Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the Yukon College

I have audited the accompanying consolidated financial statements of the Yukon College, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Yukon College as at 30 June 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

9 December 2017
Vancouver, Canada

YUKON COLLEGE
Management Responsibility

The consolidated financial statements are the responsibility of management and the Board of Governors of the College. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards with Section 4200 series for government not-for-profit organizations. The consolidated financial statements include estimates based on the experience and judgment of management.

Management is responsible for maintaining the books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of College objectives and that operations are carried out effectively.

Management is also responsible for designing these systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon College Act*, bylaws and policies of the College.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the external auditor to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters. The Board of Governors has reviewed and approved the consolidated financial statements.

These consolidated financial statements for the years ended June 30, 2017 and comparative periods have been independently audited by the College's auditor, the Auditor General of Canada, and his report is included herein.

Dr. Karen Barnes
President

Michael Hale
Chief Administrative Officer

December 9, 2017

YUKON COLLEGE
Consolidated Statement of Financial Position
As at June 30, 2017

ASSETS	June 30, 2017	June 30, 2016 Restated (note 2 b)
Current Assets		
Cash (note 4)	$ 6,522,714	$ 4,945,172
Accounts receivable (note 3b)	3,405,396	3,011,501
Inventories	124,712	112,616
Prepaid expenses	136,655	66,524
	10,189,477	8,135,813
Other Assets		
Restricted cash (note 5)	3,767,533	3,718,647
Accrued pension benefit asset (note 6a)	16,653,900	15,476,200
Capital assets (note 7)	8,842,581	8,025,705
	$ 39,453,491	$ 35,356,365
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,308,589	$ 2,308,989
Deferred contributions (note 9)	2,838,691	2,358,063
Vacation leave and employee future benefits	2,539,070	2,490,786
	8,686,350	7,157,838
Long-term Liabilities		
Deferred capital contributions (note 10)	4,781,593	4,216,543
Other employee future benefits (note 6b)	4,813,700	4,497,100
	9,595,293	8,713,643
Net Assets		
Capital (note 7)	8,842,581	8,025,705
Externally restricted for endowments (note 8)	3,369,653	3,293,424
Externally restricted for pension (note 6a)	16,653,900	15,476,200
Unrestricted	(7,694,286)	(7,310,445)
	21,171,848	19,484,884
	$ 39,453,491	$ 35,356,365

Commitments (note 17)
The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Governors

Chair

Member

YUKON COLLEGE
Consolidated Statement of Operations
For the year ended June 30

	2017	2016 Restated (note 2 b)
Revenues		
Contributions, Government of Yukon (note 12)	$ 25,704,304	$ 23,203,356
Contracts (note 13 and 18)	16,489,115	18,615,178
Tuition (note 18)	1,668,977	1,403,284
Sales, rentals and services	1,563,381	1,668,934
Miscellaneous income (note 14)	1,268,074	1,360,257
Student assistance/scholarships (note 16)	715,776	694,158
Amortization of deferred capital contributions (note 10)	360,823	291,878
Interest income	55,299	50,845
	$ 47,825,749	$ 47,287,890
Expenses (note 11)		
Direct instruction	$ 16,373,571	$ 18,704,538
Direct instructional support	10,353,956	9,257,622
General administration	6,563,022	6,417,263
Research	4,586,512	4,190,529
Services received without charge (note 12)	3,706,611	3,677,187
Facility services and utilities	1,972,898	1,584,116
Cost of sales	1,686,070	1,809,663
Amortization of capital assets (note 7)	920,763	771,628
Student assistance/scholarships	714,765	695,158
Employee leave and termination benefits	364,884	424,944
Miscellaneous	149,662	100,781
	$ 47,392,714	$ 47,633,429
Net operating surplus (deficit)	$ 433,035	$ (345,539)
Increase in accrued pension benefit asset	1,177,700	657,000
Total surplus of revenues over expenses	$ 1,610,735	$ 311,461

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

YUKON COLLEGE
Consolidated Statement of Changes in Net Assets
For the year ended June 30

	Unrestricted	Capital	Externally Restricted for Endowments	Externally Restricted for Pension	2017 Total	2016 Total Restated (note 2 b)
Balance, beginning of year	$ (7,310,445)	$ 8,025,705	$ 3,293,424	$ 15,476,200	$ 19,484,884	$ 17,866,285
Capital assets acquired - net of disposals (note 7)	-	1,737,639	-	-	1,737,639	1,718,926
Amortization of capital assets (note 7)	-	(920,763)	-	-	(920,763)	(771,628)
Change in net assets - Capital (note 7)	(816,876)	-	-	-	(816,876)	(947,298)
Endowment (transfer) contributions - net (note 8)	-	-	76,229	-	76,229	1,307,138
(Increase) decrease in pension benefit asset	(1,177,700)	-	-	1,177,700	-	-
Total surplus of revenues over expenses	1,610,735	-	-	-	1,610,735	311,461
Balance, end of year	$ (7,694,286)	$ 8,842,581	$ 3,369,653	$ 16,653,900	$ 21,171,848	$ 19,484,884

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

YUKON COLLEGE
Consolidated Statement of Cash Flows
For the year ended June 30

	2017	2016 Restated (note 2 b)
Cash flows provided from operating activities:		
Total surplus of revenues over expenses	$ 1,610,735	$ 311,461
Items not affecting cash		
Amortization of capital assets (note 7)	920,763	771,628
Amortization of deferred capital contributions (note 10)	(360,823)	(291,878)
Increase in non-cash working capital balances	1,059,043	1,112,072
Increase in accrued pension benefit asset	(1,177,700)	(657,000)
Increase in other employee future benefits	316,600	114,800
Cash flows provided from operating activities	2,368,618	1,361,083
Cash flows used in investing activities:		
Increase in restricted cash	(48,886)	(1,403,889)
Cash flows used in investing activities	(48,886)	(1,403,889)
Cash flows used in capital activities:		
Capital assets acquired (note 7)	(1,744,292)	(1,718,926)
Cash flows used in capital activities	(1,744,292)	(1,718,926)
Cash flows provided from (used in) financing activities:		
Net investment income (loss) from endowments (note 8)	20,046	(11,905)
Endowment contributions (including transfers)	56,183	1,319,043
Increase in deferred capital contributions (note 10)	925,873	1,056,079
Cash flows provided from financing activities	1,002,102	2,363,217
Change in cash:		
Net increase in cash	1,577,542	601,485
Cash		
Beginning of year	4,945,172	4,343,687
End of year	$ 6,522,714	$ 4,945,172

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

1. Purpose

a) Yukon College (the College) is a post-secondary educational institution and is incorporated under the *Yukon College Act.* The College is a not-for-profit organization and is a registered charity under the *Income Tax Act*. A significant portion of its funding is provided by the Government of Yukon. The purpose of the College is to provide excellent, relevant and accessible learning opportunities.

b) The Yukon College Foundation (the Foundation) is incorporated as a not-for-profit organization under the *Canada Not-For-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act*. The Foundation was established:

- to fund, facilitate, promote and carry out activities which are consistent with the objectives of Yukon College and to provide support for its educational facilities, educational programs and education services;
- to fund the provision of bursaries, scholarships and prizes granted by Yukon College for any purpose for students in attendance at facilities owned and/or operated by Yukon College;
- to receive bequests, legacies, donations, gifts, funds and property from all sources and to hold and invest such funds and property and to administer and distribute such funds and property for the purposes of the Foundation;
- to do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the power of the Foundation.

2. Significant accounting policies

a) Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The College has elected to apply the Section 4200 series for government-not-for-profit organizations.

b) Basis of consolidation and change in accounting policy

The consolidated financial statements include the accounts of the College and its controlled entity, the Foundation. All significant inter-organization transactions and balances have been eliminated on consolidation.

The College controls the Foundation as the Board of Governors of the College have the ability to be appointed as the majority of the members of the Board of Directors of the Foundation. The Foundation's Board of Directors does not currently include any members of the Board of Governors of the College. The Foundation operates out of the College's main campus building with the assistance of College employees in the advancement office. The Foundation has a year end of June 30 and its financial statements are presented in accordance with Canadian public sector accounting standards. The Foundation has elected to apply the Section 4200 series for government-not-for-profit organizations.

In 2016, the results and financial position of the Foundation were not consolidated in the College's financial statements. Financial information for the Foundation was provided in note 1 of the College's 2016 financial statements. The change to consolidate the Foundation was made to provide more appropriate presentation of transactions in the financial statements of the College.

2. Significant accounting policies (continued)

This change in accounting policy is applied retroactively with restatements of prior-year amounts. Effects of this change are as follows:

	2016 As previously stated	2016 Foundation amount	2016 Restated
Statement of financial position			
Restricted cash	$295,961	$3,422,686	$3,718,647
Accounts payable and accrued liabilities	$2,309,248	($259)	$2,308,989
Deferred contributions	$2,227,542	$130,521	$2,358,063
Net assets - externally restricted for endowments	$ -	$3,293,424	$3,293,424
Net assets - unrestricted	($7,309,445)	($1,000)	($7,310,445)
Statement of operations			
Student assistance/scholarships expense	$694,158	$1,000	$695,158
Total surplus of revenue over expenses	$312,461	($1,000)	$311,461
Statement of changes in net assets			
Endowment (transfer) contributions - net	($1,986,286)	$3,293,424	$1,307,138
Total surplus of revenues over expenses	$312,461	($1,000)	$311,461
Statement of cash flows			
Increase in non-cash working capital balances	$1,007,358	$104,714	$1,112,072
Increase in restricted cash	$ -	($1,403,889)	($1,403,889)
Net investment income (loss) from endowments	$6,963	($18,868)	($11,905)
Endowment contributions (including transfers)	$ -	$1,319,043	$1,319,043

Notes 8, 9 and 11 have been restated.

c) Financial instruments
All financial instruments of the College are recorded at cost or amortized cost. The College does not have any financial instruments that are carried at fair value.

2. Significant accounting policies (continued)

d) Accounts receivable

Accounts receivable is recorded at the principal amount less valuation allowances.

e) Capital assets

Purchased equipment and leasehold improvements are recorded at cost, net of accumulated amortization. The items are amortized on a straight-line basis over their estimated useful lives. The College has received contributed capital assets during the year which are disclosed in note 7.

	Useful life (years)
Equipment – general	10
Leasehold improvements	20
Equipment – electronic data processing	3
Furniture & fixtures	10
Mobile trailers	20
Vehicles	5

The Works of Art are capitalized at cost and no amortization is recorded.

f) Inventories

Inventories consist of items for resale in the bookstore and food service operations. These inventories are valued at the lower of cost and net realizable value. Inventories are determined on a first in - first out basis.

g) Contributed services

The College benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not determinable and accordingly is not included in the consolidated financial statements.

h) Employee future benefits

Pension benefits

The Yukon College Employees' Pension Plan is a contributory defined benefit pension plan. The pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of the College after 24 months of continuous service. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30th. For the solvency deficiency, the College obtained a letter of credit in lieu of making solvency payments up to December 2016 and made monthly solvency payments from January to June 2017. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. Contributions by the College are recorded in the consolidated financial statements using an accrued benefit method. The College has contracted with external organizations to provide the services of trustee, administration, consulting and investment management for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

The College accrues its obligations under the pension plan and the related costs, net of plan assets.

2. Significant accounting policies (continued)

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are accounted for in the period of the plan amendments.

The cost of the retirement benefits recognized during the period is comprised of the retirement benefits expense and the retirement benefits interest expense.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group, which is estimated to be 9 years.

Other non-pension benefits
The cost of the benefit plan, other than pension, including severance benefits, non-vesting but accumulating sick leave and special leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, retirement ages of employees, and is recognized over the period in which the benefits are earned (i.e. the period the employee renders service to the College). The College accrues other vacation and leave benefits for employees as earned. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group, which is estimated to be 9 years (2016 - 9 years).

i) Employee vacation leave
Employee vacation leave is expensed as the benefits accrue to employees under their respective terms of employment.

j) Revenue recognition
The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue on the same basis and in the same periods as expenses under the terms of the restrictions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets. Interest earned on endowment contributions where a portion of the interest can not be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes.

Sales, rentals and services, miscellaneous income, and tuition and registration fees are reported as revenue at the time the services are substantially provided or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized when the courses are delivered.

The College provides education, rentals, research and services to private companies, federal and territorial government departments, agencies and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the terms of the agreements (see note 9).

2. Significant accounting policies (continued)

k) Allocation of expenses

The College allocates the majority of its expenses by function. General administration expenses are not allocated to other functions but are disclosed separately. The College does not incur any significant expenses for fundraising except those disclosed in note 16 on behalf of the Yukon College Foundation. Administration related to fundraising is included in general administration expenses.

l) Restrictions on net assets

Invested in capital assets represents the amount the College has spent on capital assets using its own funding sources. The accrued pension benefit asset is restricted in order to meet future pension obligations.

m) Services received without charge

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

n) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of lease commitments at the date of the financial statements and the reported amount of revenue and expenses for the year. Significant areas requiring the use of management estimates relate to the determination of the defined benefit pension plan surplus and the liabilities for other employee future benefits, and the estimated useful lives of capital assets. Actual results could differ significantly from those estimated. Estimates are reviewed annually and as adjustments become necessary, they are recorded in the consolidated financial statements in the period which they become known.

o) Contingent liabilities

Contingent liabilities may arise from time to time in the normal course of operations. Liabilities on any litigation are recognized in the consolidated financial statements when it is likely that a future event will confirm that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated.

3. Financial risk management

(a) Fair value of financial instruments

The College's financial instruments consist of cash, accounts receivable, restricted cash and accounts payable and accrued liabilities. The fair values of the College's financial instruments approximate their carrying values.

(b) Financial risks

The College's financial instruments are exposed to the following risks: credit risk, interest rate risk, foreign exchange risk, and liquidity risk. The College manages these risk exposures on an ongoing basis. The College is not party to any financial derivatives.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The fair value of the College's financial instruments approximate their carrying values due to the short term nature of these instruments. It is management's opinion that the College is not exposed to significant interest rate risk on its cash and restricted cash, which are held in a Canadian chartered bank and a reputable investment firm.

3. Financial risk management (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The College is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Credit risk

Credit risk arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash, restricted cash and accounts receivable represents the maximum credit exposure. The credit risk associated with these instruments is considered to be minimal due to the nature of the instruments and the fact that the majority of the accounts receivable are due from the federal, territorial, first nation and municipal governments.

Credit risk on cash and restricted cash is minimized as these assets are held with a Canadian Chartered bank and a reputable investment firm.

Information regarding the College's accounts receivable is as follows:

	2017	2016
Carrying value	$ 3,405,396	$ 3,011,501
Allowance for doubtful accounts	$ 67,495	$ 40,587
Accounts receivable % less than 30 days	69%	75%
Accounts receivable % over 90 days	4%	10%

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they become due. The College monitors its cash balance and cash flows from operations to ensure that it has sufficient liquidity on hand to meet its liabilities when due.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the College's reputation. As at June 30, 2017 and 2016, substantially all of the College's accounts payable and accrued liabilities is due within 6 months of year-end.

4. Cash

The College has, if needed, an operating demand line of credit with its banker that allows the College to borrow up to $500,000 at bank prime. The credit line was unused at June 30, 2017. The College's credit facility interest rates are subject to fluctuations in the prime rate.

5. Restricted cash

Restricted cash consists of $3,534,552 (2016 restated - note 2b- $3,422,686) for Foundation endowment and deferred contributions and $232,981 (2016 - $295,961) for prepaid leave.

Restricted cash for Foundation endowment and deferred contributions consists of investments and cash invested in accordance with the articles of incorporation of the Foundation. Annual investment returns will vary from year to year. Restricted cash for prepaid leave consists of high interest savings accounts and the average annual return was 0.9% (2016 - 0.9 %).

6. Employee future benefits

a) Pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair values as reported by the custodian of the funds as at June 30, 2017. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as of June 30, 2017 using the projected benefits method prorated on services. Estimates of the pension income for the year ending June 30, 2018 were made as part of the June 30, 2017 valuation. The next actuarial valuation for accounting purposes will be performed as of June 30, 2019.

An actuarial valuation for funding purposes was performed as of June 30, 2017 and the next actuarial valuation for funding purposes will be performed as of June 30, 2018. The actuarial valuation for funding purposes performed by the actuary in 2017 established the College's required current service contributions as 132.3% (2016 – 142.3%) of employee contributions. Under economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service costs of the pension plan benefits.

Total benefit payments were $3,553,200 (2016 - $2,674,000).

6. Employee future benefits (continued)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates of these future events. Key assumptions are summarized below:

	2017	2016
Weighted-average assumptions for benefit costs		
Discount rate	5.80 %	5.80 %
Expected long-term rate of return on plan assets	5.80 %	5.80 %
Rate of compensation increase	4.25 %	4.25 %
Inflation rate	2.30 %	2.30 %
Weighted-average assumptions of accrued benefit obligation		
Discount rate	5.80 %	5.80 %
Rate of compensation increase	4.25 %	4.25 %
Inflation rate	2.30 %	2.30 %

	2017	2016
Change in accrued benefit obligation:		
Accrued benefit obligation - beginning of year	$ 78,164,100	$ 72,543,200
Current service cost	2,319,300	2,457,900
Interest cost	4,546,600	4,247,300
Employee contributions	1,684,000	1,589,700
Benefits paid	(3,553,200)	(2,674,000)
Actuarial losses	579,300	-
Accrued benefit obligation - end of year	$ 83,740,100	$ 78,164,100
Change in plan assets:		
Fair value of plan assets - beginning of year	$ 89,780,700	$ 86,946,400
Actual return on plan assets	9,795,500	1,460,700
Employer contributions	3,373,500	2,457,900
Employee contributions	1,684,000	1,589,700
Benefits paid	(3,553,200)	(2,674,000)
Fair value of plan assets - end of year	$ 101,080,500	$ 89,780,700

	2017	2016
Reconciliation of funded status:		
Accrued benefit obligation - end of year	$ (83,740,100)	$ (78,164,100)
Fair value of plan assets	101,080,500	89,780,700
Funding surplus	17,340,400	11,616,600
Unamortized net actuarial loss	(686,500)	3,859,600
Accrued pension benefit asset	$ 16,653,900	$ 15,476,200

6. Employee future benefits (continued)

	2017	2016
Elements of defined pension plan benefit costs recognized in the year:		
Current service cost, net of employee contributions	$ 2,319,300	$ 2,457,900
Interest cost on benefit obligation	4,546,600	4,247,300
Actual return on plan assets	(9,795,500)	(1,460,700)
Actuarial loss on accrued benefit obligation	579,300	-
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	(2,350,300)	5,244,500
Adjustment to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for year	4,544,600	(3,622,000)
Difference between actuarial (gain) loss recognized for the year and actual actuarial benefit (gain) loss on accrued benefit obligation for the year	1,500	178,400
Net periodic pension cost recognized	$ 2,195,800	$ 1,800,900

Based on fair value of plan assets held as at June 30, the assets were composed of:	2017	2016
Equity securities	56%	57%
Debt securities	41%	41%
Other	3%	2%
Total	100%	100%

The accrued benefit asset has been recorded on the College's books of account and is included on the consolidated statement of financial position as at June 30, 2017.

The funded status of the pension plan, a surplus of $11,237,000 as at June 30, 2017 (June 30, 2016 - $8,044,300), has been determined on the basis that the pension plan remains a going concern. As at June 30, 2017, the date of the most recent actuarial valuation for funding purposes, the pension plan had a deficit of $9,346,600 (June 30, 2016 - $19,310,100) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2017.

The solvency ratio of the pension plan was 92.5% at June 30, 2017 (2016 – 84.1%). During the fiscal year the College contributed $3,373,500 (2016 - $2,457,900) to the pension plan. The Government of Yukon provided pension funding to the College during the year as described in note 12. All required contributions to the pension plan have been made.

6. Employee future benefits (continued)

a) Pension benefits (continued)

In May 2011, the College acquired a letter of credit for the pension plan. The *Pension Benefits Standards Act* permits that letters of credit can be obtained in lieu of making special solvency payments. The letter of credit is an escalating letter of credit that increases by $202,958 (2016 - $202,958) per month up to an amount of $15,787,127 which was the estimated amount of solvency payments required to June 30, 2018 based on the June 30, 2016 valuation. The amount of the letter of credit will be revised in January 2018 as a result of the funding valuation results for June 30, 2017 and the monthly increases will be $207,108. The maximum amount of the letter of credit is $18,639,390 based on the June 30, 2017 funding valuation. The maximum letter of credit for 2016 was $13,554,585,which was based on 15% of the market value of the plan assets as of June 30, 2016. The maximum amount of the letter of credit was exceeded in January 2017 at which time the College made monthly solvency payments of $202,958 up to and including June 2017. The Government of Yukon covered the cost of the solvency payments. Federal pension regulations changed during the year allowing for the letter of credit limit to be based on 15% of solvency liabilities instead of the market value of plan assets. This enabled the College to cease making solvency payments after June 30, 2017 and to continue using the letter of credit as solvency liabilities are greater than the market value of plan assets. The value of the letter of credit at June 30, 2017 was $13,554,585 (2016 - $12,325,863). The letter of credit expires on July 31, 2018 but the College plans to renew the letter of credit no later than May 2018 as required by the legislation and in the amount determined by the actuarial valuation for June 30, 2017. The letter of credit is guaranteed by the Government of Yukon.

b) Other non-pension employee future benefits

The non-pension benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits include severance, prorated sick leave, special leave and other outstanding leave entitlements and will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability as at June 30, 2017 is:

	2017	*2016*
Accrued benefit obligation, end of year	$ 5,785,600	$ 5,508,800
Unamortized actuarial loss	(301,900)	(341,700)
Actuarially determined other employee future benefits, end of year	5,483,700	5,167,100
Less: Current portion included in vacation leave and employee future benefits	(670,000)	(670,000)
Long-term portion other employee future benefits, end of year	$ 4,813,700	$ 4,497,100

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

	2017	*2016*
Accrued benefit liability, beginning of year	$ 5,167,100	$ 4,882,300
Add: Annual benefit plan cost:		
Current service cost	783,000	753,800
Interest on accrued benefit obligation	163,800	176,600
Amortization of net actuarial loss (gain)	39,800	14,400
Total annual benefit plan cost	986,600	944,800
Less: Benefits paid by College	(670,000)	(660,000)
Actuarially determined other employee future benefits, end of year	5,483,700	5,167,100
Less: Current portion included in vacation leave and employee future benefits	(670,000)	(670,000)
Long-term portion other employee future benefits, end of year	$ 4,813,700	$ 4,497,100

6. Employee future benefits (continued)

b) Other non-pension employee future benefits (continued)

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

	2017	*2016*
Weighted average assumptions for benefit costs:		
Discount rate	2.75%	3.25%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%
Weighted average assumptions for accrued benefit obligation:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%

7. Capital assets

	Beginning of Year	Additions	Disposals	Transfer to Capital Assets	End of Year
June 30, 2017					
Cost:					
Leasehold Improvements	$ 4,221,990	$ 27,234	$ (127,192)	$ 371,991	$ 4,494,023
Equipment General	2,711,653	792,409	(54,349)	-	3,449,713
Equipment EDP	413,970	114,848	-	-	528,818
Mobile Trailers	2,247,200	26,083	-	-	2,273,283
Furniture and Fixtures	266,536	28,678	(24,925)	-	270,289
Works of Art	52,349	15,599	-	-	67,948
Vehicles	446,710	-	-	-	446,710
Work in Progress	474,592	739,441	-	(371,991)	842,042
Total	$ 10,835,000	$ 1,744,292	$ (206,466)	$ -	$ 12,372,826
Accumulated Amortization:					
Leasehold Improvements	$ 1,294,700	$ 231,501	$ (127,192)	$ -	$ 1,399,009
Equipment General	795,692	307,466	(47,696)	-	1,055,462
Equipment EDP	100,190	156,166	-	-	256,356
Mobile Trailers	318,808	113,067	-	-	431,875
Furniture and Fixtures	91,397	27,448	(24,925)	-	93,920
Works of Art	-	-	-	-	-
Vehicles	208,508	85,115	-	-	293,623
Work in Progress	-	-	-	-	-
Total	$ 2,809,295	$ 920,763	$ (199,813)	$ -	$ 3,530,245
Carrying Amounts:	$ 8,025,705	$ 823,529	$ (6,653)	$ -	$ 8,842,581

7. Capital assets (continued)

	Beginning of Year	Additions	Disposals	Transfer to Capital Assets	End of Year
June 30, 2016					
Cost:					
Leasehold Improvements	$ 3,927,955	$ 277,371	$ (55,279)	$ 71,943	$ 4,221,990
Equipment General	2,134,859	634,492	(57,698)	-	2,711,653
Equipment EDP	148,388	306,897	(41,315)	-	413,970
Mobile Trailers	2,247,200	-	-	-	2,247,200
Furniture and Fixtures	258,234	16,278	(7,976)	-	266,536
Works of Art	52,349	-	-	-	52,349
Vehicles	452,150	9,296	(14,736)	-	446,710
Work in Progress	71,943	474,592	-	(71,943)	474,592
Total	$ 9,293,078	$ 1,718,926	$ (177,004)	$ -	$ 10,835,000
Accumulated Amortization:					
Leasehold Improvements	$ 1,132,416	$ 217,563	$ (55,279)	$ -	$ 1,294,700
Equipment General	596,867	256,523	(57,698)	-	795,692
Equipment EDP	66,029	75,476	(41,315)	-	100,190
Mobile Trailers	206,448	112,360	-	-	318,808
Furniture and Fixtures	73,387	25,986	(7,976)	-	91,397
Works of Art	-	-	-	-	-
Vehicles	139,524	83,720	(14,736)	-	208,508
Work in Progress	-	-	-	-	-
Total	$ 2,214,671	$ 771,628	$ (177,004)	$ -	$ 2,809,295
Carrying Amounts:	$ 7,078,407	$ 947,298	$ -	$ -	$ 8,025,705

The land and buildings at Ayamdigut Campus and some community campuses are owned by the Government of Yukon and leased to the College at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the building and grounds, and the College is responsible for minor interior maintenance and repairs (note 12). The College received contributed capital assets during the year. The assets consisted of two donated lathes to be used in trades. The appraised amount of $123,165 was added to the value of equipment.

8. Endowments

	2017	2016 Restated (note 2b)
Endowment balance, beginning of year	$ 3,293,424	$ 1,986,286
Investment income (loss) added (deducted) to (from) net assets	20,046	(11,905)
Contributions from donors	45,601	1,319,043
Transfer of deferred contributions to endowments	10,582	-
Endowment balance, end of year	$ 3,369,653	$ 3,293,424

	2017	2016 Restated (note 2b)
Investment income (loss) added (deducted) to (from) net assets	$ 20,046	$ (11,905)
Net income on investments recognized as revenue	1,260	7,666
Total investment income (loss) on endowments and trusts	$ 21,306	$ (4,239)

9. Deferred contributions

These represent unspent externally restricted resources which have been received and relate to expenses that will occur in subsequent periods, and are therefore not recognized as revenue until the related expenses are incurred. These contributions may only be used in certain programs or in the completion of specific work. The Foundation endowment accounts consist of funds that can be used for student awards, scholarships and programs. The College trust accounts consist of funds used for employee benefits, emergency disbursements to students and the student training allowance. Deferred contributions are comprised of funds restricted for the following purposes:

	2017	2016 Restated (note 2b)
Contracts	$ 2,094,083	$ 1,595,744
Tuition	254,570	248,880
Endowment and trust accounts	490,038	513,439
Total deferred contributions	$ 2,838,691	$ 2,358,063

Change in Deferred Contributions:

	2017 Contracts	2017 Tuition & Registration Fees	2017 Endowments & Trusts	2017 Yukon Government Operating Contributions	2017 Total	2016 Total Restated (note 2b)
Balance, beginning of year	$ 1,595,744	$ 248,880	$ 513,439	$ -	$ 2,358,063	$ 1,861,057
Investment income on trusts & endowments	-	-	10,216	-	10,216	9,229
Contributions	16,987,454	1,674,667	688,300	20,664,500	40,014,921	40,726,566
Revenue recognized	(16,489,115)	(1,668,977)	(711,335)	(20,664,500)	(39,533,927)	(40,238,789)
Transfer to endowments	-	-	(10,582)	-	(10,582)	-
Balance, end of year	$ 2,094,083	$ 254,570	$ 490,038	$ -	$ 2,838,691	$ 2,358,063

10. Deferred capital contributions

Deferred capital contributions represent restricted contributions received or receivable to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2017	2016
Balance, beginning of year	$ 4,216,543	$ 3,452,342
Restricted government contributions	925,873	1,056,079
Amount amortized to revenue	(360,823)	(291,878)
Balance, end of year	$ 4,781,593	$ 4,216,543

11. Expenditures by object

	2017	2016 Restated (note 2b)
Salaries, wages and benefits	$ 29,272,945	$ 26,959,896
Contract services	7,078,058	10,650,048
Material and supplies	2,093,576	1,587,856
Cost of sales and ancillary services	1,686,070	1,809,663
Utilities and communications	1,644,088	1,632,931
Rental of facilities and equipment	1,032,821	959,071
Travel	1,027,083	843,131
Amortization of capital assets	920,763	771,628
Student assistance/scholarships	714,765	695,158
Promotion, events and advertising	520,513	516,964
Licenses, permits, and memberships	487,971	320,460
Employee leave and termination benefits	364,884	424,944
Other	208,715	111,685
Bank fees and credit card commissions	187,803	172,154
Books and subscriptions	107,928	124,062
Postage and freight	44,731	53,778
	$ 47,392,714	$ 47,633,429

12. Government of Yukon contributions

	2017	2016
Operating contributions	$ 20,664,500	$ 19,526,169
Pension funding	1,333,193	-
Services received without charge	3,706,611	3,677,187
	$ 25,704,304	$ 23,203,356

A significant portion of the College's income is received from the Government of Yukon in the form of annual operating contributions and services received without charge. In 2017 Government of Yukon core funding contributions, including pension solvency and letter of credit costs, and services received without charge made up 54% of total revenues (2016 - 49%). In 2017, the College received $1,333,193 in funding for pension solvency and letter of credit costs. No funds were received for pension employer service cost or solvency deficiency in 2016.

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

13. Contracts

Revenue from contracts consists of revenue from third party contracts, non-credit program revenues, training provided to federal, territorial and municipal governments and to first nations, not for profit, private and public organizations.

Contract revenue is comprised of the following:

	2017	2016
Third party funded projects and programs	$ 14,568,893	$ 16,857,205
Training and non-credit course fees	1,920,222	1,757,974
	$ 16,489,115	$ 18,615,179

14. Miscellaneous income:

	2017	2016
Pension contract recovery	$ 564,406	$ 502,360
Salary, travel and other expense recovery	358,212	476,728
Computer lab usage fees	126,530	123,432
General student fees	104,117	83,554
Facilities and equipment rental	58,472	60,641
Other miscellaneous revenue	29,227	56,462
Book, publication and supply sales	18,470	21,579
Course materials recovery	8,640	27,949
Conference fees	-	7,552
	$ 1,268,074	$ 1,360,257

15. Centre for Northern Innovation in Mining

The Government of Yukon and the Canadian Northern Economic Development Agency (CANNOR) provided funds to the College for the purpose of constructing and operating the Centre for Northern Innovation in Mining (CNIM). The Government of Yukon provided $4,146,975 and CANNOR provided $4,146,975 over three years for the construction of the building. The CNIM building was completed during the year and is owned by the Government of Yukon and is designed to provide training and research, through the delivery of accredited programming in mining, trades and technologies as well as relevant applied research projects and through industry partnerships.

The following amounts pertain to the CNIM building and have been included in the consolidated statement of operations:

	2017	2016
Revenues		
Government of Yukon (note 16)	$ 775,098	$ 2,316,812
CANNOR	775,098	2,316,812
	1,550,196	4,633,624
Expenses		
Project management	41,431	72,656
Building construction and design	1,508,765	4,560,968
	1,550,196	4,633,624
Revenues less expenses	$ -	$ -

16. Related party transactions

The College is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions disclosed in note 12, the College enters into transactions with related entities in the normal course of business.

The College regularly enters into contracts for the provision of services to Departments of the Government of Yukon. These contracts, the value of which is $9,164,052 (2016 - $9,555,116) (note 15), are recorded as contract revenue on the Statement of Operations**.** The College also receives funds from the Government of Yukon for student training allowances, the value of which is $495,046 (2016 - $503,707) and this is recognized on the Statement of Operations as student assistance/scholarships. Included in the amortization of deferred capital contributions on the Statement of Operations is $189,367 (2016 - $126,416) related to the Government of Yukon. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At June 30, 2017 there was $76,282 (2016 - $103,656) of accounts payable and $1,109,323 (2016 - $1,154,600) of accounts receivable related to the Government of Yukon. At June 30, 2017 there was $942,058 (2016 - $594,554) of deferred contributions and $3,249,890 (2016 - $2,809,618) of deferred capital contributions related to the Government of Yukon.

17. Commitments

Leases

The College has operating leases and maintenance service agreements for classroom space, telecommunication, the information system and course curriculum and is committed to basic payments as follows:

	Maintenance Service Agreements	Facility Leases	Telecommunication, Course Curriculum and Other Contracts
2017-18	169,036	39,835	363,885
2018-19	175,797	39,835	312,999
2019-20	150,499	39,835	280,451
2020-21	156,519	39,835	207,599
2021-22	162,780	-	-
2022-23	169,291	-	-
2023-24	176,064	-	-
	$ 1,159,986	$ 159,340	$ 1,164,934

18. Reclassification of international tuition revenue

In the prior year, international student tuition revenue of $264,504 was classified as contract revenue. In the current year, international student tuition revenue has been included in tuition revenue and the prior year figures have been reclassified to reflect this change in classification.