

Financial Statements of

**LANGARA COLLEGE**

Year ended March 31, 2012

# LANGARA COLLEGE

## Statement of Management Responsibility

Year ended March 31, 2012

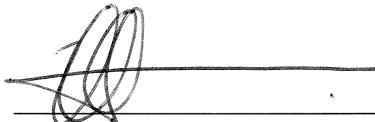
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Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying financial statements for the year ended March 31, 2012, with comparative figures for 2011, in accordance with generally accepted accounting principles prescribed by the Canadian Institute of Chartered Accountants. 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.



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David Ross, President



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Roy Daykin, Vice-President, Administration and Finance

May 17, 2012



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## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Langara College and 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, 2012 and the statements of operations, changes in net assets 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 and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Langara College as at March 31, 2012, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
May 17, 2012  
Burnaby, Canada

# LANGARA COLLEGE

## Statement of Financial Position

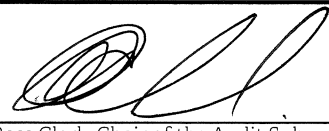
March 31, 2012, with comparative figures for 2011

	Special					Total	
	Operating Fund	Purpose Fund	Ancillary Fund	Capital Fund	Trust Fund	2012	2011
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 4,585,330	\$ -	\$ 8,650	\$ -	\$ 1,787,987	\$ 6,381,967	\$ 2,560,862
Short term investments (note 3)	29,769,875	-	-	-	-	29,769,875	39,267,652
Accounts receivable	624,945	223,967	223,807	67,078	14,925	1,154,722	1,521,660
Prepaid expenses	439,489	-	3,594	31,250	-	474,333	687,360
Net investment in lease - current portion (note 4)	-	-	-	67,472	-	67,472	64,868
Inventories	-	-	1,140,734	-	-	1,140,734	906,444
	35,419,639	223,967	1,376,785	165,800	1,802,912	38,989,103	45,008,846
Long-term investments (note 3)	22,680,211	-	-	-	7,543,401	30,223,612	21,826,675
Net investment in lease (note 4)	-	-	-	3,557,342	-	3,557,342	3,624,814
Capital assets (note 5)	-	-	-	85,755,166	-	85,755,166	86,403,103
Interfund balances	(40,530,820)	10,402,375	4,809,508	25,318,937	-	-	-
	<b>\$ 17,569,030</b>	<b>\$ 10,626,342</b>	<b>\$ 6,186,293</b>	<b>\$ 114,797,245</b>	<b>\$ 9,346,313</b>	<b>\$ 158,525,223</b>	<b>\$ 156,863,438</b>
<b>Liabilities and Net Assets</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 3,372,686	\$ 651,252	\$ 179,121	\$ 727,885	\$ 5,568	\$ 4,936,512	\$ 5,285,683
Obligation under capital lease - current portion (note 9(a))	-	-	-	146,013	-	146,013	139,306
Employee future benefits (note 10)	5,072,837	11,018	67,330	-	-	5,151,185	4,844,774
Deferred revenue	7,182,631	495,423	300	23,453	-	7,701,807	7,444,130
Long-term debt - current portion (note 9(b))	-	-	-	150,530	-	150,530	150,530
	15,628,154	1,157,693	246,751	1,047,881	5,568	18,086,047	17,864,423
Deferred contributions and other liabilities (note 7)	-	390,911	-	1,297,000	973,991	2,661,902	2,281,798
Deferred capital contributions (note 8)	-	-	-	64,068,975	-	64,068,975	66,051,888
Obligation under capital lease (note 9(a))	-	-	-	232,304	-	232,304	378,317
Long-term debt (note 9(b))	-	-	-	9,491,023	-	9,491,023	9,699,829
	15,628,154	1,548,604	246,751	76,137,183	979,559	94,540,251	96,276,255
Net assets:							
Invested in capital assets (note 6)	-	-	-	21,307,874	-	21,307,874	19,833,592
Endowments	-	-	-	-	8,249,530	8,249,530	6,769,428
Internally restricted (note 14)	-	-	-	15,936,808	-	15,936,808	17,830,828
Unrestricted	1,940,876	9,077,738	5,939,542	1,415,380	117,224	18,490,760	16,153,335
	1,940,876	9,077,738	5,939,542	38,660,062	8,366,754	63,984,972	60,587,183
Commitments (note 12)							
Contingency (note 13)							
	<b>\$ 17,569,030</b>	<b>\$ 10,626,342</b>	<b>\$ 6,186,293</b>	<b>\$ 114,797,245</b>	<b>\$ 9,346,313</b>	<b>\$ 158,525,223</b>	<b>\$ 156,863,438</b>

See accompanying notes to the financial statements.

Approved on behalf of the Board:

  
 Dennis Dineen, Chair of the Board

  
 D. Ross Clark, Chair of the Audit Subcommittee

# LANGARA COLLEGE

## Statement of Operations and Net Assets

Year ended March 31, 2012, with comparative figures for 2011

	Operating Fund	Special		Capital Fund	Trust Fund	Total		
		Purpose Fund	Ancillary Fund			2012	2011	
<b>Revenue:</b>								
Grants from Province of British Columbia	\$ 44,343,115	\$ 582,980	\$ -	\$ 19,339	\$ -	\$ 44,945,434	\$ 45,067,948	
Tuition and other fees	40,565,367	553,673	18,085	781,499	-	41,918,624	41,948,297	
Contract services	-	1,463,636	215,474	-	-	1,679,110	1,624,531	
Sale of goods and services	240,348	10,440	5,663,359	-	-	5,914,147	6,326,166	
Investment income	636,061	5,646	-	577,886	199,700	1,419,293	1,115,025	
Miscellaneous income and contributions	600,885	71,647	379,137	202,885	159,297	1,413,851	1,331,829	
Amortization of deferred capital contributions (note 8)	-	-	-	2,236,883	-	2,236,883	2,181,997	
	86,385,776	2,688,022	6,276,055	3,818,492	358,997	99,527,342	99,595,793	
<b>Expenses:</b>								
Instruction	49,258,812	1,433,321	-	-	-	50,692,133	49,510,504	
Instructional support	10,700,918	481,146	-	-	-	11,182,064	10,685,610	
Student support	5,657,444	3,993	-	-	-	5,661,437	5,468,506	
Administration	6,477,255	-	-	-	-	6,477,255	6,588,065	
Facilities	4,984,663	99,778	-	-	-	5,084,441	4,817,737	
Logistics	1,789,763	-	-	-	-	1,789,763	2,032,290	
Scholarships and bursaries	308,182	54,831	215	-	345,506	708,734	758,707	
Cost of sales	-	-	3,455,860	-	-	3,455,860	3,694,135	
Amortization of capital assets	-	-	-	4,646,979	-	4,646,979	4,418,167	
Other	2,313,358	51,240	2,114,734	3,199,293	12,183	7,690,808	7,468,508	
	81,490,395	2,124,309	5,570,809	7,846,272	357,689	97,389,474	95,442,229	
Excess (deficiency) of revenue over expenses	4,895,381	563,713	705,246	(4,027,780)	1,308	2,137,868	4,153,564	
Net assets, beginning of year	801,738	8,514,025	5,328,281	39,168,614	6,774,525	60,587,183	56,362,079	
Transfers between funds (note 14)	(3,756,243)	-	(93,985)	3,519,228	331,000	-	-	
Restricted contributions	-	-	-	-	1,259,921	1,259,921	71,540	
<b>Net assets, end of year</b>	<b>\$ 1,940,876</b>	<b>\$ 9,077,738</b>	<b>\$ 5,939,542</b>	<b>\$ 38,660,062</b>	<b>\$ 8,366,754</b>	<b>\$ 63,984,972</b>	<b>\$ 60,587,183</b>	

See accompanying notes to the financial statements.

# LANGARA COLLEGE

## Statement of Changes in Net Assets

Year ended March 31, 2012, with comparative figures for 2011

	Invested in		Internally		Total	
	Capital Assets	Endowments	Restricted	Unrestricted	2012	2011
	(note 6)		(note 14)			
Net assets, beginning of year	\$ 19,833,592	\$ 6,769,428	\$ 17,830,828	\$ 16,153,335	\$ 60,587,183	\$ 56,362,079
Excess (deficiency) of revenue over expenses	(2,410,096)	-	1,014,906	3,533,058	2,137,868	4,153,564
Invested in capital assets	3,884,378	-	(3,404,351)	(480,027)	-	-
Restricted contributions	-	1,259,921	-	-	1,259,921	71,540
Transfer to endowments	-	220,181	-	(220,181)	-	-
Transfers to internally restricted net assets	-	-	495,425	(495,425)	-	-
<b>Net assets, end of year</b>	<b>\$ 21,307,874</b>	<b>\$ 8,249,530</b>	<b>\$ 15,936,808</b>	<b>\$ 18,490,760</b>	<b>\$ 63,984,972</b>	<b>\$ 60,587,183</b>

See accompanying notes to the financial statements.

# LANGARA COLLEGE

## Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Cash provided by (used in):</b>		
<b>Operating:</b>		
Excess of revenue over expenses	\$ 2,137,868	\$ 4,153,564
Items not involving cash:		
Amortization of capital assets	4,646,979	4,418,167
Amortization of deferred capital contributions (note 8)	(2,236,883)	(2,181,997)
Investment loss (gain) on sinking fund (note 9(b))	(58,276)	889
Fair value adjustment of investments (note 3)	(219,574)	(321,319)
Change in non-cash working capital:		
Accounts receivable	366,938	(147,816)
Prepaid expenses	213,027	(121,102)
Inventories	(234,290)	(121,332)
Accounts payable	(349,171)	160,381
Employee future benefits	306,411	411,871
Net increase (decrease) in deferred revenue	257,677	(1,246,924)
Net increase in deferred contributions and other liabilities	380,104	308,103
	5,210,810	5,312,485
<b>Investing:</b>		
Purchase of capital assets	(3,999,042)	(1,753,775)
Principal payments received on capital lease (note 4)	64,868	61,924
Net disposition (acquisition) of investments	1,320,414	(8,882,088)
	(2,613,760)	(10,573,939)
<b>Financing:</b>		
Repayment of obligation under capital lease (note 9(a))	(139,306)	(67,235)
Sinking fund payments on long-term debt (note 9(b))	(150,530)	(150,530)
Deferred capital contributions received (note 8)	253,970	979,821
Endowments received	1,259,921	71,540
	1,224,055	833,596
Increase (decrease) in cash and cash equivalents	3,821,105	(4,427,858)
Cash and cash equivalents, beginning of year	2,560,862	6,988,720
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,381,967</b>	<b>\$ 2,560,862</b>

See accompanying notes to the financial statements.

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

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### 1. Operations

Langara College ("the College") is a post-secondary institution incorporated under the College and Institute Act of British Columbia. The Province of British Columbia provides the principal source of funding. The College is exempt from income tax under the Income Tax Act.

### 2. Significant accounting policies

#### (a) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

#### (b) Fund accounting

The resources and operations of the College have been segregated for accounting and financial reporting purposes into the following funds:

(i) Operating Fund

The Operating Fund reflects instructional and administrative activities funded from provincial operating grants and tuition fees.

(ii) Special Purpose Fund

The Special Purpose Fund reflects activities funded under contracts with external agencies and governments and via fees for non-instructional program activities.

(iii) Ancillary Fund

The Ancillary Fund reflects commercial-oriented activities including the bookstore, daycare, parking and cafeteria.

(iv) Capital Fund

The Capital Fund reflects the College's investment in capital assets and related financing activities.

(v) Trust Fund

The Trust Fund reflects donations held on behalf of third parties that are restricted as to their use or that are to be held in perpetuity (endowments) and related investment income and other expenditures.

#### (c) Revenue recognition

The College follows the deferral method of accounting for contributions.

(i) Government grants and contributions

Government grants that are without restriction as to their use are recognized as revenue in the period in which they are received or receivable. Government grants that are restricted for the purchase of capital assets are deferred and



# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

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recognized as revenue on the same basis as the amortization expense on the related assets. Contributions restricted for other purposes are recognized as revenue when the restrictions have been fulfilled.

(ii) Tuition fees

Tuition fees are recognized in the period in which the courses are provided.

(iii) Contract revenues

Contract revenues are recognized in the period in which the related activities are performed. The zero profit margin method is used when a contract's financial outcome is not reasonably determinable. This method of accounting requires that equal amounts of revenue and expense be recognized until the financial outcome of a contract can be reasonably estimated. Provision for anticipated losses is made in the period in which they become evident.

(iv) Ancillary services

Revenues are recognized when goods are delivered and services are provided.

(v) Donations and endowments

Unrestricted donations are recognized in the period in which they are received or receivable. Endowments are recognized as direct increases in net assets. Restricted donations and investment income are recognized as revenue when the related expenditures are incurred.

Donations of depreciable capital assets that would otherwise be purchased are accounted for as deferred capital contributions at their estimated fair market value.

**(d) Cash and cash equivalents**

Cash and cash equivalents consist of cash and short-term instruments with terms to maturity of three months or less at the time of purchase.

**(e) Short-term investments**

Short-term investments consist of investments with terms to maturity between three months and one year.

**(f) Inventories**

Inventories consist of books and materials held for resale, and are recorded at the lower of weighted-average cost and net realizable value.

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

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### (g) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the following useful lives:

<b>Asset</b>	<b>Period</b>
Buildings and site improvements	25 - 40 years
Library books and periodicals	10 years
Furniture and equipment	5 years
Computer equipment	3 years

### (h) Employee future benefits

Vacation pay is accrued as it is earned by employees. Other payroll and post-employment benefits are recorded based on the estimated actuarially-determined present value of the expected future cash flows. Actuarial gains and losses are recorded in the year that they arise.

The College participates in two multi-employer defined benefit pension plans that provide pensions for participating College employees based upon earnings and years of service. Expenses relating to these plans are recorded as the amounts are paid in accordance with the plan requirements.

### (i) Fund transfers and inter-fund balances

Fund transfers are approved by the College Board. Transfers to endowments represent matching of endowment contributions under agreements with donors, and are irrevocable. Inter-fund balances owing to the Capital Fund and the Trust Fund earn interest at short-term market rates. All other inter-fund amounts are without interest. All inter-fund balances are without stated terms of repayment.

### (j) Use of estimates

Preparation of the financial statements of the College requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and liabilities in the financial statements. Significant areas of estimate 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. Actual results may differ from those estimates.

### (k) Financial instruments

Financial instruments are classified as held-to-maturity, available-for-sale, held for trading, loans and receivables, or other financial liabilities. All instruments are initially recorded at fair value and are subsequently recorded as follows:

- (i) Financial assets classified as held-to-maturity are measured at amortized cost. This includes short-term and long-term investments with fixed or determinable maturity dates.

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

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- (ii) Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in net assets, until the instrument is de-recognized. The College currently does not classify any financial assets as available-for-sale.
- (iii) Held-for-trading financial instruments are measured at fair value with unrealized gains and losses recognized in the Statement of Operations. This includes long-term investments without determinable maturity dates.
- (iv) Loans and receivables and other financial liabilities are measured at amortized cost. This includes accounts receivable, accounts payable and accrued liabilities and long-term debt.

The College has elected to apply the provisions of CICA Section 3861 (Financial Instruments – Disclosure and Presentation), as permitted for not-for-profit organizations.

The carrying amounts of the College's financial instruments not recognized at fair value, including short term investments, accounts receivable, accounts payable and accrued liabilities and accrued vacation pay, 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, 2012, 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.

The College is not exposed to significant interest rate, currency or credit risk arising from the financial instruments.

### **(I) Related party transactions**

The College is related through common control to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, universities, colleges and institutes that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

### 3. Investments

Long-term and short-term investments consist of guaranteed investment certificates, government and corporate bonds and bond funds and equity funds as follows:

	Less than one year	Greater than one year	Total	
			2012	2011
Guaranteed investment certificates	\$ 29,769,875	\$ 22,177,386	\$ 51,947,261	\$ 46,121,034
Government and corporate bond funds	-	4,961,574	4,961,574	12,513,885
Equity funds	-	3,084,652	3,084,652	2,459,408
	<b>\$ 29,769,875</b>	<b>\$ 30,223,612</b>	<b>\$ 59,993,487</b>	<b>\$ 61,094,327</b>

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 \$2,299,036 (2011: \$2,334,695) 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 \$141,561 (2011: \$143,757) 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 in these financial statements. Investment income from these funds is recorded when received or receivable.

### 4. Investment in capital 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. This lease is being accounted for as a direct financing lease, whereby finance income is recognized in a manner that produces a constant rate of return on the investment in the lease. Finance income on the lease of \$171,645 (2011: \$174,128) is included in miscellaneous income of the Capital fund. 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:

	2012	2011
Net investment in lease:		
Total minimum lease payments receivable	\$ 6,437,374	\$ 6,673,887
Unearned finance income	(2,812,560)	(2,984,205)
	<u>3,624,814</u>	<u>3,689,682</u>
Current portion	(67,472)	(64,868)
<b>Net investment in lease</b>	<b>\$ 3,557,342</b>	<b>\$ 3,624,814</b>

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

### 5. Capital assets

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,172,682	\$ -	\$ 1,172,682	\$ 1,172,682
Buildings and site improvements	110,575,855	30,867,183	79,708,672	80,974,299
Library books & periodicals	1,150,347	596,381	553,966	565,325
Furniture and equipment	5,084,971	2,539,549	2,545,422	2,024,960
Computer equipment	3,611,308	2,246,285	1,365,023	1,139,465
Assets under capital lease	584,858	175,457	409,401	526,372
	<b>\$ 122,180,021</b>	<b>\$ 36,424,855</b>	<b>\$ 85,755,166</b>	<b>\$ 86,403,103</b>

Assets under capital lease are amortized on the same basis as similar assets owned by the College. Amortization expense for these assets for the current year was \$116,971 (2011: \$58,486).

### 6. Net assets invested in capital assets

Net assets invested in capital assets is calculated as follows:

	2012	2011
Capital assets, net of accumulated amortization	\$ 85,755,166	\$ 86,403,103
Amounts funded by restricted contributions (note 8)	(64,068,975)	(66,051,888)
Obligations under capital leases (note 9(a))	(378,317)	(517,623)
	<b>\$ 21,307,874</b>	<b>\$ 19,833,592</b>

The net change in net assets invested in capital assets is determined as follows:

	2012	2011
Amortization on assets purchased from unrestricted funds:		
Amortization of deferred capital contributions (note 8)	\$ 2,236,883	\$ 2,181,997
Amortization of capital assets	(4,646,979)	(4,418,167)
	(2,410,096)	(2,236,170)
Cost of assets purchased from unrestricted funds:		
Purchase of capital assets	3,999,042	2,338,633
Deferred capital contributions received (note 7)	(253,970)	(979,821)
Net decrease (increase) in obligations under capital leases	139,306	(517,623)
	3,884,378	841,189
<b>Net change in net assets invested in capital assets</b>	<b>\$ 1,474,282</b>	<b>\$ (1,394,981)</b>

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

### 7. Deferred contributions and other liabilities

Changes in deferred contributions of the Special Purpose Fund are as follows:

	<b>2012</b>	<b>2011</b>
Balance, beginning of year	\$ 196,337	\$ 204,607
Contributions received from the Province of British Columbia	1,256,157	911,276
Less: revenue recognized	(1,061,583)	(919,546)
<b>Balance, end of year</b>	<b>\$ 390,911</b>	<b>\$ 196,337</b>

Changes in deferred contributions of the Capital Fund are as follows:

	<b>2012</b>	<b>2011</b>
Balance, beginning of year	\$ 1,206,374	\$ 918,147
Contributions received:		
Government of Canada	-	739,000
Province of British Columbia	337,314	584,002
Donated assets and other	7,282	36,514
	344,596	1,359,516
Less:		
Transferred to deferred capital contributions (note 8)	(253,970)	(979,821)
Revenue recognized	-	(91,468)
	(253,970)	(1,071,289)
<b>Balance, end of year</b>	<b>\$ 1,297,000</b>	<b>\$ 1,206,374</b>

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

Changes in deferred contributions and other liabilities of the Trust Fund are as follows:

	Restricted Endowment			LSU capital	
	contributions	income	trust fund	Total	
				2012	2011
Balance, beginning of year	\$ 76,418	\$ 553,911	\$ 246,532	\$ 876,861	\$ 855,958
Receipts and fees:					
Students' union fees	-	-	289,221	289,221	281,499
Restricted donations	157,089	-	-	157,089	161,942
Investment income	-	247,671	2,500	250,171	362,114
	157,089	247,671	291,721	696,481	805,555
Disbursements:					
Bursaries and scholarships	(134,756)	(199,700)	-	(334,456)	(359,717)
Students' union building lease	-	-	(264,895)	(264,895)	(424,935)
	(134,756)	(199,700)	(264,895)	(599,351)	(784,652)
<b>Balance, end of year</b>	<b>\$ 98,751</b>	<b>\$ 601,882</b>	<b>\$ 273,358</b>	<b>\$ 973,991</b>	<b>\$ 876,861</b>

The LSU capital trust 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 4).

### 8. Deferred capital contributions

Changes in deferred capital contributions are as follows:

	2012	2011
Balance, beginning of year	\$ 66,051,888	\$ 67,254,064
Transferred from deferred contributions (note 7)	253,970	979,821
Amortized to revenue	(2,236,883)	(2,181,997)
<b>Balance, end of year</b>	<b>\$ 64,068,975</b>	<b>\$ 66,051,888</b>

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

### 9. Long-term obligations

#### (a) Obligation under capital lease

The College's obligation under a lease of office equipment is as follows:

	<b>2012</b>	<b>2011</b>
Total future minimum lease payments	\$ 403,354	\$ 564,696
Imputed interest at 4.68%	(25,037)	(47,073)
	378,317	517,623
Current portion	(146,013)	(139,306)
<b>Net obligation under capital lease</b>	<b>\$ 232,304</b>	<b>\$ 378,317</b>

Minimum annual payments under this lease, including imputed interest, are as follows:

	<b>2012</b>
2013	\$ 161,342
2014	161,342
2015	80,670
<b>Total capital lease commitments</b>	<b>\$ 403,354</b>

#### (b) 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 due on May 10 and November 10 of each year, and an annual sinking-fund requirement of \$150,530, payable annually until maturity. Interest expense of \$468,000 (2011: \$468,000) is included in other expenses of the Capital fund.

The balance of long-term debt is as follows:

	<b>2012</b>	<b>2011</b>
Face value of debt	\$ 10,000,000	\$ 10,000,000
Sinking fund	(358,447)	(149,641)
	9,641,553	9,850,359
Current portion	(150,530)	(150,530)
<b>Balance, end of year</b>	<b>\$ 9,491,023</b>	<b>\$ 9,699,829</b>



# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

### 10. Employee future benefits

#### (a) Vacation and other employee benefits

Vacation and other employee benefit obligations are unfunded and are as follows:

	2012	2011
Vacation pay	\$ 4,217,755	\$ 3,957,660
Other accumulated benefits	933,430	887,114
<b>Balance, end of year</b>	<b>\$ 5,151,185</b>	<b>\$ 4,844,774</b>

Vacation pay is accrued as it is earned by employees. Other accumulated benefits are based on actuarial valuations, the most recent of which was as at March 31, 2009. As a result of this valuation, the College has recorded an actuarial loss of \$14,118 in the current year (2011: gain of \$41,248). The expense for other accumulated benefits was \$70,000 (2011: \$69,000), including projected service costs and interest. This actuarial valuation was based on assumptions for the rate of inflation of 2.0%, the rate of increase in compensation of 2.75%, and a discount rate of 5.8%. The average duration of employee benefits covered by the valuation was six years.

#### (b) Pension plans

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee 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 defined. The College Pension Plan has about 13,000 active members from college senior administration and instructional staff and approximately 5,000 retired members. The Municipal Pension Plan has about 173,000 active members, with approximately 5,600 from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2009 indicated an unfunded liability of \$28 million for basic pension benefits. The next valuation will be as at August 31, 2012 with results available in 2013. The most recent valuation for the Municipal Pension Plan as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers.

The College paid \$3,619,419 (2011: \$3,464,440) to the College Pension Plan, and \$887,579 (2011: \$797,012) to the Municipal Pension Plan for employer contributions in the current year.

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

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### 11. Management of College capital

The College defines capital as net assets and deferred capital contributions. The principal sources of capital are grants from the provincial government and revenue generated by the ongoing operations of the College. The primary objective of the College in managing its capital is the funding of ongoing operations and additions to and maintenance of capital assets, based on available funding and economic conditions. The College is not subject to any debt covenants or other capital restrictions except for endowment funds which are required to be retained in perpetuity.

### 12. Commitments

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

<b>Fiscal year</b>	<b>Minimum lease payment</b>	<b>Minimum other charges</b>	<b>Total annual cost</b>
2013	\$ 212,000	\$ 239,000	\$ 451,000
2014	209,000	237,000	446,000
2015	37,000	34,000	71,000
<b>Total operating lease commitments</b>	<b>\$ 458,000</b>	<b>\$ 510,000</b>	<b>\$ 968,000</b>

### 13. Provision for building remediation

The College previously determined that an obligation for asbestos remediation exists in facilities constructed prior to 1980. Based on an engineering study commissioned by the College, appropriate remediation procedures may be required to remove potential asbestos-containing materials upon any major renovation or demolition. As there is no requirement or intent to undertake major renovations or demolition in the foreseeable future, the present value of the cost of remediation cannot be estimated. Therefore, no obligation has been recorded.

# LANGARA COLLEGE

## Notes to Financial Statements

Year ended March 31, 2012

### 14. Fund transfers and internally restricted net assets

(a) The College transferred net assets between funds during the year as follows:

	Operating Fund	Special Purpose Fund	Ancillary Fund	Capital Fund	Trust Fund
Transfers during the year:					
Contributions to trust funds	\$ (246,000)	\$ -	\$ (85,000)	\$ -	\$ 331,000
Capital purchases	(262,380)	-	(8,985)	271,365	-
Contribution to building legacy fund	(967,500)	-	-	967,500	-
Reserve for capital purchases	(2,280,363)	-	-	2,280,363	-
<b>Total fund transfers during the year</b>	<b>\$ (3,756,243)</b>	<b>\$ -</b>	<b>\$ (93,985)</b>	<b>\$ 3,519,228</b>	<b>\$ 331,000</b>
<b>Total fund transfers during 2011</b>	<b>\$ (6,169,443)</b>	<b>\$ (5,450)</b>	<b>\$ (107,042)</b>	<b>\$ 6,135,935</b>	<b>\$ 146,000</b>

(b) Net assets subject to restriction by the Board as to their use are as follows:

	2012	2011
Building legacy fund	13,333,489	11,179,438
Construction	1,423,630	3,469,806
Technology upgrades	151,438	1,509,613
Facilities maintenance	1,028,251	1,671,971
<b>Balance, internally restricted net assets</b>	<b>\$ 15,936,808</b>	<b>\$ 17,830,828</b>

Included in Endowments is \$1,045,894 (2010: \$910,714) that is internally restricted by the Board.

### 15. Adoption of public sector accounting standards

Effective April 1, 2012, the College will adopt, on a prospective basis, generally accepted accounting principles as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and as supplemented by directives issued by the Treasury Board of the Government of British Columbia. The effect of this change on the financial statements is currently under review by the College.

### 16. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.