



FINANCIAL STATEMENTS

MARCH 31, 2011



www.okanagan.bc.ca

Independent auditors' report

Grant Thornton LLP
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To the Board of Governors of
Okanagan College

We have audited the accompanying financial statements of Okanagan College, which comprise the statement of financial position as at March 31, 2011, and the statement of operations and changes in net assets and 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 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 College'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 College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Okanagan 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.

Partners

Kevin Crookes, CA, CBV, CFE
Paul F.S. Gallo, CA
Bryn Gilbert, CA, CBV
James R. Grant, MBA, CA
Bill McTavish, CGA, CA
Anne C. Postlewaite, CA
Martin Rutherford, CA
Dan Vass, CA
J. Kim Ward, CA, CFP

Kelowna, BC
May 17, 2011

Grant Thornton LLP
Chartered Accountants

OKANAGAN COLLEGE
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2011
(with comparative figures as at March 31, 2010)

	OPERATING FUND	SPECIFIC PURPOSE FUND	CAPITAL FUND	2011 TOTAL	2010 TOTAL
ASSETS					
Current Assets					
Cash	\$ 16,157,875	\$ -	\$ -	\$ 16,157,875	\$ 18,857,061
Marketable securities (note 3)	7,316,239	-	-	7,316,239	6,883,053
Accounts receivable and other	3,245,541	30,490	-	3,276,031	2,359,221
Inventory (note 4)	676,724	-	-	676,724	586,007
Interfund balances	(4,264,589)	4,264,589	-	-	-
	<u>23,131,790</u>	<u>4,295,079</u>	<u>-</u>	<u>27,426,869</u>	<u>28,685,342</u>
Marketable securities (note 3)	1,117,998	-	-	1,117,998	1,051,962
Property and equipment (note 5)	-	-	92,358,279	92,358,279	73,998,871
	<u>\$ 24,249,788</u>	<u>\$ 4,295,079</u>	<u>\$ 92,358,279</u>	<u>\$ 120,903,146</u>	<u>\$ 103,736,175</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 7,896,920	\$ 988,114	\$ -	\$ 8,885,034	\$ 5,486,211
Current portion of long term debt (note 6)	-	-	219,026	219,026	215,187
Deferred revenues	7,646,469	50,727	-	7,697,196	6,882,803
Current portion of unfunded accrued payroll benefits (note 7)	4,297,400	-	-	4,297,400	4,154,264
	<u>19,840,789</u>	<u>1,038,841</u>	<u>219,026</u>	<u>21,098,656</u>	<u>16,738,465</u>
Long term debt (note 6)	-	-	5,667,645	5,667,645	5,895,946
Unfunded accrued payroll benefits (note 7)	7,812,399	-	-	7,812,399	7,566,826
Deferred contributions for property and equipment (note 8)	-	-	76,225,507	76,225,507	64,746,501
	<u>27,653,188</u>	<u>1,038,841</u>	<u>82,112,178</u>	<u>110,804,207</u>	<u>94,947,738</u>
Net Assets					
Investment in property and equipment	-	-	10,246,101	10,246,101	3,141,237
Unrestricted surplus	8,706,399	-	-	8,706,399	10,213,743
Restricted surplus	-	3,256,238	-	3,256,238	7,154,547
	<u>8,706,399</u>	<u>3,256,238</u>	<u>10,246,101</u>	<u>22,208,738</u>	<u>20,509,527</u>
Unfunded Accrued Payroll Benefits deficit	(12,109,799)	-	-	(12,109,799)	(11,721,090)
	<u>(3,403,400)</u>	<u>3,256,238</u>	<u>10,246,101</u>	<u>10,098,939</u>	<u>8,788,437</u>
	<u>\$ 24,249,788</u>	<u>\$ 4,295,079</u>	<u>\$ 92,358,279</u>	<u>\$ 120,903,146</u>	<u>\$ 103,736,175</u>

Commitments and contingencies (note 9)

Approved on behalf of the Board:


Chair, Board of Governors


Chair, Finance, Audit and Risk Review Committee

OKANAGAN COLLEGE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2011
(with comparative figures for the year ended March 31, 2010)

	OPERATING FUND	SPECIFIC PURPOSE FUND	CAPITAL FUND	2011 TOTAL	2010 TOTAL
REVENUE					
Grants from Province of British Columbia	\$ 55,549,219	\$ -	\$ -	\$ 55,549,219	\$ 55,235,954
Tuition fees	20,902,757	-	-	20,902,757	19,871,839
Contract services	6,823,337	513,512	-	7,336,849	5,940,259
Ancillary service sales	5,657,453	-	-	5,657,453	5,735,903
Unrealized gain on marketable securities	380,093	-	-	380,093	538,873
Investment income	320,023	140	-	320,163	152,550
Other	714,824	-	-	714,824	820,709
Amortization of deferred contributions	-	-	2,807,631	2,807,631	2,571,625
Actuarial adjustment on long term debt	-	-	8,214	8,214	-
	<u>90,347,706</u>	<u>513,652</u>	<u>2,815,845</u>	<u>93,677,203</u>	<u>90,867,712</u>
EXPENSE					
Salaries and benefits	63,172,225	362,019	-	63,534,244	61,129,263
Supplies and services	23,124,242	868,682	-	23,992,924	24,682,938
Interest on long term debt	213,213	-	-	213,213	188,038
Amortization of property and equipment	-	-	4,626,320	4,626,320	4,671,477
	<u>86,509,680</u>	<u>1,230,701</u>	<u>4,626,320</u>	<u>92,366,701</u>	<u>90,671,716</u>
Excess (deficiency) of revenue over expense	3,838,026	(717,049)	(1,810,475)	1,310,502	195,996
Net assets at beginning of year	2,782,657	2,864,543	3,141,237	8,788,437	8,592,441
Capital transfers	(8,678,923)	(20,168)	8,699,091	-	-
Interfund transfers	(1,345,160)	1,128,912	216,248	-	-
Net assets at end of year	<u>\$ (3,403,400)</u>	<u>\$ 3,256,238</u>	<u>\$ 10,246,101</u>	<u>\$ 10,098,939</u>	<u>\$ 8,788,437</u>

OKANAGAN COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011

(with comparative figures for the year ended March 31, 2010)

	2011	2010
OPERATING ACTIVITIES:		
Excess of revenue over expense	\$ 1,310,502	\$ 195,996
Adjust for non-cash items		
Unrealized gain on marketable securities	(380,093)	(538,873)
Loss on disposal of marketable securities	55,923	130,570
Actuarial adjustment on long term debt	(8,214)	-
Amortization of deferred contributions	(2,807,631)	(2,571,625)
Amortization of property and equipment	4,626,320	4,671,477
	<u>2,796,807</u>	<u>1,887,545</u>
Changes in non-cash working capital		
Accounts receivable and other	(916,810)	(248,699)
Inventory	(90,717)	(41,618)
Accounts payable and accrued liabilities	3,398,823	(1,639,024)
Deferred revenues	814,393	409,002
Unfunded accrued payroll benefits	388,709	(456,581)
Cash generated from operating activities	<u>6,391,205</u>	<u>(89,375)</u>
INVESTING ACTIVITIES:		
Purchase of marketable securities	(4,408,996)	(946,961)
Proceeds from disposal of marketable securities	4,233,946	788,615
Acquisition of property and equipment	(22,985,727)	(13,496,735)
Cash used in investing activities	<u>(23,160,777)</u>	<u>(13,655,081)</u>
FINANCING ACTIVITIES:		
Deferred contributions for capital acquisitions	14,286,632	8,672,459
Proceeds from issuance of long term debt	-	5,000,000
Repayment of long term debt	(216,246)	(380,875)
Cash generated from financing activities	<u>14,070,386</u>	<u>13,291,584</u>
Decrease in cash	(2,699,186)	(452,872)
Cash at beginning of year	<u>18,857,061</u>	<u>19,309,933</u>
Cash at end of year	<u>\$ 16,157,875</u>	<u>\$ 18,857,061</u>
Supplementary cash flow information		
Interest paid	\$ 210,729	\$ 142,750

OKANAGAN COLLEGE
Notes to the Financial Statements
Year Ended March 31, 2011

Okanagan College (the "College") was designated by Order in Council on November 26, 2004, and began operations July 1, 2005. The College operates under the authority of the College and Institute Act of British Columbia. The College is a not-for-profit entity and is exempt from income tax under Section 149 of the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Fund accounting

The College follows Canadian Generally Accepted Accounting Principles and applies such principles consistently. The resources and operations of the College are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the assets allocated to it.

The Operating Fund accounts for instructional, administrative, ancillary and other operational costs financed by grants, tuition fees, service and other general income. It also records the related assets, liabilities and net assets.

The Specific Purpose Fund accounts for funds that are received for specific purposes and are not considered part of the ongoing operation of the College.

The Capital Fund accounts for funds received and expended for the acquisition of property and equipment and records the amortization of property and equipment and the amortization of deferred capital contribution.

(b) Revenue recognition

The College follows the deferral method of accounting for contributions.

Operating contributions, including grants from the Ministry of Advanced Education, are recognized as revenue in the period when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions including capital grants from the Ministry of Advanced Education are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions for the purchase of property and equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted non-capital contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by external parties.

Donations that are not externally restricted are recognized as revenue when they are received.

Revenue from academic and vocational related tuition fees is recognized as revenue in the semester in which the course or program begins. Any portion of the tuition fee revenue relating to the period subsequent to March 31 is recorded as revenue in the current period when the fees are not refundable to the students. In the event that a student is eligible for a refund, revenue is prorated and the portion eligible for a refund is deferred to the next fiscal year.

(continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue recognition (continued)

Ancillary sales are recognized when the product or service is provided to the consumer.

Investment income is recognized as it accrues.

Contributed goods and services received and used in operations of the College are recognized as revenues and expenditures only to the extent that their fair values can be reasonably determined or estimated.

(c) Inventory

Inventory is stated at the lower of cost and net realizable value. Costs are assigned using the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(d) Property and equipment

Property and equipment assets are recorded at cost. Property and equipment assets are amortized on a straight-line basis as follows:

Property and Equipment Asset Category	Years
Site Improvements	10
Buildings	40
Furniture and Equipment	5
Computer Equipment	5
Leasehold Improvements	3

No amortization is taken on construction in progress.

(e) Impairment of long-lived assets

Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its fair value. Fair value is determined using an appropriate valuation technique such as a quoted price in an active market or the present value of expected undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Use of estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specific areas of estimate are the rate of property and equipment and deferred capital contribution amortization, the amount of the allowance for doubtful accounts and the valuation of unfunded accrued payroll benefits. Actual results could differ from those estimates.

(g) Financial instruments

The College's financial instruments consist of cash, marketable securities, accounts receivable and other, accounts payable and accrued liabilities, long term debt and unfunded accrued payroll benefits. Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The College has classified its financial instruments as follows:

- Cash as held for trading (measured at fair value through the statement of operations)
- Marketable securities as held for trading (measured at fair value through the statement of operations)
- Accounts receivable and other as loans and receivables (measured at amortized cost)
- Accounts payable and accrued liabilities as other financial liabilities (measured at amortized cost)
- Long term debt as other financial liabilities (measured at amortized cost)
- Unfunded accrued payroll benefits as other financial liabilities (measured at amortized cost)

2. FUTURE CHANGE IN ACCOUNTING FRAMEWORKS

In 2010, the Canadian Accounting Standards Board ("AcSB") confirmed the option for government not-for-profit organizations to transition to either Public Sector Accounting Standards with the 4200 not-for-profit organizations ("NFPO") series or Public Sector Accounting Standards without 4200 NFPO series from Canadian Generally Accepted Accounting Principles ("GAAP"). Both sets of frameworks are effective for fiscal years commencing on or after January 1, 2012 with early adoption permitted.

The Treasury Board issued a directive to all taxpayer supported Crown corporations and Crown agencies of the Government of British Columbia, directing that each organization will adopt Public Sector Accounting Standards without the 4200 NFPO series. As a result, it is currently anticipated that the College will begin reporting its financial statements in accordance with the Public Sector Accounting Standards without the 4200 NFPO series on April 1, 2012. This change in accounting framework will require the restatement for comparative purposes of amounts reported by the College for the year ended March 31, 2012. While the College has begun assessing the impact of this change in accounting framework on its financial statements, the financial impact cannot be reasonably estimated at this time. Implementing Public Sector Accounting Standards without 4200 NFPO series will have an impact on accounting, financial reporting and supporting IT systems and processes.

OKANAGAN COLLEGE
Notes to the Financial Statements
Year Ended March 31, 2011

3. MARKETABLE SECURITIES

The portfolio of marketable securities is invested through Genus Capital Management ("Genus"). The investment portfolio is held for trading and valued at fair value.

The long term investments are invested in A1 and A2 master asset vehicles ("MAV's") resulting from the restructure in 2009 of asset backed commercial paper ("ABCP"). These notes have a maturity date of December, 2016 and bear interest at the 3 month Bankers' Acceptance Rate less 0.5%.

The market value of the MAV's as at March 31, 2011 has been estimated at 90.11 % (2010 – 78.93%) of the face value of the ABCP.

Genus has provided a guarantee to cover over time any losses by clients holding ABCP through funds invested by Genus. Given uncertainties related to this guarantee, no value has been applied to it or reflected in these financial statements as at March 31, 2011.

4. INVENTORY

2011

2010

Inventories recognized in the statement of financial position can be analyzed as follows:

Bookstore	\$	555,861		\$	444,659
Other		<u>120,863</u>			<u>141,348</u>
		<u>\$ 676,724</u>			<u>\$ 586,007</u>

In 2011, a total of \$3,258,991 (2010 - \$3,362,645) of cost of goods sold was included in the Statement of Operations and Changes in Net Assets as an expense. This includes an amount of \$32,557 (2010 -\$6,778) resulting from write-down of inventories.

None of the inventories is pledged as security for liabilities.

5. PROPERTY AND EQUIPMENT

2011

2010

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,002,538	\$ -	\$ 1,002,538	\$ 1,002,538
Site improvements	5,812,277	4,964,429	847,848	983,424
Buildings	90,043,587	29,329,113	60,714,474	61,921,985
Furniture and equipment	42,102,379	37,830,030	4,272,349	4,516,063
Computer equipment	10,537,060	9,912,164	624,896	242,949
Leasehold improvements	1,579,304	1,369,940	209,364	367,710
Construction in progress	<u>24,686,810</u>	<u>-</u>	<u>24,686,810</u>	<u>4,964,202</u>
	<u>\$ 175,763,955</u>	<u>\$ 83,405,676</u>	<u>\$ 92,358,279</u>	<u>\$ 73,998,871</u>

OKANAGAN COLLEGE
Notes to the Financial Statements
Year Ended March 31, 2011

6. LONG TERM DEBT	<u>2011</u>	<u>2010</u>
Royal Bank of Canada - Vernon expansion loan, 5.15%, unsecured, repayable at \$10,063 per month including interest, due October 3, 2012.	\$ 1,046,106	\$ 1,111,133
Province of British Columbia - Centre for Learning \$5,000,000 bond, 3.10%, unsecured, sinking fund contributions at \$151,221 annually plus semi-annual interest of \$77,500, due June 9, 2014. Debt is reported net of sinking fund balance of \$159,435 (2010 - \$nil).	4,840,565	5,000,000
	<u>5,886,671</u>	<u>6,111,133</u>
Less current portion	<u>(219,026)</u>	<u>(215,187)</u>
Long term debt	<u>\$ 5,667,645</u>	<u>\$ 5,895,946</u>

The principal amounts to be repaid over the next four years are:

Fiscal year 2011-12	\$ 219,026
Fiscal year 2012-13	1,129,522
Fiscal year 2013-14	151,221
Fiscal year 2014-15	<u>4,386,902</u>
	<u>\$ 5,886,671</u>

Operating line of credit

The College has an operating line of credit with TD Canada Trust for an authorized amount of \$1,000,000, bearing interest at bank prime rate minus .5%. At March 31, 2011 the balance outstanding on the operating line of credit was \$nil (2010 - \$nil).

7. UNFUNDED ACCRUED PAYROLL BENEFITS	<u>2011</u>	<u>2010</u>
Holiday pay	\$ 3,408,301	\$ 2,880,330
Severance on resignation	70,993	238,760
Retirement allowance benefits	<u>8,630,505</u>	<u>8,602,000</u>
Total unfunded accrued payroll benefits	12,109,799	11,721,090
Less: current portion	<u>(4,297,400)</u>	<u>(4,154,264)</u>
Long term portion	<u>\$ 7,812,399</u>	<u>\$ 7,566,826</u>

The College accrues holiday pay and severance on resignation entitlements as they are earned by the employee; however, it is expected that these unfunded liabilities will be met on a continuous basis over the long term. Payments of these amounts will be funded from revenues of the period in which they are settled.

The liability for retirement allowance benefits is determined by an actuary. For 2011, the expense for these benefits is \$1,015,504 (2010 - \$1,119,000), made up of \$628,881 (2010 - \$627,000) projected service costs and \$386,623 (2010 - \$492,000) interest. For fiscal 2012, the projected payout for these benefits charged against this liability is \$987,000 (2010 - \$1,369,000). The College plans to do an actuarial review every three years.

OKANAGAN COLLEGE
Notes to the Financial Statements
Year Ended March 31, 2011

8. DEFERRED CONTRIBUTIONS FOR PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represent the unamortized amount of externally restricted contributions received for the purchase of property and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations and changes in net assets.

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 64,746,501	\$ 58,645,667
Deferred contributions from:		
Federal Government	9,285,938	3,010,000
Ministry of Advanced Education	4,330,311	5,218,452
Donations	610,195	424,223
Other	60,193	19,784
	<u>79,033,138</u>	<u>67,318,126</u>
Less: Amounts amortized to revenue	<u>(2,807,631)</u>	<u>(2,571,625)</u>
Balance, end of year	\$ <u>76,225,507</u>	\$ <u>64,746,501</u>

9. COMMITMENTS AND CONTINGENCIES

- (a) The College leases, for the Penticton campus, 5.92 hectares under a long term lease, which expires June 30, 2049, the annual payment for which is \$324,111.
- (b) The College has entered into various agreements and contracts with third parties for various services with periods ranging from one to five years. The combined annual costs over the next five years are estimated to be as follows:

Fiscal year 2011-12	\$ 5,251,673
Fiscal year 2012-13	1,317,656
Fiscal year 2013-14	1,110,288
Fiscal year 2014-15	1,027,965
Fiscal year 2015-16	922,096
	<u>\$ 9,629,678</u>

Included in 2011-12 is a commitment of \$3,051,404 to complete the new Centre of Excellence building in Penticton. Work on the Centre of Excellence began in 2009 and is scheduled to complete by May 31, 2011.

- (c) The College is involved in certain legal actions. Some of these legal actions are managed and covered by the University, College and Institute Protection Program. The outcome of these matters cannot be determined at this time. In the event that any claims are successful, it is management's opinion that the settlements of such claims would not have a material effect on the financial position of the College. The resulting loss to the College, if any, will be recorded in the period in which it is determinable.

10. PENSION PLANS

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusted 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.

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OKANAGAN COLLEGE
Notes to the Financial Statements
Year Ended March 31, 2011

10. PENSION PLANS (continued)

Every three years an actuarial valuation is performed to assess the financial position of the plans 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 Okanagan College paid \$4,149,288 (2010 - \$3,906,168) for employer contributions to the plans in fiscal 2011.

11. RELATED ORGANIZATION

The Okanagan College Foundation (the "Foundation") is a separate entity that raises funds from the College's alumni and from the community. Its purpose is to further the goals, objectives, and strategic interests of the College, stimulate and provide financial support for the development and expansion of educational programs, services, capital projects, and other initiatives as recommended by the College, and provide financial support to enable students to participate in learning at the College and other post-secondary institutions in Canada. The College has an economic interest in relation to the Foundation. The Foundation is a registered charity with the Canada Revenue Agency and accordingly is not subject to income tax. In accordance with its constitution and bylaws, the Foundation's operations are exclusively for charitable purposes.

The Foundation's financial results have not been consolidated in the College's financial statements. Audited financial statements of the Foundation are available on request. Financial summaries of the Foundation as at March 31, 2011 and for the year then ended are as follows:

	<u>2011</u>	<u>2010</u>
Financial Position		
Total assets	\$ <u>7,983,356</u>	\$ <u>7,637,978</u>
Total liabilities	\$ <u>33,761</u>	\$ 533,839
Total net assets	<u>7,949,595</u>	<u>7,104,139</u>
	<u>\$ 7,983,356</u>	<u>\$ 7,637,978</u>
Results of Operations		
Total revenue	\$ <u>2,710,482</u>	\$ 2,329,182
Total awards and distributions	<u>1,865,026</u>	<u>1,693,242</u>
Net revenue	<u>\$ 845,456</u>	<u>\$ 635,940</u>
Cash Flows		
From operating activities	\$ (1,216)	\$ 359,345
From investing activities	(191,027)	(156,458)
Cash at beginning of year	<u>1,261,457</u>	<u>1,058,570</u>
Cash at end of year	<u>\$ 1,069,214</u>	<u>\$ 1,261,457</u>

(continued)

11. RELATED ORGANIZATION (continued)

Related organization transactions

Included in the College expenses is \$148,207 (2010 - \$185,380) toward Foundation support and \$458,669 (2010 - \$nil) toward the forgiveness of Foundation debt.

During the year the College received from the Foundation grants in the amount of \$1,683 (2010 - \$14,565) to fund specific projects and received donations in the amount of \$620,720 (2010 - \$350,727) raised to support the Centre of Excellence and Centre for Learning.

Included in receivables are amounts due from the Foundation in the amount of \$33,561 (2010 - \$170,520) relating to the above transactions. Included in accounts payable and accrued liabilities are amounts due to the Foundation in the amount of \$28,164 (2010 - \$nil) relating to the above transactions.

The College provides administrative staff and necessary supplies for the Foundation's operations. Because of the difficulty in tracking and determining their fair value, contributed services and supplies are not identified in these financial statements.

Transactions with the Foundation are recorded at the exchange amount, the amount of consideration agreed to between the organizations.

12. CAPITAL MANAGEMENT

The primary objective of the College's capital management is to support the College mandate to deliver education and training.

The capital structure of the College consists of long term debt, investment in property and equipment, unrestricted surplus and restricted surplus.

The long term debt is funds raised to acquire property and equipment.

Investments in property and equipment represent the unamortized portion of the cost of property and equipment and are not available for other purposes.

Unrestricted surplus represents funds available for future operations and provide the College financial flexibility as opportunities arise in the future.

Restricted surplus represents funds externally restricted or reserved by the Board for specific purposes.

13. INTERFUND TRANSFERS

Included in interfund transfers are internal re-distributions of the capital funding from the Capital Fund to the Operating Fund and transfers from the Specific Purpose Fund to the Capital Fund for property and equipment acquisition.

14. COMPARATIVE FIGURES

Certain comparative figures from the prior year have been reclassified to conform to the presentation format adopted for the current year.