Financial Statements of

Langara College

For the year ended March 31, 2014

Langara College

Statement of Management Responsibility

Year ended March 31, 2014

Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying financial statements for the year ended March 31, 2014, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that assets are safeguarded and that the financial records provide a reliable basis for the preparation of the financial statements.

The Board of Governors of the College carries out its responsibility for review and approval of the financial statements. The Audit Subcommittee of the Administration and Finance Committee of the Board meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

These financial statements have been reported on by KPMG LLP, the College's external auditors appointed by the Board of Governors. The external auditors have full access to the Board with and without the presence of management.

Dr. Lane Trotter, President and CEO

Roy Daykin, CFO and Vice-President, Administration and Community Engagement

June 26, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Langara College and
To the Minister of Advanced Education, Province of British Columbia

We have audited the accompanying financial statements of Langara College, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net debt and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our 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, we consider internal control relevant to the entity's preparation 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the financial statements of Langara College as at March 31, 2014 and for the year then ended are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

June 26, 2014

Burnaby, Canada

Langara College

Statement of Financial Position

March 31, 2014 with comparative figures for March 31, 2013

		2014	2013
Financial assets			
Cash and cash equivalents		$ 5,924,559	$ 5,820,681
Accounts receivable		1,778,679	1,943,413
Inventories for resale		924,355	688,842
Net investment in lease	Note 3	3,486,184	3,557,342
Investments	Notes 4&5	54,579,658	60,266,072
		66,693,435	72,276,350
Liabilities			
Accounts payable and accrued liabilities	Note 6	8,252,091	12,091,182
Employee future benefits	Note 7	6,122,926	6,171,963
Deferred revenue		9,394,707	8,145,242
Deferred contributions	Note 8	3,499,867	2,787,006
Deferred capital contributions	Note 9	62,120,085	63,425,363
Long-term debt	Note 10	9,360,426	9,486,059
Obligation for lease of tangible capital assets	Note 11	79,262	232,304
		98,829,364	102,339,119
Net debt		(32,135,929)	(30,062,769)
Non-financial assets			
Tangible capital assets	Note 12	88,887,533	86,404,491
Endowment investments	Notes 4&5	5,974,181	5,837,294
Prepaid expenses		670,664	1,039,346
		95,532,378	93,281,131
Accumulated surplus	Notes 14&15	**$ 63,396,449**	**$ 63,218,362**

Commitments (Note 16)

Contractual obligation (Note 17)

See accompanying notes to the financial statements.

Approved on behalf of the Board of Governors:

Anne Lippert, Chair of the Board of Governors

David Bowra, Chair of the Audit Subcommittee

Langara College

Statement of Operations and Accumulated Surplus

Years ended March 31, 2014 and 2013

		Budget 2014 Note 2(k)	2014	2013
Revenue:				
Province of British Columbia grants		$ 46,176,000	$ 46,582,999	$ 46,337,373
Tuition and student fees		46,224,000	44,728,796	41,910,384
Sales of goods and services		6,050,000	6,351,731	6,099,871
Contract services		3,376,000	2,310,255	2,486,747
Investment income		1,428,000	1,612,505	1,540,376
Revenue recognized from deferred capital contributions	Note 9	2,384,000	3,181,104	3,028,031
Miscellaneous income and contributions		1,145,000	1,488,876	1,378,481
		106,783,000	**106,256,266**	**102,781,263**
Expenses:				
Instruction		99,578,000	99,134,927	94,756,944
Ancillary operations		7,205,000	6,488,997	6,180,023
Transfers to Langara College Foundation	Note 18	-	604,360	1,980,555
		106,783,000	**106,228,284**	**102,917,522**
Annual operating surplus (loss) before endowment contributions		-	27,982	(136,259)
Restricted endowment contributions	Note 15	-	150,105	459,749
Surplus for the year		-	178,087	323,490
Accumulated surplus, beginning of year		63,218,362	63,218,362	62,894,872
Accumulated surplus, end of year		**$ 63,218,362**	**$ 63,396,449**	**$ 63,218,362**

See accompanying notes to the financial statements.

Langara College

Statement of Changes in Net Debt
Years ended March 31, 2014 and 2013

		Budget 2014 Note 2(k)	2014	2013
Surplus for the year		$ -	$ 178,087	$ 323,490
Acquisition of tangible capital assets	Note 12	(17,982,000)	(8,655,595)	(6,607,199)
Amortization of tangible capital assets	Note 12	6,268,000	6,172,553	5,957,874
		(11,714,000)	(2,483,042)	(649,325)
Acquisition of prepaid expenses		-	(466,312)	(1,033,096)
Change in endowment investments		-	(136,887)	1,366,342
Use of prepaid expenses		-	834,994	468,084
		-	231,795	801,330
(Increase) decrease in net debt		(11,714,000)	(2,073,160)	475,495
Net debt, beginning of year		(30,062,769)	(30,062,769)	(30,538,264)
Net debt, end of year		**$ (41,776,769)**	**$ (32,135,929)**	**$ (30,062,769)**

See accompanying notes to the financial statements.

Langara College

Statement of Cash Flows
Years ended March 31, 2014 and 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Surplus for the year	$ 178,087	$ 323,490
Items not involving cash:		
Amortization of tangible capital assets	6,172,553	5,957,874
Revenue recognized from deferred capital contributions	(3,181,104)	(3,028,031)
Gain on sinking fund investments	-	(4,964)
Change in employee future benefits	(49,037)	(69,322)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	164,734	(788,692)
Decrease (increase) in prepaid expenses	368,682	(565,012)
Decrease (increase) in inventories for resale	(235,513)	451,892
Increase (decrease) in accounts payable and accrued liabilities	(2,462,896)	5,174,113
Increase (decrease) in amount due to Langara College Foundation	(1,376,195)	1,980,555
Increase in deferred revenue	1,249,465	443,435
Increase in deferred contributions	712,861	125,105
Net change in cash from operating activities	1,541,637	10,000,443
Capital activities:		
Acquisition of tangible capital assets	(8,655,595)	(6,607,199)
Net change in cash from capital activities	(8,655,595)	(6,607,199)
Financing activities:		
Sinking fund payments	(125,633)	(150,530)
Deferred capital contributions received	1,875,826	2,384,419
Net change in cash from financing activities	1,750,193	2,233,889
Investing activities:		
Principal payments received on net investment in lease	71,158	67,472
Principal payments on leased tangible capital assets	(153,042)	(146,013)
Purchase of investments	(26,041,485)	(35,070,326)
Disposition of investments	31,591,012	28,960,448
Net change in cash from investing activities	5,467,643	(6,188,419)
Increase (decrease) in cash	103,878	(561,286)
Cash, beginning of year	5,820,681	6,381,967
Cash, end of year	**$ 5,924,559**	**$ 5,820,681**

Cash is comprised of cash and cash equivalents.

See accompanying notes to the financial statements.

1. Authority and purpose

Langara College (the “College”) operates under the authority of the College and Institute Act of British Columbia. The College is a government not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the Province of British Columbia. The College is a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

The College provides college studies, career studies and continuing studies programs and courses to over 23,000 full-part and part-time students annually.

2. Summary of significant accounting policies

(a) Basis of accounting:

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of deferred capital contributions and recognition of revenue is accounted for in the fiscal period in which the tangible capital asset is used to provide services.

(ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulations or restrictions on the contributions have been met.

For British Columbia taxpayer-supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that government transfers that do not contain a stipulation that creates a liability be recognized as revenue by the recipient when approved by the transferor and when the eligibility criteria have been met in accordance with public sector accounting standard PS3410. As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with terms to maturity of three months or less at the date of purchase.

(c) Financial instruments

Financial instruments are classified into two categories: fair value and amortized cost.

(i) Portfolio investments that are quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of such investments are recorded as an expense. Unrealized gains and losses on investments carried at fair value are recorded in the statement of remeasurement gains and losses until such time as they are realized. Realized gains and losses on financial assets are transferred from the statement of remeasurement gains and losses and recognized in the Statement of Operations and Accumulated Surplus provided their use is not restricted.

(ii) Realized gains and losses on endowment investments, where earnings are restricted as to their use, are recorded as deferred investment income and recognized in revenue when the related expenses are incurred.

(iii) Investments with fixed maturity dates are recorded at amortized cost. Income on these investments is recognized in the Statement of Operations and Accumulated Surplus over the period of time that the investments are held. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

Financial assets are assessed on a regular basis to determine if there is a significant adverse change in the expected amount or timing of future cash flows from the financial assets. When there is a significant adverse change, the carrying values of the financial assets are reduced to the expected amount to be recovered. When future events indicate an improvement in the expected amounts to be recovered, the financial assets are increased to the expected amounts, not exceeding the initial carrying value.

(d) Inventories for resale

Inventories held for resale, including books and other materials, are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

(e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Asset	Period
Buildings and improvements	3-50 years
Library holdings	5 years
Furniture and fixtures	10 years
Office equipment	4-15 years
Computer hardware	3-7 years
Computer software	3 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the provision of goods and services, or when the value of future economic benefits associated with these assets are less than their net book value.

(ii) Leased tangible capital assets

Leases that transfer substantially the entire benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expense as incurred.

(f) Employee future benefits

Benefits for sick leave, vacation and other leaves are also available to College employees. The costs of sick leave benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are recognized in the period in which they are incurred. Benefits for vacation and other leaves are recorded at fair value as a liability.

(g) Revenue recognition

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received or the transfer of property is completed.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors, as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, for use in providing services, are recorded as a deferred capital contribution and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded.

(ii) Contributions to be retained in perpetuity, allowing only the investment income earned thereon to be spent, are recorded as restricted endowment contributions on the statement of operations and as deferred contributions for any restricted investment income earned thereon.

(iii) Contributions restricted for specific purposes, other than for those to be held in perpetuity or for the acquisition or development of a depreciable tangible capital asset, are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, and write downs on investments where the loss in value is determined to be other than temporary.

(h) Use of estimates

The preparation of the financial statements in accordance with the reporting framework described in note 2(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include the rate of amortization of capital assets and the related deferred capital contributions, employee future benefits, revenue recognition of contract services and provisions for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(i) Foreign currency translation

The College's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the balance sheet date.

(j) Deferred contributions

(i) Capital maintenance

Contributions received for maintenance projects that meet stipulations as established by the provincial government are deferred until the corresponding maintenance expenses for those projects are incurred.

(ii) Endowment

Income earned on endowments is deferred until paid out according to the terms of the endowment.

(iii) Langara Students' Union ("LSU") capital fund

The LSU capital fund consists of funds collected from students on behalf of the Langara Students' Union Association. Funds are disbursed based on authorized requests made by a joint committee of the College and the Langara Students' Union Association, and for lease payments to the College for the Students' Union Building (note 3).

(iv) Restricted Donations

Donations received that contain stipulations as to their use are deferred until the stipulation is met and the payment is made.

(v) Other

Other contributions are received in support of various activities of the College. These contributions are deferred until the stipulations attached to them are met.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the Operations and Capital Budget approved by the Board of Governors of the College on March 21, 2013. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

3. Net investment in lease

The College has entered into an agreement for the lease of the Students' Union Building to the Langara Students' Union for a thirty-year term commencing September 1, 2009. Finance income on the lease of $164,826 (2013: $168,075) is included in miscellaneous revenue. Minimum lease payments receivable for each year of the lease are $236,513.

The College's net investment in the lease is comprised of net minimum lease payments and unearned finance income as follows:

		2014		2013
Net investment in lease:				
Total minimum lease payments receivable	$	5,964,347	$	6,200,860
Unearned finance income		(2,478,163)		(2,643,518)
Net investment in lease	**$**	**3,486,184**	**$**	**3,557,342**

4. Restricted assets

Endowment investments in the amount of $5,974,181 (2013 - $5,837,294) are restricted assets, as the underlying endowments are held in perpetuity.

Included in investments are other restricted investments that are restricted as to their use as follows (see note 8):

		2014		2013
Restricted investments				
Deferred income on endowments	$	1,352,736	$	863,817
Langara Students' Union Capital Fund		350,576		302,508
Restricted donations		134,837		98,141
	$	**1,838,149**	**$**	**1,264,466**

The balance of $52,741,509 (2013-$59,001,606) of investments are not restricted as to their use.

5. Financial instruments

The carrying amounts of other financial instruments, such as accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short maturities. The fair value of the College's long-term debt is impacted by changes in market yields which can result in differences between carrying value and market value. Based on management's estimates, the fair value of the College's long-term debt at March 31, 2014, is not significantly different than its carrying value, as interest rates applicable to the debt are not significantly different from interest rates in effect at the year-end date.

Investments reported at amortized cost consist of guaranteed investment certificates, government and corporate bonds and term deposits with a carrying value of $53,162,317 (2013: $58,033,355). Investments recorded at fair value consist of money-market, bond and equity funds managed by a professional fund manager, with a carrying value of $7,391,522 (2013: $8,070,011).

The College also holds a beneficial interest in two funds controlled by the Vancouver Foundation, an independent public foundation. One fund, with a fair value of $2,670,817 (2013: $2,386,642), is held in the name of the Vancouver Community College Educational Foundation (VCCEF). By agreement with the VCCEF, the College is to receive 26.3091% of the annual income from this fund. The other fund, with a fair value of $164,453 (2013: $146,955), is registered directly in the name of Langara College. These funds are held in perpetuity and controlled by the Vancouver Foundation and are therefore not included as assets in these financial statements. Investment income from these funds is recorded when received or receivable.

6. Accounts payable and accrued liabilities

		2014		2013
Accounts payable and accrued liabilities	$	4,339,712	$	7,775,619
Salaries and benefits payable		3,308,019		2,335,008
Due to Langara College Foundation		604,360		1,980,555
	$	**8,252,091**	**$**	**12,091,182**

7. Employee future benefits

Employee future benefits consist of accumulated vacation, sick leave, and other leaves that vest as follows:

		2014		2013
Vacation	$	4,330,144	$	4,362,963
Sick leave		942,600		1,120,400
Other leaves that vest		850,182		688,600
	$	**6,122,926**	**$**	**6,171,963**

(a) Pension benefits:

The College and its employees contribute to the College Pension Plan and the Municipal Pension Plan, jointly trusteed pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. The College Pension Plan has about 13,000 active members from college senior administration and instructional staff and approximately 6,000 retired members. The Municipal Pension Plan has about 179,000 active members, with approximately 5,700 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2012 indicated a $105 million funding deficit for basic pension benefits. The next valuation will be as at August 31, 2015 with results available in 2016. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The College paid $4,432,604 (2013: $3,980,091) as employer contributions to the College Pension Plan and $956,295 (2013: $914,921) as employer contributions to the Municipal Pension Plan in the current year.

(b) Vacation:

Employees of the College earn vacation according to the terms of the collective agreements or terms of employment, whichever is applicable. Vacation accumulates to each employee as they render services to the College. Employees covered by a collective agreement can generally accumulate vacation in excess of one year of entitlement, for payment of amounts owing in a future year in either cash or time off with pay. Employees not covered by a collective agreement are instead covered by the College's terms and conditions of employment, which does not permit accumulating vacation in excess of one year of entitlement.

(c) Other leaves that vest:

Certain employee groups may be eligible to earn other time-off benefits that may accumulate for multiple years and vest with each qualifying employee. These time-off benefits accumulate to each qualifying employee as they render services to the College. The fair value of these obligations is recorded as a liability.

(d) Accumulated sick leave benefit:

Employees of the College earn sick leave according to the terms of the collective agreements or terms of employment, whichever is applicable. Sick leave credits accumulate to each employee as they render services to the College; however, the accumulated amount does not vest and so is extinguished for each employee once they are no longer employed by the College. The expected use of the accumulated amount is determined using actuarial valuation techniques and the corresponding liability is recorded by the College. An expense for sick leave is recognized in the period for which each employee earns this benefit.

The amounts recorded as expense and liability for these leaves is as follows:

	2014	2013
Accrued benefit obligation, beginning of year	$ 1,120,400	$ 1,090,100
Current service cost	75,900	73,000
Interest cost	36,800	37,000
Expected benefit payments	(290,500)	(272,200)
Actuarial (gain)/loss	-	192,500
Accrued benefit obligation, end of year	**$ 942,600**	**$ 1,120,400**

8. Deferred contributions

Changes in deferred contributions are as follows:

2014	Capital Maintenance	Endowment Income	LSU	Restricted Donations	Other	Total
Balance, beginning of year	$ 1,000,455	$ 863,817	$ 302,508	$ 98,141	$ 522,085	$ 2,787,006
Contributions received during the year						
From the Province of British Columbia	293,593	-	-	-	835,419	1,129,012
From other sources	-	871,314	296,407	127,838	-	1,295,559
Revenue recognized from deferred contributions	(467,749)	(382,395)	(248,339)	(91,142)	(522,085)	(1,711,710)
Balance, end of year	**$ 826,299**	**$ 1,352,736**	**$ 350,576**	**$ 134,837**	**$ 835,419**	**$ 3,499,867**

2013	Capital Maintenance	Endowment Income	LSU	Restricted Donations	Other	Total
Balance, beginning of year	$ 1,297,000	$ 601,882	$ 273,358	$ 98,750	$ 390,911	$ 2,661,901
Contributions received during the year						
From the Province of British Columbia	-	-	-	-	320,531	320,531
From other sources	-	554,914	294,045	154,148	-	1,003,107
Revenue recognized from deferred contributions	(296,545)	(292,979)	(264,895)	(154,757)	(189,357)	(1,198,533)
Balance, end of year	**$ 1,000,455**	**$ 863,817**	**$ 302,508**	**$ 98,141**	**$ 522,085**	**$ 2,787,006**

9. Deferred capital contributions

Contributions for capital acquisitions that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the related assets. Additional direction on the accounting for deferred capital contributions was provided by the Treasury Board is disclosed in note 2.

Changes in the balance of deferred capital contributions are as follows:

	2014	2013
Balance, beginning of year	$ 63,425,363	$ 64,068,975
Grants received from the Province of British Columbia	1,875,826	2,384,419
Amortized to revenue	(3,181,104)	(3,028,031)
Balance, end of year	**$ 62,120,085**	**$ 63,425,363**

10. Long-term debt

The College borrowed Series LC-CP-154 long-term debt through the provincial government on November 10, 2009. This debt is for a thirty-year term maturing on November 10, 2039, carries an interest rate of 4.68% with interest-only payments of $234,000 due on May 10 and November 10 of each year, and an annual sinking-fund requirement of $150,530, payable until maturity. Interest expense of $468,000 (2013: $468,000) is included in ancillary operations expense.

		2014		2013
Face value of debt	$	10,000,000	$	10,000,000
Sinking fund		(639,574)		(513,941)
Balance, end of year	**$**	**9,360,426**	**$**	**9,486,059**

11. Obligation for lease of tangible capital assets

		2014		2013
Total future minimum lease payments	$	80,671	$	242,012
Imputed interest at 4.68%		(1,409)		(9,708)
Net obligation under capital lease	**$**	**79,262**	**$**	**232,304**

12. Tangible capital assets

Cost		**2013**		**Additions**		**Disposals**		**2014**
Land	$	1,172,682	$	-	$	-	$	1,172,682
Buildings and improvements		113,818,161		1,506,951		-		115,325,112
Furniture and equipment		5,526,083		1,053,211		751,648		5,827,646
Computer hardware		3,178,144		974,592		645,274		3,507,462
Computer software		1,337,681		355,137		256,340		1,436,478
Library holdings		1,182,391		158,421		98,332		1,242,480
Assets under construction		221,936		4,607,283		-		4,829,219
Total	**$**	**126,437,078**	**$**	**8,655,595**	**$**	**1,751,594**	**$**	**133,341,079**

Accumulated Amortization		**2013**		**Disposals**		**Amortization Expense**		**2014**
Land	$	-	$	-	$	-	$	-
Buildings and improvements		34,639,848		-		3,878,042		38,517,890
Furniture and equipment		2,574,719		751,648		1,083,971		2,907,042
Computer hardware		1,461,735		645,274		716,209		1,532,670
Computer software		727,947		256,340		374,797		846,404
Library holdings		628,338		98,332		119,534		649,540
Assets under construction		-		-		-		-
Total	**$**	**40,032,587**	**$**	**1,751,594**	**$**	**6,172,553**	**$**	**44,453,546**

Net Book Value		**2013**		**2014**
Land and land improvements	$	1,172,682	$	1,172,682
Buildings		79,178,313		76,807,222
Furniture and equipment		2,951,364		2,920,604
Computer hardware		1,716,409		1,974,792
Computer software		609,734		590,074
Library holdings		554,053		592,940
Assets under construction		221,936		4,829,219
Total	**$**	**86,404,491**	**$**	**88,887,533**

13. Financial risk management

The College is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and manages them.

(a) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due. The College establishes budgets and cash flow projections to ensure that it has the necessary funds to meet its obligations as they become due.

(b) Market and interest rate risk

Market risk is the risk that changes in market prices will affect the College's income. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. It is management's opinion that the College is not exposed to excessive levels of market or interest rate risk arising from its financial instruments.

(c) Credit risk

Credit risk is the risk of financial loss to the College if a client of the College or counterparty to a financial instrument fails to meet their contractual obligations. Such risks arise principally from certain financial assets held by the College consisting of cash and cash equivalents, amounts receivable and investments.

The College's exposure to credit risk is influenced mainly by the individual characteristics of its clients, in the event of non-payment of amounts owing. This risk is mitigated by ensuring that the majority of receivables are collected prior to the delivery of programs, by the College's prompt collection processes and by other remedies such as withholding of transcripts in the event of non-payment.

The College accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable.

14. Accumulated surplus

Accumulated surplus consists of the following:

		2014		2013
Accumulated operating surplus	$	39,626,150	$	37,739,844
Endowments		5,974,181		5,837,294
Amounts restricted for specific purposes		17,796,118		19,641,224
	$	**63,396,449**	**$**	**63,218,362**

15. Endowments

Cumulative endowment contributions are included in accumulated surplus.

Changes to the endowment balances are as follows:

		2014		2013
Balance, beginning of year	$	5,837,294	$	7,203,636
Endowment donations		150,106		459,747
Transfers to Langara College Foundation (Note 18)		(14,219)		(1,826,089)
Other transfers		1,000		-
Balance, end of year	**$**	**5,974,181**	**$**	**5,837,294**

16. Commitments

The College has entered into operating leases for premises, the minimum annual payments and minimum annual other contractual charges for which are as follows:

Fiscal year		Minimum lease payment		Minimum other charges		Total annual cost
2015	$	275,800	$	246,500	$	522,300
2016		275,800		246,500		522,300
Total operating lease commitments	**$**	**551,600**	**$**	**493,000**	**$**	**1,044,600**

17. Contractual obligation

The College is proceeding with the construction of a Science and Technology building to be located on the northwest corner of the College campus. This building is forecast to cost $53 million, and is to be funded from College reserves. Construction of the building commenced in the spring of 2014 and is to be ready for occupancy in the fall of 2016. Contracts issued to date with respect to the construction of the building are valued at approximately $12 million.

During the year, the College issued $950,000 (2013: $ nil) in letters of guarantee for various site improvements and other related obligations as required by the City of Vancouver.

18. Langara College Foundation

The Langara College Foundation (the "Foundation") was established under the Society Act of British Columbia on February 6, 2013 and has applied for registered charity status with the Canada Revenue Agency. The purpose of the Foundation as stated in its constitution is the solicitation and management of donations and endowments for the purpose of providing awards and grants to students of Langara College and to otherwise further the interests of the College. The Foundation is governed by an independent board of directors, the voting members of which cannot be employees or officers of the College.

The College intends to transfer all endowments, including deferred endowment income in deferred contributions and matching of donations by the College included in accumulated surplus, to the Foundation. These amounts, currently under the management of the College, will be irrevocably transferred to the Foundation as permitted under the Financial Administration Act of the Province of British Columbia. Once transferred, these endowments will no longer be controlled by the College, but instead will be subject to the control and administration of the Foundation. As at March 31, 2014, the College has recorded an amount payable to the Foundation of $604,360 (2013-$1,980,555), reflecting authorized transfers to the Foundation during the year.

19. Expenses by object

	2014	2013
Salaries and benefits	$ 77,271,316	$ 73,571,220
Operating expenses	18,272,385	17,359,932
Cost of sales	3,227,794	3,313,756
Scholarships and bursaries	679,876	734,186
Transfers to Langara College Foundation	604,360	1,980,555
Amortization of tangible capital assets	6,172,553	5,957,873
	$ 106,228,284	**$ 102,917,522**

20. Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation.