Financial Statements of

LANGARA COLLEGE

Year ended March 31, 2011

LANGARA COLLEGE

Statement of Management Responsibility

Year ended March 31, 2011

Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying financial statements for the year ended March 31, 2011, with comparative figures for 2010, 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.

David Ross, President

Deanna Douglas, Vice-President, Administration and Finance

May 19, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Langara College

We have audited the accompanying financial statements of Langara College (the “Entity"), which comprise the statement of financial position as at March 31, 2011 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.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG
network of independent member firm's affiliated with KPMG International, a Swiss cooperative
KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Langara College as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The financial statements of Langara College as at and for the year ended March 31, 2010 were audited by another auditor who expressed an unmodified opinion on those statements on May 20, 2010.

KPMG LLP

Chartered Accountants
May 19, 2011
Burnaby, Canada

LANGARA COLLEGE

Statement of Financial Position

March 31, 2011, with comparative figures for 2010

	Operating Fund	Special Purpose Fund	Ancillary Fund	Capital Fund	Trust Fund	Total 2011	Total 2010
Assets							
Current assets:							
Cash and cash equivalents	$ 905,962	$ -	$ 9,500	$ -	$ 1,645,400	$ 2,560,862	$ 6,988,720
Short term investments	4,164,619	-	-	-	-	4,164,619	9,239,469
Accounts receivable	617,198	195,144	231,954	477,364	-	1,521,660	1,373,844
Prepaid expenses	628,057	624	2,429	56,250	-	687,360	566,258
Net investment in lease - current portion	-	-	-	64,868	-	64,868	61,924
Inventories	-	-	906,444	-	-	906,444	785,112
	6,315,836	195,768	1,150,327	598,482	1,645,400	9,905,813	19,015,327
Long-term investments (note 3)	50,805,881	-	-	-	6,123,827	56,929,708	42,651,451
Net investment in lease (note 11)	-	-	-	3,624,814	-	3,624,814	3,689,682
Capital assets (note 5)	-	-	-	86,403,103	-	86,403,103	88,482,637
Interfund	(41,000,743)	9,563,905	4,471,681	26,965,157	-	-	-
	$ 16,120,974	**$ 9,759,673**	**$ 5,622,008**	**$ 117,591,556**	**$ 7,769,227**	**$ 156,863,438**	**$ 153,839,097**
Liabilities and Net Assets							
Current liabilities:							
Accounts payable and accrued liabilities	$ 3,733,529	$ 567,876	$ 201,093	$ 777,637	$ 5,548	$ 5,285,683	$ 5,125,302
Obligation under capital lease - current portion	-	-	-	139,306	-	139,306	-
Employee future benefits (note 10)	4,742,814	11,552	90,408	-	-	4,844,774	4,432,903
Deferred revenue	6,842,893	469,883	-	19,061	112,293	7,444,130	8,691,054
	15,319,236	1,049,311	291,501	936,004	117,841	17,713,893	18,249,259
Deferred contributions and other liabilities (note 7)	-	196,337	2,226	1,206,374	876,861	2,281,798	1,973,695
Deferred capital contributions (note 8)	-	-	-	66,051,888	-	66,051,888	67,254,064
Obligation under capital lease (note 9(a))	-	-	-	378,317	-	378,317	-
Long-term debt (note 9(b))	-	-	-	9,850,359	-	9,850,359	10,000,000
	15,319,236	1,245,648	293,727	78,422,942	994,702	96,276,255	97,477,018
Net assets:							
Invested in capital assets (note 6)	-	-	-	19,833,592	-	19,833,592	21,228,573
Endowments	-	-	-	-	6,769,428	6,769,428	6,557,115
Internally restricted (note 14)	-	-	-	17,830,828	-	17,830,828	15,287,970
Unrestricted	801,738	8,514,025	5,328,281	1,504,194	5,097	16,153,335	13,288,421
	801,738	8,514,025	5,328,281	39,168,614	6,774,525	60,587,183	56,362,079
Commitment (note 12)							
Contingency (note 13)							
	$ 16,120,974	**$ 9,759,673**	**$ 5,622,008**	**$ 117,591,556**	**$ 7,769,227**	**$ 156,863,438**	**$ 153,839,097**

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, 2011, with comparative figures for 2010

	Operating Fund	Special Purpose Fund	Ancillary Fund	Capital Fund	Trust Fund	Total 2011	Total 2010
Revenue:							
Grants from Province of British Columbia	$ 44,292,519	$ 663,960	$ -	$ 111,468	$ -	$ 45,067,947	$ 46,822,461
Tuition and other fees	40,664,996	519,279	5,000	759,023	-	41,948,298	38,818,115
Contract services	-	1,422,738	199,793	2,000	-	1,624,531	991,224
Sale of goods and services	341,602	10,490	5,974,074	-	-	6,326,166	6,078,429
Investment income	407,565	5,254	-	508,130	194,076	1,115,025	583,342
Miscellaneous income and contributions	489,162	28,336	408,970	229,072	176,289	1,331,829	1,265,711
Amortization of deferred capital contributions (note 8)	-	-	-	2,181,997	-	2,181,997	2,111,054
	86,195,844	2,650,057	6,587,837	3,791,690	370,365	99,595,793	96,670,336
Expenses:							
Instruction	48,160,989	1,349,515	-	-	-	49,510,504	48,037,902
Instructional support	10,224,118	461,492	-	-	-	10,685,610	9,942,276
Student support	4,951,907	11,108	-	-	-	4,963,015	4,591,450
Administration	6,588,065	-	-	-	-	6,588,065	5,300,535
Facilities	4,689,226	128,511	-	-	-	4,817,737	4,539,968
Logistics	2,537,781	-	-	-	-	2,537,781	2,764,367
Scholarships and bursaries	286,313	49,364	640	-	422,390	758,707	696,968
Cost of sales	-	-	3,694,135	-	-	3,694,135	3,640,245
Amortization of capital assets	-	-	-	4,418,167	-	4,418,167	4,258,487
Other	2,225,135	5,254	2,269,773	2,960,868	7,478	7,468,508	7,677,513
	79,663,534	2,005,244	5,964,548	7,379,035	429,868	95,442,229	91,449,711
Excess (deficiency) of revenue over expenses	6,532,310	644,813	623,289	(3,587,345)	(59,503)	4,153,564	5,220,625
Net assets, beginning of year	438,871	7,874,662	4,812,034	36,620,024	6,616,488	56,362,079	50,891,803
Transfers between funds (note 14)	(6,169,443)	(5,450)	(107,042)	6,135,935	146,000	-	-
Restricted contributions	-	-	-	-	71,540	71,540	249,651
Net assets, end of year	**$ 801,738**	**$ 8,514,025**	**$ 5,328,281**	**$ 39,168,614**	**$ 6,774,525**	**$ 60,587,183**	**$ 56,362,079**

See accompanying notes to the financial statements.

LANGARA COLLEGE

Statement of Changes in Net Assets

Year ended March 31, 2011, with comparative figures for 2010

	Invested in Capital Assets	Endowments	Internally Restricted	Unrestricted	Total 2011	Total 2010
Net assets, beginning of year	$ 21,228,573	$ 6,557,115	$ 15,287,970	$ 13,288,421	$ 56,362,079	$ 50,891,803
Excess (deficiency) of revenue over expenses	(2,236,170)	-	832,891	5,556,843	4,153,564	5,220,625
Invested in capital assets (note 6)	841,189	-	(1,346,532)	505,343	-	-
Restricted contributions	-	71,540	-	-	71,540	249,651
Transfer to endowments	-	140,773	-	(140,773)	-	-
Transfers to internally restricted net assets	-		3,056,499	(3,056,499)	-	-
Net assets, end of year	**$ 19,833,592**	**$ 6,769,428**	**$ 17,830,828**	**$ 16,153,335**	**$ 60,587,183**	**$ 56,362,079**

See accompanying notes to the financial statements.

LANGARA COLLEGE

Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	$ 4,153,564	$ 5,220,625
Items not involving cash:		
Amortization of capital assets	4,418,167	4,258,487
Amortization of deferred capital contributions	(2,181,997)	(2,111,054)
Investment loss on sinking fund (note 9(b))	889	-
Fair value adjustment of investments (note 3)	(321,319)	(142,547)
Change in non-cash working capital:		
Accounts receivable	(147,816)	(37,586)
Prepaid expenses	(121,102)	(307,145)
Inventories	(121,332)	26,057
Accounts payable	160,381	(1,060,310)
Employee future benefits	411,871	(44,350)
Net increase (decrease) in deferred revenue	(1,246,924)	603,619
Net increase (decrease) in deferred contributions and other liabilities	308,103	(125,308)
	5,312,485	6,280,488
Investing:		
Purchase of capital assets	(1,753,775)	(6,650,889)
Additions to construction-in-progress	-	(1,770,419)
Payments received on capital lease (note 11)	61,924	83,452
Net acquisition of investments	(8,882,088)	(45,251,017)
	(10,573,939)	(53,588,873)
Financing:		
Repayment of short-term financing	-	(9,999,888)
Proceeds from long-term debt (note 9(b))	-	10,000,000
Repayment of obligation under capital lease (note 9(a))	(67,235)	-
Sinking fund payments on long-term debt (note 9(b))	(150,530)	-
Deferred capital contributions received (note 8)	979,821	2,734,952
Endowments received	71,540	249,651
	833,596	2,984,715
Decrease in cash and cash equivalents	(4,427,858)	(44,323,670)
Cash and cash equivalents, beginning of year	6,988,720	51,312,390
Cash and cash equivalents, end of year	**$ 2,560,862**	**$ 6,988,720**
Non-cash transactions:		
Acquisition of assets under capital lease	$ (584,858)	$ -
Disposition of construction-in-progress for deposit and lease	-	6,084,919

See accompanying notes to the financial statements.

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 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 a maturity date of 90 days or less at inception.

(e) Short-term investments

Short-term investments consist of liquid investments with maturity dates between 91 and 365 days at inception.

(f) Inventories

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

(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:

Asset	Period
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 their expected use. 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 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 cash and cash equivalents and short-term and long-term investments with fixed or determinable maturity dates.

(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, including cash and cash equivalents, 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, 2011, 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.

(l) 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.

3. Long-term investments

Trust fund investments consist of funds managed by a professional fund manager. The fair value of these investments as at March 31, 2011 is $6,123,827 (2010: $5,660,069). The increase in the fair value of these investments of $321,319 (2010: $142,547) is deferred in the Trust Fund and recognized as revenue when related Trust Fund expenditures are incurred (note 7).

Investments other than those in the Trust fund consist of guaranteed investment certificates and term deposits issued by Canadian chartered banks and credit unions, and bonds issued by provincial and federal governments and agencies and Canadian corporations, with varying terms and maturities of up to five years.

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 $2,334,695 (2010: $2,241,485) 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 $143,757 (2010: $138,017) 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 in the financial statements of the College when received.

4. 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.

5. Capital assets

Summary of cost and net book value:

			2011	2010
	Cost	**Accumulated amortization**	**Net book value**	**Net book value**
Land	$ 1,172,682	$ -	$ 1,172,682	$ 1,172,682
Work in progress	-	-	-	760,815
Buildings and site improvements	109,218,157	28,243,858	80,974,299	82,029,444
Library books & periodicals	1,164,311	598,986	565,325	570,595
Furniture and equipment	3,970,159	1,945,199	2,024,960	2,534,029
Computer equipment	3,506,938	2,367,473	1,139,465	1,415,072
Assets under capital lease	584,858	58,486	526,372	-
	$ 119,617,105	**$ 33,214,002**	**$ 86,403,103**	**$ 88,482,637**

Assets under capital lease are amortized on the same basis as similar assets owned by the College. Amortization expense for these assets was $58,486 (2010: $nil).

6. Net assets invested in capital assets

Net assets invested in capital assets is calculated as follows:

	2011	2010
Capital assets, net of accumulated amortization	$ 86,403,103	$ 88,482,637
Amounts funded by restricted contributions	(66,051,888)	(67,254,064)
Obligations under capital leases (note 9(a))	(517,623)	-
	$ 19,833,592	**$ 21,228,573**

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

	2011	2010
Amortization on assets purchased from unrestricted funds:		
Amortization of deferred capital contributions	$ 2,181,997	$ 2,111,054
Amortization of capital assets	(4,418,167)	(4,258,487)
	(2,236,170)	(2,147,433)
Cost of assets purchased from unrestricted funds:		
Purchase of capital assets	2,338,633	6,650,889
Deferred capital contributions received	(979,821)	(2,734,952)
Net increase in obligations under capital leases	(517,623)	-
	841,189	3,915,937
Net change in net assets invested in capital assets	**$ (1,394,981)**	**$ 1,768,504**

7. Deferred contributions and other liabilities

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

	2011	2010
Balance, beginning of year	$ 918,147	$ 1,388,142
Contributions received:		
Government of Canada	739,000	550,000
Province of British Columbia	584,002	3,475,997
Donated assets and other	36,514	27,196
	1,359,516	4,053,193
Transfers out:		
Deferred capital contributions (note 8)	(979,821)	(2,734,952)
Revenue	(91,468)	(1,788,236)
	(1,071,289)	(4,523,188)
Balance, end of year	**$ 1,206,374**	**$ 918,147**

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

	Restricted contributions	Endowment income	LSU capital trust fund	Total 2011	Total 2010
Balance, beginning of year	$ 80,115	$ 386,815	$ 389,028	$ 855,958	$ 544,647
Receipts and fees:					
Students' union fees	-	-	281,499	281,499	267,191
Restricted donations	161,942	-	-	161,942	124,635
Investment income	-	361,172	942	362,114	205,595
	161,942	361,172	282,441	805,555	597,421
Disbursements:					
Bursaries and scholarships	(165,641)	(194,076)	-	(359,717)	(286,110)
Students' union building lease	-	-	(424,935)	(424,935)	-
	(165,641)	(194,076)	(424,935)	(784,652)	(286,110)
Balance, end of year	**$ 76,416**	**$ 553,911**	**$ 246,534**	**$ 876,861**	**$ 855,958**

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 11).

8. Deferred capital contributions

Changes in deferred capital contributions are as follows:

	2011	2010
Balance, beginning of year	$ 67,254,064	$ 66,630,166
Transferred from deferred contributions (note 7)	979,821	2,734,952
Amortized to revenue	(2,181,997)	(2,111,054)
Balance, end of year	**$ 66,051,888**	**$ 67,254,064**

9. Long-term obligations

(a) Obligation under capital lease

The College has entered into a lease of office equipment in the current year as follows:

		2011		2010
Total future minimum lease payments	$	564,696	$	-
Imputed interest		(47,073)		-
		517,623		-
Current portion		(139,306)		-
Net obligation under capital lease	**$**	**378,317**	**$**	**-**

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

		2011
2012	$	161,342
2013		161,342
2014		161,342
2015		80,670
Total capital lease commitments	**$**	**564,696**

(b) Long-term debt

The College has 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 contains a sinking-fund requirement of $150,530 payable on November 10 of each year. Interest expense of $468,000 (2010: $180,789) is included in other expenses of the Capital fund.

Changes in long-term debt during the year are as follows:

		2011		2010
Balance, beginning of year	$	10,000,000	$	-
Proceeds from issue of long-term debt		-		10,000,000
Sinking fund payments		(150,530)		-
Investment loss (income) on sinking fund		889		-
Balance, end of year	**$**	**9,850,359**	**$**	**10,000,000**

10. Employee future benefits

(a) Vacation and other employee benefits

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

	2011	2010
Vacation pay	$ 3,957,660	$ 3,564,962
Other accumulated benefits	887,114	867,941
Balance, end of year	**$ 4,844,774**	**$ 4,432,903**

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 gain of $41,248 in the current year (2010: actuarial loss of $64,178). The expense for other accumulated benefits was $69,000 (2010: $68,000), including projected service costs and interest.

(b) Pension plans

The College and its employees contribute to the College Pension Plan and 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 defined. The College Pension Plan has about 12,000 active members from college senior administration and instructional staff and approximately 4,500 retired members. The Municipal Pension Plan has about 163,000 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 $3,464,440 (2010: $3,455,731) to the College Pension Plan, and $797,012 (2010: $779,133) to the Municipal Pension Plan for employer contributions in the current year.

11. 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 $174,128 (2010: $102,123) 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:

	2011	2010
Net investment in lease:		
Total minimum lease payments receivable	$ 6,673,887	$ 6,910,400
Unearned finance income	(2,984,205)	(3,158,794)
	3,689,682	3,751,606
Current portion	(64,868)	(61,924)
Net investment in lease	**$ 3,624,814**	**$ 3,689,682**

12. Operating leases

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:

Fiscal year	Minimum lease payment	Minimum other charges	Total annual cost
2012	$ 147,000	$ 168,000	$ 315,000
2013	130,000	158,000	288,000
2014	107,000	143,000	250,000
Total lease commitments	**$ 384,000**	**$ 469,000**	**$ 853,000**

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 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.

14. Fund transfers and internally restricted net assets

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:					
Matching trust fund contributions	$ (146,000)	$ -	$ -	$ -	$ 146,000
Capital purchases	(353,666)	(5,450)	(107,042)	466,158	-
Contribution to building legacy fund	(1,210,400)	-	-	1,210,400	-
Reserve for facilities maintenance	(2,200,000)	-	-	2,200,000	-
Reserve for capital purchases	(2,259,377)	-	-	2,259,377	-
Total fund transfers during the year	**$ (6,169,443)**	**$ (5,450)**	**$ (107,042)**	**$ 6,135,935**	**$ 146,000**
Total fund transfers during 2010	**$ (6,024,435)**	**$ -**	**$ (5,545)**	**$ 5,854,239**	**$ 175,741**

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

	2011	2010
Building legacy fund	11,179,438	8,962,018
Construction	3,469,806	3,651,452
Technology upgrades	1,509,613	2,674,500
Facilities maintenance	1,671,971	-
Balance, internally restricted net assets	**$ 17,830,828**	**$ 15,287,970**

15. Comparative figures

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