

Financial Statements of

**LANGARA COLLEGE**

Years ended March 31, 2010 and 2009

# LANGARA COLLEGE

## Statement of Management Responsibility

Years ended March 31, 2010 and 2009

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Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying financial statements for the years ended March 31, 2010 and 2009 in accordance with generally accepted accounting principles prescribed for not-for-profit organizations 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 objective 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 of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters.

These financial statements have been reported on by the Office of the Auditor General of British Columbia, an independent Office of the Legislature of the Province of British Columbia. The external auditor has full access to the Board with and without the presence of management.



David Ross, President



Deanna Douglas, Vice-President, Administration and Finance

May 20, 2010



## Report of the Auditor General of British Columbia

*To the Board of Governors of  
Langara College, and*

*To the Minister of Advanced Education and Labour Market Development  
Province of British Columbia:*

I have audited the statement of financial position of *Langara College* as at March 31, 2010, and the statements of operations and net assets, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of *Langara College* as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia  
May 20, 2010*

John Doyle, MBA, CA  
Auditor General

# LANGARA COLLEGE

Statement of Financial Position

March 31, 2010 and 2009

	Special				Total		
	Operating Fund	Purpose Fund	Ancillary Fund	Capital Fund	Trust Fund	2010	2009
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 5,046,443	\$ -	10,600	-	1,902,131	6,959,174	51,312,390
Short term investments	9,200,000					9,200,000	5,582,830
Accounts receivable	1,040,570	339,416	104,563	287,642		1,772,191	1,336,258
Prepaid expenses and other assets	481,433		3,574	81,251		566,258	259,113
Net investment in lease				236,513		236,513	
Inventories			785,112			785,112	811,169
Investments (note 3)	15,768,446	339,416	903,849	605,406	1,902,131	19,519,248	59,301,760
Long-term account receivable	36,662,050				5,660,069	42,322,119	914,526
Net investment in lease (note 11)				3,515,093		3,515,093	
Capital assets (note 5)				88,482,637		88,482,637	
Interfund	(36,147,210)	8,795,458	4,224,092	23,127,660			2,064,639
<b>Total Assets</b>	<b>\$ 16,283,286</b>	<b>\$ 9,134,874</b>	<b>\$ 5,127,941</b>	<b>\$ 115,730,796</b>	<b>\$ 7,562,200</b>	<b>\$ 153,839,097</b>	<b>\$ 148,371,160</b>
<b>Liabilities and Net Assets</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 3,520,708	\$ 446,996	237,497	914,597	5,504	5,125,302	6,185,612
Employee future benefits (note 10)	4,337,167	27,335	68,401			4,432,903	4,477,253
Short term note payable (note 9)							9,999,888
Deferred revenue	7,986,540	586,291	10,009	23,964	84,250	8,691,054	8,087,435
Deferred contributions (note 7)	15,844,415	1,060,622	315,907	938,561	89,754	18,249,259	28,750,188
Deferred capital contributions (note 8)		199,590		918,147	855,958	1,973,695	2,099,003
Long-term debt (Note 9)				67,254,064		67,254,064	66,630,166
Net assets:	15,844,415	1,260,212	315,907	79,110,772	945,712	97,477,018	97,479,357
Invested in capital assets (note 6)				21,228,573		21,228,573	19,460,069
Endowments					5,787,174	5,787,174	5,537,523
Internally restricted (note 14)				15,287,970	769,941	16,057,911	16,484,349
Unrestricted	438,871	7,874,662	4,812,034	103,481	59,373	13,288,421	9,409,862
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,283,286</b>	<b>\$ 9,134,874</b>	<b>\$ 5,127,941</b>	<b>\$ 115,730,796</b>	<b>\$ 7,562,200</b>	<b>\$ 153,839,097</b>	<b>\$ 148,371,160</b>

See accompanying notes to the financial statements.

Approved on behalf of the Board:



David Chiang, Chair of the Board

D. Ross Clark, Chair of the Audit Committee

# LANGARA COLLEGE

Statement of Operations and Net Assets  
Years ended March 31, 2010 and 2009

	Operating Fund	Special Purpose Fund	Ancillary Fund	Capital Fund	Trust Fund	Total	
						2010	2009
<b>Revenue:</b>							
Grants from Province of British Columbia	\$ 44,188,495	\$ 836,604	\$ -	\$ 1,797,362	\$ -	\$ 46,822,461	\$ 45,073,859
Contract services		790,898	200,326			991,224	1,158,287
Sale of goods and services	243,088	8,680	5,826,661			6,078,429	5,980,890
Fees	37,708,047	393,898	10,780	705,390		38,818,115	34,248,329
Miscellaneous income, donations and contributions	903,802	70,324	387,148	190,918	296,861	1,849,053	2,585,905
Amortization of deferred capital contributions (note 8)				2,111,054		2,111,054	2,076,392
	83,043,432	2,100,404	6,424,915	4,804,724	296,861	96,670,336	91,123,662
<b>Expenses:</b>							
Instruction	47,235,470	802,932				48,038,402	45,388,615
Instructional support	9,325,111	617,165				9,942,276	9,549,394
Student support	4,811,271	32,431				4,843,702	4,602,767
Administration	5,303,535					5,303,535	4,893,462
Facilities	4,539,968					4,539,968	4,014,296
Logistics	2,764,367					2,764,367	2,707,882
Scholarships and bursaries		82,323			359,049	441,372	494,794
Cost of sales			3,640,245			3,640,245	3,395,446
Amortization of capital assets				4,258,487		4,258,487	3,889,932
Other	2,234,349	1,824	2,056,226	3,380,992	3,966	7,677,357	6,675,065
	76,214,071	1,536,675	5,696,471	7,639,479	363,015	91,449,711	85,611,653
Excess (deficiency) of revenue over expenses	6,829,361	563,729	728,444	(2,834,755)	(66,154)	5,220,625	5,512,009
Net assets (deficit), beginning of year	(366,055)	7,310,933	4,089,135	33,600,540	6,257,250	50,891,803	45,251,450
Transfers between funds (note 14)	(6,024,435)	-	(5,545)	5,854,239	175,741	-	-
Restricted contributions					249,651	249,651	128,344
Net assets (deficit), end of year	\$ 438,871	\$ 7,874,662	\$ 4,812,034	\$ 36,620,024	\$ 6,616,488	\$ 56,362,079	\$ 50,891,803

See accompanying notes to the financial statements.

# LANGARA COLLEGE

Statement of Changes in Net Assets  
Years ended March 31, 2010 and 2009

	Invested in Capital Assets	Endowments	Internally Restricted	Unrestricted	Total	
					2010	2009
Net assets, beginning of year, as restated	\$ 19,460,069	\$ 5,537,523	\$ 16,484,349	\$ 9,409,862	\$ 50,891,803	\$ 45,251,450
Excess (deficiency) of revenue over expenses	(2,147,433)		734,381	6,633,677	5,220,625	5,512,009
Invested in capital assets (note 6)	3,915,937		(1,133,638)	(2,782,299)		
Restricted contributions		249,651			249,651	128,344
Transfer from Building Legacy Fund (Note 14)			(3,835,058)	3,835,058		
Transfers to internally restricted net assets (note 14)			3,807,877	(3,807,877)		
Net assets, end of year	\$ 21,228,573	\$ 5,787,174	\$ 16,057,911	\$ 13,288,421	\$ 56,362,079	\$ 50,891,803

See accompanying notes to the financial statements.

# LANGARA COLLEGE

## Statement of Cash Flows

Years ended March 31, 2010 and 2009

	2010	2009
Cash provided by (used in):		
<b>Operations:</b>		
Excess of revenue over expenses	\$ 5,220,625	\$ 5,512,009
Items not involving cash:		
Amortization of capital assets	4,258,487	3,889,932
Amortization of deferred capital contributions	(2,111,054)	(2,076,392)
Decrease (increase) in non-cash working capital:		
Short term investments	(3,617,170)	358,040
Accounts receivable	1,628,706	(1,814,812)
Prepaid expenses	(307,145)	(141,353)
Inventories	26,057	32,613
Accounts payable	(1,060,310)	1,474,487
Employee future benefits	(44,350)	34,094
Net increase in deferred revenue related to expenses of future periods	603,619	1,554,096
Net decrease in deferred contributions	(125,308)	(2,197,703)
	<u>4,472,157</u>	<u>6,625,011</u>
<b>Investments:</b>		
Purchase of capital assets	(6,650,889)	(12,670,122)
Net investment in capital lease (note 11)	(3,751,606)	-
Decrease (increase) in investments	(41,407,593)	151,476
	<u>(51,810,088)</u>	<u>(12,518,646)</u>
<b>Financing:</b>		
Net proceeds from short-term financing	-	9,999,888
Repayment of short-term financing (note 9)	(9,999,888)	-
Proceeds from long-term borrowing (note 9)	10,000,000	-
Deferred capital contributions received	2,734,952	126,674
Endowments received	249,651	128,344
	<u>2,984,715</u>	<u>10,254,906</u>
Increase (decrease) in cash and cash equivalents	(44,353,216)	4,361,271
Cash and cash equivalents, beginning of year	51,312,390	46,951,119
Cash and cash equivalents, end of year	\$ 6,959,174	\$ 51,312,390

See accompanying notes to the financial statements.

# LANGARA COLLEGE

## Notes to Financial Statements

Years ended March 31, 2010 and 2009

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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 for not-for-profit organizations.

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 and the timing of recording contract revenue. Actual results may differ from those estimates.

#### (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 such as the bookstore, 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 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

Government grants that are without restriction as to their use are recognized as revenue in the period in which they are receivable. Government grants that are restricted for the

# LANGARA COLLEGE

## Notes to Financial Statements

Years ended March 31, 2010 and 2009

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purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense on the related assets. Government grants restricted for other purposes are recognized as revenue when the terms of the grant 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 revenue be recognized equal to the related expenses that are incurred under the terms of the contract, until the financial outcome of a contract can be reasonably estimated. When it is determined that a loss under contract is anticipated, revenue is adjusted to fully provide for the loss.

(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. Endowments and undistributed endowed investment income 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. Short-term investments are classified as "held-to-maturity" and are recorded at amortized cost.

(e) Short term investments

Short term investments consist of cashable investments with maturity dates between 91 and 365 days at inception, are classified as "held-to-maturity" and are recorded at amortized cost.

(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) Investments

Trust fund investments are classified as "held-for-trading" and are recorded at fair value with gains or losses recognized in net income. All other investments are classified as "held-to-maturity" and are recorded at amortized cost.

# LANGARA COLLEGE

## Notes to Financial Statements

Years ended March 31, 2010 and 2009

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(h) 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

(i) Employee future benefits

Vacation pay is accrued as it is earned by employees. Other payroll benefits are recorded based on the estimated actuarially-determined present value of their expected use.

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.

(j) Fund transfers and inter-fund balances

Fund transfers are approved by the College Board. 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.

(k) Financial instruments

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. It is management's estimate that the College is not exposed to significant interest rate, currency or credit risk arising from the financial instruments.

The College has elected to apply the provisions of Section 3861 (Financial Instruments - Disclosure and Presentation).

### 3. Investments

Trust fund investments consist of funds held by a professional fund manager. The fair value of these investments as at March 31, 2010 is \$5,660,069 (2009: \$914,526), and the cost is \$5,708,163 (2009: \$1,104,442). The increase in the fair value of these investments of \$142,547 (2009: decrease of \$151,476) has been recognized in net income as a component of miscellaneous income, donations and contributions.

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. Income on these investments of \$446,102 (2009: \$1,299,722) is included in miscellaneous income, donations and contributions.

The College also holds a beneficial interest in two funds held by the Vancouver Foundation, an independent public foundation. One fund with a fair value of \$2,241,485 (2009: \$1,939,022) is held

# LANGARA COLLEGE

## Notes to Financial Statements

Years ended March 31, 2010 and 2009

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 \$138,017 (2009: \$119,393) 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 by the College when received and therefore included in the financial statements.

#### 4. Management of college capital

The College defines capital as net assets and deferred capital contributions. The principal sources of capital are the provincial government and 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:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,172,682	\$ -	\$ 1,172,682	\$ 1,172,682
Work in progress	760,815		760,815	12,751,817
Buildings and site improvements	107,776,666	25,747,222	82,029,444	67,994,419
Library books & periodicals	1,077,350	506,755	570,595	566,633
Furniture and equipment	4,080,535	1,546,506	2,534,029	1,941,611
Computer equipment	3,070,763	1,655,691	1,415,072	1,663,073
	\$ 117,938,811	\$ 29,456,174	\$ 88,482,637	\$ 86,090,235

#### 6. Net assets invested in capital assets

Net assets invested in capital assets is calculated as follows:

	2010	2009
Capital assets, net of accumulated amortization	\$ 88,482,637	\$ 86,090,235
Amounts funded by restricted contributions	(67,254,064)	(66,630,166)
	\$ 21,228,573	\$ 19,460,069

# LANGARA COLLEGE

## Notes to Financial Statements

Years ended March 31, 2010 and 2009

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

	2010	2009
Amortization on assets purchased from unrestricted funds:		
Amortization of deferred capital contributions	\$ 2,111,054	\$ 2,076,392
Amortization of capital assets	(4,258,487)	(3,889,932)
	<u>(2,147,433)</u>	<u>(1,813,540)</u>
Cost of assets purchased from unrestricted funds:		
Purchase of capital assets	6,650,889	12,670,122
Deferred capital contributions received	(2,734,952)	(126,674)
	<u>3,915,937</u>	<u>12,543,448</u>
Net change in net assets invested in capital assets	\$ 1,768,504	\$ 10,729,908

### 7. Deferred contributions

Deferred contributions recorded in the Special Purpose Fund represent government grants for specific agreements received in advance of the work under the contracts being performed (see note 13).

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

	2010	2009
Balance, beginning of year	\$ 1,388,142	\$ 1,886,781
Contributions received:		
Government of Canada - Knowledge infrastructure program	550,000	-
Province of British Columbia - Certificates of approval	2,595,000	118,351
Province of British Columbia - Annual capital allowance	880,997	1,255,859
Donated assets and other	27,196	32,080
	<u>4,053,193</u>	<u>1,406,290</u>
Transfers out:		
Deferred capital contributions	(2,734,952)	(126,674)
Revenue	(1,788,236)	(1,778,255)
	<u>(4,523,188)</u>	<u>(1,904,929)</u>
Balance, end of year	\$ 918,147	\$ 1,388,142

# LANGARA COLLEGE

## Notes to Financial Statements

Years ended March 31, 2010 and 2009

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

	Restricted contributions	Endowment income	Students' Union capital fund	Total	
				2010	2009
Balance, beginning of year	\$ 100,951	\$ 322,182	\$ 121,514	\$ 544,647	\$ 2,109,365
Receipts and fees:					
Students' union fees			267,191	267,191	243,733
Restricted donations	124,635			124,635	143,697
Investment income		205,272	323	205,595	36,305
	124,635	205,272	267,514	597,421	423,735
Disbursements:					
Bursaries, scholarships and awards	(145,471)	(140,639)		(286,110)	(319,844)
Langara Students' Union			-	-	(1,668,609)
	(145,471)	(140,639)	-	(286,110)	(1,988,453)
Balance, end of year	\$ 80,115	\$ 386,815	\$ 389,028	\$ 855,958	\$ 544,647

The Students' Union 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 board of the College and the Langara Students' Union Association.

### 8. Deferred capital contributions

Deferred capital contributions represent the unamortized balance of externally restricted funding used to purchase capital assets. These contributions will be recognized as revenue in future periods on the same basis as the amortization of the related capital assets. Changes in deferred capital contributions are as follows:

	2010	2009
Balance, beginning of year	\$ 66,630,166	\$ 68,579,884
Transferred from deferred contributions	2,734,952	126,674
Amortized to revenue	(2,111,054)	(2,076,392)
Balance, end of year	\$ 67,254,064	\$ 66,630,166

### 9. Long-term debt

During the year, the College converted its \$10 million short-term fiscal agency loan to Series LC-CP-154 long-term debt through the provincial government. 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 \$180,789 is included in other expenses of the Capital fund.

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## Notes to Financial Statements

Years ended March 31, 2010 and 2009

### 10. Employee future benefits

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

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

	2010	2009
Vacation pay	\$ 3,564,962	\$ 3,607,697
Other accumulated benefits	867,941	869,556
Balance, end of year	\$ 4,432,903	\$ 4,477,253

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, with results available during the current year. As a result of this valuation, the College has recorded an actuarial loss of \$30,000 in the current year. The expense for other accumulated benefits was \$39,000 (2009: \$77,000) projected service costs and \$29,000 (2009: \$Nil) interest. The payout for these benefits was \$82,000 (2009: \$68,000)

#### (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 12,000 active members from college senior administration and instructional staff and approximately 3,900 retired members. The Municipal Pension Plan has about 158,000 active members, with approximately 5,400 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, 2006 indicated an unfunded liability of \$54 million for basic pension benefits. The next valuation will be as at August 31, 2009 with results available in 2010. The most recent valuation for the Municipal Pension Plan as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers. The College paid \$3,455,731 (2009: \$3,164,901) to the College Pension Plan, and \$779,133 (2009: \$739,269) to the Municipal Pension Plan for employer contributions in the current year.

### 11. Capital and operating leases

#### (a) 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

# LANGARA COLLEGE

## Notes to Financial Statements

Years ended March 31, 2010 and 2009

lease of \$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:

	2010	2009
Net investment in lease:		
Total minimum lease payments receivable	\$ 6,910,400	\$ -
Unearned finance income	(3,158,794)	-
	3,751,606	-
Current portion	(236,513)	-
Net investment in lease	\$ 3,515,093	\$ -

(b) 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
2011	147,000	168,000	315,000
2012	147,000	168,000	315,000
2013	130,000	158,000	288,000
2014	107,000	143,000	250,000
2015	-	-	-
Total lease commitments	\$ 531,000	\$ 637,000	\$ 1,168,000

## 12. Asset retirement obligation

The College previously determined that an asset retirement obligation for asbestos remediation exists in facilities constructed prior to 1980. Based on an engineering study commissioned by the College, the required remediation effort is divided into two components:

(a) Management and remediation of asbestos-containing materials that may be considered friable

The College previously recorded an estimate of \$442,000 provided by the engineering study as the cost of remediation. The College incurred remediation costs of \$96,470 during the year (2009: \$74,333), which has reduced the remaining estimate to \$271,197 (2009: \$367,467).

(b) Abatement of non-friable and concealed materials

Although in this case asbestos is not a health hazard, 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 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

Years ended March 31, 2010 and 2009

### 13. Related party transactions

The College has previously entered into agreements with the Ministry of Advanced Education and Labour Market Development for the delivery of library resources to post-secondary students with print disabilities and for the acquisition of licenses and duplication rights for media products for post-secondary institutions in British Columbia. During the year, the College was notified that the contract for the acquisition of licenses and rights for media products would not be continued. The College recognized revenue in the Special Purpose Fund of \$725,800 (2009: \$1,020,070) under these two agreements.

### 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 endowment contributions	\$ (175,741)	\$ -	\$ -	\$ -	\$ 175,741
Capital purchases	(201,969)		(5,545)	207,514	
Contribution to building legacy fund	(993,821)			993,821	
Reserve for technology upgrades	(2,555,000)			2,555,000	
Reserve for capital purchases	(2,097,904)			2,097,904	
<b>Total fund transfers during the year</b>	<b>\$ (6,024,435)</b>	<b>\$ -</b>	<b>\$ (5,545)</b>	<b>\$ 5,854,239</b>	<b>\$ 175,741</b>
<b>Total fund transfers during 2009</b>	<b>\$ (5,732,735)</b>	<b>\$ (33,490)</b>	<b>\$ (178,500)</b>	<b>\$ 5,778,663</b>	<b>\$ 166,062</b>

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

	2010	2009
Trust fund:		
Matching of endowment contributions	\$ 769,941	\$ 613,010
Capital fund:		
Building legacy fund	8,962,018	10,966,750
Construction	3,031,452	4,462,000
Technology upgrades	3,294,500	442,589
<b>Total capital fund</b>	<b>15,287,970</b>	<b>15,871,339</b>
<b>Balance, internally restricted net assets</b>	<b>\$ 16,057,911</b>	<b>\$ 16,484,349</b>

### 15. Comparative figures

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