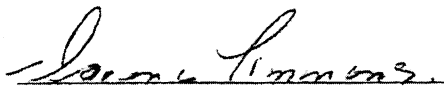
Vancouver, Canada
October 23, 2009

YUKON COLLEGE
Statement of Financial Position
as at June 30

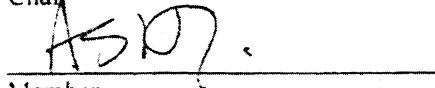
	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents (note 5)	\$ 8,040,143	\$17,604,558
Accounts receivable	1,607,903	1,304,981
Inventories	120,354	160,954
Prepaid expenses	<u>57,490</u>	<u>30,857</u>
	9,825,890	19,101,350
Other Assets		
Investments (note 6)	2,109,535	2,030,082
Accrued pension benefit asset (note 7 a)	6,654,100	5,943,500
Capital assets (note 8)	<u>2,400,744</u>	<u>1,842,667</u>
	<u>\$20,990,269</u>	<u>\$28,917,599</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,435,838	\$ 1,272,274
Deferred contributions (note 10)	<u>6,784,307</u>	<u>15,416,101</u>
	<u>8,220,145</u>	<u>16,688,375</u>
Long-term Liabilities		
Other employee future benefits (note 7 b)	<u>3,169,600</u>	<u>3,041,400</u>
 Net Assets		
Capital (note 8)	2,400,744	1,842,667
Endowments (note 9)	1,947,249	1,931,930
Unrestricted	<u>5,252,531</u>	<u>5,413,227</u>
	<u>9,600,524</u>	<u>9,187,824</u>
	<u>\$20,990,269</u>	<u>\$28,917,599</u>

Lease commitments (note 16)
Contingent liabilities (note 17)

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>2009</u>	<u>2008</u>
Revenues		
Contributions, Government of Yukon (note 12)	\$19,882,760	\$19,982,703
Third party contracts	10,336,609	8,119,836
Sales, rentals and services	1,365,244	1,382,891
Miscellaneous income (note 13)	799,028	664,379
Tuition and registration fees	591,815	579,554
Student assistance/scholarships	500,066	581,913
Interest income	<u>185,290</u>	<u>483,913</u>
	\$33,660,812	\$31,795,189
Expenses (note 11)		
Direct instruction	\$12,139,611	\$12,438,902
Direct instructional support	5,709,114	4,313,583
General administration	4,959,585	4,754,596
Services received without charge (note 12)	3,992,336	3,982,336
Research	2,506,479	1,818,517
Cost of sales	1,529,336	1,512,405
Facility services and utilities	1,323,227	1,233,621
Student assistance/scholarships	500,066	581,913
Amortization of capital assets	361,271	377,698
Employee leave and termination benefits	128,200	280,600
Miscellaneous	<u>114,206</u>	<u>95,501</u>
	\$33,263,431	\$31,389,672
Surplus of revenues over expenses	<u>\$ 397,381</u>	<u>\$ 405,517</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>2009</u> <u>Total</u>	<u>2008</u> <u>Total</u>
Balance, beginning of year	\$ 5,413,227	\$ 1,842,667	\$ 1,931,930	\$ 9,187,824	\$ 8,746,240
Investment in capital assets		919,348		919,348	662,095
Amortization of capital assets		(361,271)		(361,271)	(377,698)
Change in net assets – Capital	(558,077)			(558,077)	(284,396)
Endowment contributions			15,319	15,319	36,066
Surplus of revenues over expenses	<u>397,381</u>	<u> </u>	<u> </u>	<u>397,381</u>	<u>405,517</u>
Balance, end of year	<u>\$ 5,252,531</u>	<u>\$ 2,400,744</u>	<u>\$ 1,947,249</u>	<u>\$ 9,600,524</u>	<u>\$ 9,187,824</u>

	<u>2009</u>	<u>2008</u>
Internally restricted funds (note 15):		
Unrestricted fund balance, end of year	\$ 5,252,531	\$ 5,413,227
Add: Other employee future benefits	<u>3,169,600</u>	<u>3,041,400</u>
	<u>\$ 8,422,131</u>	<u>\$ 8,454,627</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>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Surplus of revenues over expenses	\$ 397,381	\$ 405,517
Items not affecting cash and cash equivalents		
Amortization of capital assets	361,271	377,698
Decrease in non-cash working capital balances	(8,757,184)	1,264,757
Increase in accrued pension benefit asset	(710,600)	(594,000)
Increase in other employee future benefits	<u>128,200</u>	<u>280,600</u>
Cash flows (used in)/from operating activities	<u>(8,580,932)</u>	<u>1,734,572</u>
Cash flows from financing activities:		
Endowment contributions	<u>15,319</u>	<u>36,066</u>
Cash flows from financing activities	<u>15,319</u>	<u>36,066</u>
Cash flows used in investing activities:		
Capital assets acquired	(919,348)	(662,095)
Increase in investments	<u>(79,454)</u>	<u>(84,981)</u>
Cash flows used in investing activities	<u>(998,802)</u>	<u>(747,076)</u>
Change in cash:		
Net (decrease) increase in cash and cash equivalents	(9,564,415)	1,023,562
Cash and cash equivalents		
Beginning of year	<u>17,604,558</u>	<u>16,580,996</u>
End of year	<u>\$ 8,040,143</u>	<u>\$17,604,558</u>

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

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

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. New accounting standards

Section 3031 – Inventories

Effective July 1, 2008, the College adopted the new CICA handbook section 3031 – Inventories, which is based on International Accounting Standards (IAS) 2. This section replaces section 3030. Under the new section, inventories of supplies are required to be measured at the lower of cost and net realizable value. The standard also provides more extensive guidance on the measurement and disclosure requirements for inventories; significantly, the new standard allows the reversals of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. The adoption of this new standard resulted in no impact to opening balances at July 1, 2008.

Section 1535 – Capital disclosures

Effective July 1, 2008, the College adopted the new CICA handbook section 1535 – Capital disclosures. The standard requires the disclosure of information about the College's objectives, policies and processes for managing its capital, quantitative data about what the College regards as capital and whether the College has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The new section was applied prospectively. The additional disclosures required as a result of adopting this standard are included in note 18.

Section 1400 – General standards of financial statement presentation

Effective July 1, 2008, the College adopted the new CICA handbook section 1400 – General standards of financial statement presentation, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the College's ability to continue as a going concern based on the assumption that the current funding levels are maintained and any committed future funding is received. If there are significant declines in funding, expenditures will be adjusted to match committed funding.

Sections 3862 and 3863 – Financial instruments – Disclosure and Presentation

On December 1, 2006, the CICA issued two new accounting standards CICA section 3862 – Financial instruments – Disclosures, and section 3863 – Financial instruments – Presentation. These standards apply to fiscal years beginning on or after October 1, 2007. The College has elected to continue to apply section 3861, as permitted for not-for-profit organizations under sections 3862 and 3863.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

3. Significant accounting policies

a) Basis of presentation

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

b) Financial instruments

The College's financial instruments are classified as follows:

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

Held for trading

These financial assets are measured at fair value at the Statement of Financial Position date. Cash and cash equivalents, 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.

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.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

3. 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 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.

Other non-pension benefits

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

The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by these plans is 8.1 years.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

3. Significant accounting policies (continued)

g) 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.

h) 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 15).

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.

i) 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.

j) Services provided without charge

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

k) Use of estimates

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

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

3. Significant accounting policies (continued)

l) Future accounting changes

Section 4400 – Financial statement presentation by not-for-profit organizations

This section was amended to:

- a) eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets, and
- 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.

This standard is effective for the College's fiscal year beginning on July 1, 2009. The College is in the process of determining if this new standard will impact its financial reporting significantly.

Section 4460 – Disclosure of related party transactions by not-for-profit organizations

This section was amended to be consistent with the related party accounting rules for private and public enterprises. This standard is effective for the College's fiscal year beginning on July 1, 2009. The College is in the process of determining if this new standard will impact its financial reporting significantly.

Section 4470 – Disclosure of allocated expenses by non-for-profit organizations

This section establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. This standard is effective for the College's fiscal year beginning on July 1, 2009. The College is in the process of determining if this new standard will impact its financial reporting significantly

4. Financial instruments

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

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 and cash equivalents, 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 cash equivalents and investments, which are held in a Canadian chartered bank, due to the short-term nature of these instruments.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

4. Financial instruments (continued)

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.

5. Cash and cash equivalents

	<u>2009</u>	<u>2008</u>
Cash	\$ 8,040,143	\$ (96,120)
Bankers acceptances	<u>0</u>	<u>17,700,678</u>
Total cash and cash equivalents	<u>\$ 8,040,143</u>	<u>\$17,604,558</u>

The average term to maturity of bankers acceptances was 28 days (2008 – 28 days). The College switched to investments in high interest earnings accounts in June, 2009.

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

6. Investments

	<u>2009</u>	<u>2008</u>
Short-term deposits	\$ 2,109,535	\$ 263,386
Bankers acceptances	<u>0</u>	<u>1,766,696</u>
Total investments	<u>\$ 2,109,535</u>	<u>\$ 2,030,082</u>

A portion of the investments is externally restricted of which \$1,947,250 (2008 - \$1,931,930) is related to endowments.

The average annual return on investments was 1.7% (2008 - 4.1%). The average term to maturity of bankers acceptances was 28 days (2008 – 26 days). The College switched to investments in high interest earnings accounts in June, 2009.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

7. Employee future benefits

a) Pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair values as reported by the custodian of the funds as at June 30, 2009. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as of June 30, 2009 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, 2010.

An actuarial valuation for funding purposes was performed as of June 30, 2007 and the next actuarial valuation for funding purposes will be performed as of June 30, 2010. The actuarial valuation for funding purposes performed by the actuary established the College's required contributions as 246% of employee contributions. Under economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service costs of the plan benefits.

Total benefit payments were \$1,783,400 (2008 - \$1,898,400).

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

7. 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>2009</u>	<u>2008</u>
Weighted-average assumptions for benefit costs		
Discount rate	5.75%	5.50%
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	6.25%	5.75%
Rate of compensation increase	4.25%	4.25%
Change in accrued benefit obligation:		
Accrued benefit obligation – beginning of year	\$ 41,256,700	\$ 39,216,700
Current service cost	2,390,400	2,257,900
Interest cost on benefit obligation	2,414,200	2,188,300
Employee contributions	851,100	782,400
Benefits paid	(1,783,400)	(1,898,400)
Actuarial losses (gains)	(3,348,100)	(1,290,200)
Accrued benefit obligation - end of year	<u>\$ 41,780,900</u>	<u>\$ 41,256,700</u>
Change in plan assets:		
Fair value of plan assets – beginning of year	\$ 47,353,000	\$ 48,418,700
Actual return on plan assets	(4,899,700)	(1,660,300)
Employer contributions	2,235,400	1,710,600
Employee contributions	851,100	782,400
Benefits paid	(1,783,400)	(1,898,400)
Fair value of plan assets - end of year	<u>\$ 43,756,400</u>	<u>\$ 47,353,000</u>
Market value of plan assets - end of year	\$ 43,756,400	\$ 47,353,000
Reconciliation of funded status:		
Accrued benefit obligation - end of year	\$ 41,780,900	\$ 41,256,700
Fair value of plan assets	(43,756,400)	(47,353,000)
Funding surplus	(1,975,500)	(6,096,300)
Unamortized past service costs	(161,000)	(241,500)
Unamortized net actuarial gain (loss)	(4,517,600)	394,300
Accrued benefit asset	<u>\$ (6,654,100)</u>	<u>\$(5,943,500)</u>

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

7. Employee future benefits (continued)

a) Pension benefits (continued)

	<u>2009</u>	<u>2008</u>
Elements of defined pension plan benefit costs recognized in the year:		
Current service cost, net of employee contributions	\$ 2,390,400	\$ 2,257,900
Interest cost on benefit obligation	2,414,200	2,188,300
Actual return on plan assets	4,899,700	1,660,300
Actuarial (gain) loss on accrued benefit obligation	<u>(3,348,100)</u>	<u>(1,290,200)</u>
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	6,356,200	4,816,300
Adjustments to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for year	(8,260,000)	(5,070,400)
Difference between actuarial loss (gain) recognized for the year and actual actuarial benefit loss (gain) on accrued benefit obligation for year	3,348,100	1,290,200
Difference between amortization of past service costs for the year and actual plan amendments for year	80,500	80,500
Net periodic pension cost recognized	<u>\$ 1,524,800</u>	<u>\$ 1,116,600</u>
Based on fair value of plan assets held as at June 30, the assets were composed of:		
Equity securities	2009 56%	2008 57%
Debt securities	39%	40%
Other	5%	3%
Total	<u>100%</u>	<u>100%</u>

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, 2009.

The funded status of the pension plan (a surplus of \$1,975,500 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, 2007, the date of the most recent actuarial valuation for funding purposes, the pension plan had a surplus of \$2.7 million if valued on the basis that the pension plan were terminated/wound up as at June 30, 2007.

Since the solvency ratio of the plan was 106% at June 30, 2007, there is no solvency shortfall. During the fiscal year the College contributed \$2,070,258 (2008 - \$1,800,609) to the plan. The Government of Yukon provided pension funding of \$ 817,014 (2008 - \$703,296) to the College.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

7. 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:

2009/10	950,000
2010/11	300,000
2011/12	300,000
thereafter	<u>690,300</u>
	<u>\$ 2,240,300</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, 2009 is:

	<u>2009</u>	<u>2008</u>
Accrued benefit obligation, end of year	\$ 3,197,700	\$ 3,160,300
Unamortized actuarial loss	<u>(28,100)</u>	<u>(118,900)</u>
Accrued benefit liability, end of year	<u>\$ 3,169,600</u>	<u>\$ 3,041,400</u>

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

	<u>2009</u>	<u>2008</u>
Accrued benefit liability, beginning of year	\$ 3,041,400	\$ 2,760,800
Add: Annual benefit plan cost	513,300	474,800
Less: Benefits paid by College	<u>(385,100)</u>	<u>(194,200)</u>
Accrued benefit liability, end of year	<u>\$ 3,169,600</u>	<u>\$ 3,041,400</u>

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

	<u>2009</u>	<u>2008</u>
Weighted average assumption for accrued benefit obligation:		
Discount rate	5.75%	5.75%
Rate of compensation increase		
for 9 years (2008 - 8 years)	4.25%	4.25%
thereafter	4.75%	4.75%
Weighted average assumption for benefit costs:		
Discount rate	6.25%	5.50%
Rate of compensation increase		
for 9 years (2008 - 8 years)	4.25%	4.25%
thereafter	4.75%	4.75%

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

8. Capital assets

	<u>2009</u>		Net Book <u>Value</u>	<u>2008</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>		Net Book <u>Value</u>	
Leasehold improvements	\$2,056,399	\$ 600,591	\$1,455,808	\$ 923,557	
Equipment – general	912,867	468,626	444,241	323,052	
Equipment – EDP	516,230	248,234	267,996	363,085	
Mobile trailers	111,304	5,565	105,739	111,304	
Furniture & fixtures	98,631	35,620	63,011	54,820	
Art	52,349	-	52,349	52,349	
Vehicles	14,500	2,900	11,600	14,500	
	<u>\$3,762,280</u>	<u>\$1,361,536</u>	<u>\$2,400,744</u>	<u>\$1,842,667</u>	

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

9. Endowments

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 1,931,930	\$ 1,895,864
Endowment contributions	<u>15,319</u>	<u>36,066</u>
Balance, end of year	<u>\$ 1,947,249</u>	<u>\$ 1,931,930</u>

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

10. Deferred contributions

These represent unspent 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>2009</u>	<u>2008</u>
Balance, beginning of year	\$15,416,101	\$14,008,784
Amounts received in the year	21,036,682	29,220,170
Amount recognized to revenue in the year	<u>(29,668,476)</u>	<u>(27,812,853)</u>
Balance, end of year	<u>\$ 6,784,307</u>	<u>\$15,416,101</u>

The balance consists of funds restricted for:

Contributions received from Government of Yukon for future periods	\$ 4,191,466	\$11,743,647
Capital	187,500	1,005,145
Trusts and endowments	602,675	888,814
Other O&M	<u>1,802,666</u>	<u>1,778,495</u>
Balance, end of year	<u>\$ 6,784,307</u>	<u>\$15,416,101</u>

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

11. Expenditures by object

	<u>2009</u>	<u>2008</u>
Salaries, wages and benefits	\$19,467,823	\$18,178,775
Contract services	5,471,902	4,604,346
Utilities and communications	2,045,286	1,962,400
Other	1,593,062	1,694,665
Cost of sales and ancillary services	1,529,336	1,512,405
Materials and Supplies	1,408,702	1,360,958
Travel	757,783	835,912
Student assistance/scholarships	500,066	581,913
Amortization of capital assets	361,271	377,698
Employee leave and termination benefits	<u>128,200</u>	<u>280,600</u>
	<u>\$33,263,431</u>	<u>\$31,389,672</u>

12. Government of Yukon contributions

	<u>2009</u>	<u>2008</u>
Operating contributions	\$15,890,424	\$16,000,367
Services provided without charge	<u>3,992,336</u>	<u>3,982,336</u>
	<u>\$19,882,760</u>	<u>\$19,982,703</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 2009 Government of Yukon contributions made up 59% of total revenues (2008 - 63%).

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

13. Miscellaneous income consists of the following:

	<u>2009</u>	<u>2008</u>
Pension contract recovery	\$ 256,242	\$ 278,174
Other miscellaneous revenue	216,897	133,977
Secondment recovery	146,265	134,108
Computer lab usage fees	92,599	44,795
General student fees	<u>87,025</u>	<u>73,325</u>
	<u>\$ 799,028</u>	<u>\$ 664,379</u>

14. Related party transactions

The College regularly enters into contracts for the provision of services to Departments of the Government of Yukon. These contracts, the value of which is \$4,820,577 (2008 - \$4,208,972), 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.

There was \$414,980 of accounts payable and \$780,887 of accounts receivable related to Government of Yukon at June 30, 2009.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2009

15. 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>2009</u>	<u>2008</u>
Human resource contingency	\$ 500,730	\$ 625,730
First Nations programs	400,000	400,000
Equipment replacement	275,000	400,000
Program development	213,199	400,000
Lease obligations	140,409	200,000
Northern Research Institute contingency	113,693	113,693
Self insurance reserve	100,000	100,000
Residence reserve	25,000	25,000
Pension actuarial reserve	0	246,704
Accrued pension benefit asset	<u>6,654,100</u>	<u>5,943,500</u>
	<u>\$ 8,422,131</u>	<u>\$ 8,454,627</u>

16. 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:

2009-2010	\$ 272,914
2010-2011	172,961
2011-2012	82,596
2012-2013	80,587
2013-2014	<u>78,693</u>
	<u>\$ 687,751</u>

17. 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.

18. 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.

19. Comparative figures

Certain comparative figures for 2008 have been reclassified to conform with the 2009 presentation.