

SELKIRK COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

SELKIRK COLLEGE
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For the Year Ended March 31, 2008

Auditor's Report

Financial Statements

Consolidated Statement of Financial Position

Consolidated Statement of Operations and Changes in Fund Balances

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



Grant Thornton

Auditors' report

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To the Board of Governors of Selkirk College

We have audited the consolidated statement of financial position of Selkirk College as at March 31, 2008 and the consolidated statements of operations and changes of fund balances and cash flows for the year then ended. These financial statements are the responsibility of Selkirk College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 common with many not-for-profit organizations, the College derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the College and we were not able to determine whether any adjustments might be necessary to donations, net revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves considering the completeness of revenue from fundraising and donations as outlined in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of Selkirk College as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative financial statements as at March 31, 2007 and for the year then ended were audited by other auditors who expressed an opinion on those financial statements with a scope reservation related to donations and fundraising in their report dated May 31, 2007.

Kelowna, BC

May 12, 2008


Chartered accountants

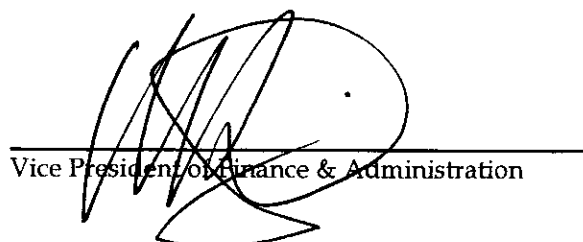
Partners

Kevin Crookes, CA, CBV
Paul F.S. Gallo, CA
Mike Gilmore, CA, CFP
James R. Grant, MBA, CA
Bill McTavish, CGA, CA
Anne C. Postlewaite, CA
Dan Vass, CA
J. Kim Ward, CA, CFP
Bill Winters, CA, CFP

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2008

	Operating Fund	Special Purpose Fund	Capital Fund	Foundation Fund	2008 Total	2007 Restated (Note 3 & 4)
ASSETS						
Cash and temporary investments	\$ 5,319,273	\$ -	\$ -	\$ -	\$ 5,319,273	\$ 5,674,986
Accounts receivable	912,126	-	-	7,079	919,205	1,455,983
Prepaid expenses	172,518	32,796	-	-	205,314	342,600
Inventory	195,624	-	-	-	195,624	176,397
Sinking fund (Note 6)	-	-	739,095	-	739,095	662,704
Foundation endowment & investments (Note 14)	-	-	-	5,802,722	5,802,722	5,578,879
Capital assets (Note 5)	-	-	24,975,344	-	24,975,344	24,759,896
Interfund balance	<u>(3,641,699)</u>	<u>1,991,026</u>	<u>363,535</u>	<u>1,287,138</u>	<u>-</u>	<u>-</u>
	<u>2,957,842</u>	<u>2,023,822</u>	<u>26,077,974</u>	<u>7,096,939</u>	<u>38,156,577</u>	<u>38,651,445</u>
LIABILITIES						
Accounts payable and accrued liabilities	1,387,387	330,723	80,443	-	1,798,553	1,972,480
Shikano trust (Note 7)	-	-	-	200,000	200,000	200,000
Deferred revenue	804,554	1,301,906	-	864,473	2,970,933	2,787,253
Accrued payroll benefits (Note 11)	3,284,386	129,966	-	-	3,414,352	3,396,092
Debenture payable (Note 6)	-	-	1,931,000	-	1,931,000	1,931,000
Deferred contributions (Note 8)	-	-	283,093	-	283,093	473,908
Deferred capital contributions (Note 9)	-	-	11,379,017	-	11,379,017	11,182,673
	<u>5,476,327</u>	<u>1,762,595</u>	<u>13,673,553</u>	<u>1,064,473</u>	<u>21,976,948</u>	<u>21,943,406</u>
FUND BALANCES						
Invested in capital assets (Note 10)	-	-	12,404,421	-	12,404,421	12,423,068
Reserve for capital expenditure	76,397	-	-	-	76,397	278,790
Endowment	-	-	-	5,690,806	5,690,806	5,054,475
Internally restricted	512,954	391,193	-	341,660	1,245,807	1,716,881
Unrestricted	176,550	-	-	-	176,550	630,917
Unfunded employee future benefits	<u>(3,284,386)</u>	<u>(129,966)</u>	<u>-</u>	<u>-</u>	<u>(3,414,352)</u>	<u>(3,396,092)</u>
	<u>(2,518,485)</u>	<u>261,227</u>	<u>12,404,421</u>	<u>6,032,466</u>	<u>16,179,629</u>	<u>16,708,039</u>
	<u>\$ 2,957,842</u>	<u>\$ 2,023,822</u>	<u>\$ 26,077,974</u>	<u>\$ 7,096,939</u>	<u>\$ 38,156,577</u>	<u>\$ 38,651,445</u>
Commitments (Note 12)						
Contingencies (Note 18)						


Chairperson, Board of Directors


Vice President of Finance & Administration

SELKIRK COLLEGE

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the Year Ended March 31, 2008

	Operating Fund	Special Purpose Fund	Capital Fund	Foundation Fund	2008 Total	2007 Restated (Note 3 & 4)
REVENUES						
Government grants	\$ 24,963,431	\$ 874,474	\$ 1,932,014	\$ -	\$ 27,769,919	\$ 27,293,947
ITA funding	1,874,050	-	-	-	1,874,050	1,761,000
Tuition	5,087,684	148,309	-	-	5,235,993	5,570,327
Sales	2,031,293	-	-	-	2,031,293	1,998,832
Investment income	173,498	-	49,976	168,274	391,748	444,043
Donations	-	-	-	263,140	263,140	174,377
Amortization of deferred capital contributions	-	-	1,116,276	-	1,116,276	1,015,481
Contracts and other revenue	283,605	1,970,513	-	11,750	2,265,868	4,199,691
	<u>34,413,561</u>	<u>2,993,296</u>	<u>3,098,266</u>	<u>443,164</u>	<u>40,948,287</u>	<u>42,457,698</u>
EXPENDITURES						
Salary and benefits	26,689,912	1,785,032	-	-	28,474,944	27,746,481
Supplies and services	5,719,293	2,022,843	873,643	11,007	8,626,786	8,316,891
Operating lease payments	1,281,336	-	-	-	1,281,336	1,283,863
Accrued payroll benefits	17,565	695	-	-	18,260	341,219
Awards and donation payments	-	-	-	396,549	396,549	388,149
Interest expense	-	-	183,445	-	183,445	183,445
Amortization of capital assets	-	-	3,075,289	-	3,075,289	2,342,038
	<u>33,708,106</u>	<u>3,808,570</u>	<u>4,132,377</u>	<u>407,556</u>	<u>42,056,609</u>	<u>40,602,086</u>
NET REVENUE (EXPENDITURE)	<u>705,455</u>	<u>(815,274)</u>	<u>(1,034,111)</u>	<u>35,608</u>	<u>(1,108,322)</u>	<u>1,855,612</u>
FUND BALANCES						
Beginning of year, as previously stated	(4,132,252)	700,428	11,499,780	6,789,119	14,857,075	10,770,142
Correction of error in prior year (Note 4)	2,419,823	-	809,148	(943,007)	2,285,964	2,298,677
Change in accounting policy (Note 3A)	-	-	-	(435,000)	(435,000)	(435,000)
Beginning of year, as restated	<u>(1,712,429)</u>	<u>700,428</u>	<u>12,308,928</u>	<u>5,411,112</u>	<u>16,708,039</u>	<u>12,633,819</u>
Change in accounting policy (Note 3B)	-	-	-	444,291	444,291	-
Net revenue (expenditure)	705,455	(815,274)	(1,034,111)	35,608	(1,108,322)	1,855,612
Endowment contributions	-	-	-	381,178	381,178	2,218,608
Unrealized losses	-	-	-	(245,557)	(245,557)	-
Interfund transfers	(1,511,511)	376,073	1,129,604	5,834	-	-
End of Year	<u>\$ (2,518,485)</u>	<u>\$ 261,227</u>	<u>\$ 12,404,421</u>	<u>\$ 6,032,466</u>	<u>\$ 16,179,629</u>	<u>\$ 16,708,039</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u> <u>Restated</u> <u>(Note 3 & 4)</u>
Cash Provided by (Used In)		
Operating Activities		
Net revenue (expenditure)	\$(1,108,322)	\$ 1,855,612
Items not requiring an outlay of cash:		
Amortization of capital assets	3,075,289	2,342,038
Amortization of deferred contributions	(1,116,276)	(1,015,481)
Change in fair value of Foundation endowment & investments	<u>198,733</u>	<u>-</u>
	1,049,424	3,182,169
Changes in Non-Cash Working Capital		
Accounts receivable	536,778	(255,155)
Prepaid expenses	137,286	(78,487)
Inventory	(19,227)	7,759
Accounts payable and accrued liabilities	(173,927)	274,375
Deferred revenue	183,680	457,366
Accrued payroll benefits	18,260	341,219
Deferred contributions	<u>(190,815)</u>	<u>(773,474)</u>
	<u>1,541,459</u>	<u>3,155,772</u>
Cash Flows from Financing Activities		
Increase in sinking fund investment	(76,391)	(65,429)
Proceeds from deferred capital revenue	1,312,620	803,109
Endowment contributions	<u>381,178</u>	<u>2,218,608</u>
	<u>1,617,407</u>	<u>2,956,288</u>
Cash Flows From Investing Activities		
Acquisition of capital assets	(3,290,736)	(4,477,064)
Equipment writeoff	-	23,234
Increase in Foundation endowment & investments, net	<u>(223,843)</u>	<u>(2,075,373)</u>
	<u>(3,514,579)</u>	<u>(6,529,203)</u>
Net decrease in Cash and temporary investments	(355,713)	(417,143)
Net Cash and temporary investments, beginning of year	<u>5,674,986</u>	<u>6,092,129</u>
Net Cash and temporary investments, end of year	<u>\$ 5,319,273</u>	<u>\$ 5,674,986</u>

SELKIRK COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008

1 AUTHORITY AND PURPOSE OF THE ORGANIZATION

Selkirk College is a post-secondary educational institution funded by the Provincial Government of British Columbia. The College is incorporated under the College and Institute Act of British Columbia and is exempt from income tax under section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Selkirk College have been prepared in accordance with Canadian generally accepted accounting principles.

A) BASIS OF CONSOLIDATION

Selkirk College has consolidated the assets, liabilities, revenues and expenses of all controlled entities after the elimination of inter-entity transactions and balances. The consolidated financial statements include the accounts of the controlled entity, Selkirk College Foundation.

B) FUND ACCOUNTING

Selkirk College maintains its accounts in accordance with the principles of fund accounting whereby resources are classified on the basis of the purpose for which the funds are held.

Funds consist of:

- * Operating - revenues and expenditures relating to general operations, in addition, to the revenues and expenditures of ancillary services which relate to the commercial oriented activities such as the bookstore and cafeterias.
- * Specific Purpose - revenues and expenditures relating to special purpose grants and contract activities.
- * Capital - grants, revenue and expenditures for tangible capital assets and debt management.
- * Foundation - revenues and expenses related to the operations of the Selkirk College Foundation.

C) REVENUE RECOGNITION

The College follows the deferral method of accounting for contributions which mainly include grants, tuition fees and contracted services.

Unrestricted contributions are recorded as revenue in the period they are 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 recognized as revenue in the period in which the related expenses are incurred or the restrictions are met.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to deferred capital contributions in the period the asset is acquired. Contributions for capital assets that will not be amortized, such as land, are not transferred to deferred capital contributions or recognized as revenue, but are recorded as direct increases in fund balances in the period the asset is acquired. Capital donations of depreciable assets that would otherwise be purchased are accounted for as externally restricted capital contributions at fair market value when a fair value can be reasonably estimated.

Deferred capital contributions are recognized as revenue on the same basis as the related capital assets are amortized to indicate how the amortization expense has been funded. Deferred capital contributions relating to capital assets disposed of are recognized as revenue in the period of disposal, provided all restrictions have been complied with.

SELKIRK COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008

2. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

C) **REVENUE RECOGNITION (continued)**

Endowment receipts are recorded as direct increases to fund balances.

Government grants are accounted for as unrestricted contributions or externally restricted contributions in accordance with the terms of the funding.

Tuition fees are deferred to the extent that they relate to courses that will be held in the next fiscal year.

Net revenue or expenditure from incomplete special purpose fund projects is recorded as deferred revenue (expenditure). Income or loss from projects is recognized at project completion.

D) **INVENTORY**

Inventory is valued at the lower of cost, determined principally on a first-in first-out basis, or net realizable value.

E) **CAPITAL ASSETS**

Capital assets are recorded at cost. Capital assets purchased in the capital fund are financed from capital grants, debt, Operating fund and Special Purpose fund. Purchases funded by the Operating and Special Purpose Fund are shown as transfers to the Capital fund. The College amortizes capital assets on a straight-line basis at rates set out below and are based on the estimated useful life of the asset.

Site	10	years
Buildings	40	years
Computer equipment	1-3	years
Equipment	5	years
Leasehold improvements	5	years

F) **ACCRUED PAYROLL BENEFITS**

Selkirk College accrues vacation and sick pay entitlements as they are earned by regular employees.

G) **PENSION BUYBACK**

Pension buybacks are in accordance with the Pension Corporation rules and regulations. Article 9.8.1 of the SCFA collective agreement, Article 8.2 of the BCGEU collective agreement and Article 11.11 of the PPWC collective agreement provide information on the criteria and employee/employer contributions. Commencing March 2002 an employee has five years or until termination (whichever is earlier) to purchase past service. Beginning April 1, 2007, the employee may only purchase periods of service that occurred during the previous five years. Any pension buybacks are accounted for as a charge to current operations.

SELKIRK COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008

2. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

H) **USE OF ESTIMATES**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses as well as disclosure of contingent assets and liabilities in the financial statements. Specific areas requiring the use of estimates include the rate of amortization of capital assets and the related deferred capital contributions, the timing of recorded contract revenue and the valuation of accounts receivable. Actual results may differ from these estimated amounts.

3. **CHANGE IN ACCOUNTING POLICY**

The following accounting policy changes were made during the year:

A) **FOUNDATION ENDOWMENT & INVESTMENTS**

The College changed its accounting for its investment held by the Vancouver Foundation. This investment is no longer reported as Foundation Endowment & Investments in the College's financial statements as they are not controlled by the College and are held in perpetuity by the Vancouver Foundation (see Note 14).

This accounting change has been applied retrospectively and the prior year has been restated to reflect the change. The effect of this change on the financial position of the College is to decrease Foundation Endowment & Investments in the current and previous years by \$435,000.

B) **FINANCIAL INSTRUMENTS**

On April 1, 2007, Selkirk College adopted CICA Handbook Sections 3855 Financial Instruments Recognition and Measurement and 3861 Financial Instruments - Disclosure and Presentation. These standards have been applied without restatement of prior periods.

Section 3855, Financial Instruments - Recognition and Measurement, establishes guidance for recognizing and measuring financial assets, financial liabilities, and non-financial derivatives. Under the new standard, financial assets and liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and choice where applicable.

Financial assets must be classified as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM), or loans and receivables (L&R). Financial liabilities are required to be classified as held-for-trading (HFT) or other financial liabilities (OFL). All financial instruments, including derivatives, are measured at fair value, except for loans and receivables, held-to maturity and other financial liabilities which are measured at amortized cost. Both realized and unrealized gains and losses on held-for-trading financial assets and financial liabilities are recognized in net earnings or allocated to deferred contributions or endowments to the extent that external restrictions require income to be added to their balances. Unrealized gains and losses on available for sale financial assets are recognized directly in net assets or allocated to deferred contributions to the extent that external restrictions require income to be added to their balances.

Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.

SELKIRK COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008

3. **CHANGE IN ACCOUNTING POLICY (continued)**

Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred. Transactions costs related to financial instruments other than those classified as held-for-trading are capitalized and amortized using the effective interest method.

As a result of the adoption of these new standards, Selkirk College has classified its financial instruments as follows:

Cash and cash equivalents - HFT
Receivables - L&R
Endowment and Investments - HFT
Payables and accruals - OFL

Unless otherwise noted it is management's opinion that the College is not exposed to significant interest or credit risks arising from these financial instruments.

Pursuant to the requirements of these new financial instrument standards, the College now classifies and recognizes its financial assets and liabilities as described above. Therefore, the College remeasured its financial assets and liabilities in accordance with the new standards. This resulted in an increase to Endowment & investments and Fund balances at April 1, 2007 in the amount of \$444,291.

4. **CORRECTION OF ERROR IN PRIOR YEAR**

During 2007 and prior years, Selkirk College incorrectly reported some revenues in the special purpose funds as deferred revenue on the balance sheet. Additionally, certain endowment fund revenues flowed to the endowment fund balance where the restriction attributed to these investment earnings indicates that they should be set up as deferred revenue.

The adjustment has been made with retroactive effect, and accordingly the 2007 comparative figures have been restated. The impact of this change on the 2007 prior years' figures are as follows:

Beginning operating fund balance increased by \$ 2,298,677
Deferred revenue decreased by \$ 3,343,111
Contracts and other revenue increased by \$ 133,827
Investment income decreased by \$ 223,935
Endowment fund deferred revenue increased by \$ 943,007
Endowment fund decreased by \$ 943,007
Internally restricted fund balances increased by \$ 919,350
Unrestricted fund balances increased by \$2,423,761

In addition, during 2007 and prior years the College incorrectly recorded accumulated amortization on capital assets as a direct charge to Invested in assets.

The adjustment has been made with retroactive effect, and accordingly the 2007 comparative figures have been restated. The impact of this change on the 2007 prior years' figures are as follows:

Amortization expense increased by \$ 114,140
Capital assets decreased by \$ 114,140
Invested in Capital assets increased by \$ 761,515
Unrestricted fund balance decreased by \$ 761,515

SELKIRK COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2008

5. **CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2008 Net Book Value</u>	<u>2007 Net Book Value</u>
Land and site	\$ 1,448,532	\$ 1,088,760	\$ 359,772	\$ 329,375
Building	33,789,652	16,737,805	17,051,847	17,370,624
Leasehold improvements	6,132,774	2,039,143	4,093,631	3,347,509
Equipment	24,347,394	21,235,847	3,111,547	3,712,388
Computer equipment	430,170	71,623	358,547	-
	<u>\$ 66,148,522</u>	<u>\$ 41,173,178</u>	<u>\$ 24,975,344</u>	<u>\$ 24,759,896</u>

Selkirk College has no direct insurance coverage against liability or loss of any of its capital assets except vehicles. The Ministry of Advanced Education's University, College & Institute Protection Program provides College property insurance and claims for loss of College property must be submitted to the Province of British Columbia to be considered for compensation.

6. **SINKING FUND AND DEBENTURE PAYABLE**

	<u>2008</u>	<u>2007</u>
Selkirk College issued a debenture of \$1,931,000 to construct a residence and is responsible annually for a sinking fund contribution of \$26,414 and debenture interest payments of \$183,445. Interest on the debenture is at 9.5%, maturing in 2012.	\$ 1,931,000	\$ 1,931,000
Sinking fund balance	<u>(739,095)</u>	<u>(662,704)</u>
	<u>\$ 1,191,905</u>	<u>\$ 1,268,296</u>

At the present rate of annual sinking fund contributions of \$26,414 coupled with the estimated return on the sinking fund there is a projected sinking fund balance shortfall at maturity of \$928,650. In order to cover the shortfall it is estimated that an additional \$234,783 in annual sinking fund payments would be required until maturity.

Sinking Fund contributions over the next four years as follows:

2008/2009	\$ 26,414
2009/2010	26,414
2010/2011	26,414
2011/2012	<u>26,414</u>
	<u>\$ 105,656</u>

7. **SHIKANO TRUST**

The Shikano Trust resulted from an agreement where a donor provided \$200,000 to the Selkirk College Foundation be held in trust for a five year period where at the conclusion of the term of the agreement it will either be renewed for a further five years or the \$200,000 trust money will be returned to the donor. The agreement is up for renewal in August of 2008. All income earned on the investment of the trust money is to assist Canadian students to travel to Embetsu, Japan.

SELKIRK COLLEGE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**March 31, 2008

8. DEFERRED CONTRIBUTIONS – CAPITAL FUND

	<u>Bylaw Capital</u>	<u>ACA Funding</u>	<u>2008 Total</u>	<u>2007 Total</u>
Balance, beginning of year	\$ 120,526	\$ 353,382	\$ 473,908	\$ 1,247,382
Add: Ministry Funding	1,192,094	1,861,725	3,053,819	2,026,646
Less: Transferred to DCC	(1,312,620)	-	(1,312,620)	(803,109)
Transferred to revenue	-	(1,932,014)	(1,932,014)	(1,997,011)
Balance, end of year	<u>\$ -</u>	<u>\$ 283,093</u>	<u>\$ 283,093</u>	<u>\$ 473,908</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2008</u>	<u>2007</u>
Deferred capital contributions - beginning of year	\$ 11,182,673	\$ 11,395,045
Transferred from deferred contributions - capital additions	1,312,620	803,109
Amortization of deferred capital contributions	(1,116,276)	(1,015,481)
Deferred capital contributions - end of year	<u>\$ 11,379,017</u>	<u>\$ 11,182,673</u>

10. INVESTED IN CAPITAL ASSETS

	<u>2008</u>	<u>2007 Restated (Note 4)</u>
Balance, beginning of year	\$ 12,308,928	\$ 9,597,788
Capital asset acquisitions	3,290,736	4,013,862
Amortization of capital assets	(3,075,289)	(2,342,038)
Amortization of deferred capital contributions	1,116,276	1,015,481
Deferred capital contributions	(1,312,620)	(803,109)
Increase in Sinking fund balance	76,390	65,429
Correction of error in prior year (Note 4)	-	761,515
Balance, end of year	<u>\$ 12,404,421</u>	<u>\$ 12,308,928</u>

11. ACCRUED PAYROLL BENEFITS

	<u>2008</u>	<u>2007</u>
Holiday Pay	\$ 2,664,640	\$ 2,773,762
Sick Leave	709,846	570,000
Banked Overtime	39,866	52,330
	<u>\$ 3,414,352</u>	<u>\$ 3,396,092</u>

The College accrues holiday and sick leave pay 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. Payment of these amounts will be funded from revenues of the period in which they are settled.

SELKIRK COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2008

12. COMMITMENTS

A) LEASES

The College has annual contractual operating lease payments over the next three years for the Tenth Street, Trail and Grand Forks campuses as follows:

	<u>Tenth Street Campus</u>	<u>Trail Campus</u>	<u>Grand Forks Campus</u>	<u>Total</u>
2008/2009	\$ 564,000	\$ 93,618	\$ 47,410	\$ 705,028
2009/2010	235,000	-	47,410	282,410
2010/2011	-	-	15,803	15,803
	<u>\$ 799,000</u>	<u>\$ 93,618</u>	<u>\$ 110,623</u>	<u>\$ 1,003,241</u>

B) RETIREMENT ALLOWANCE

Future commitments relating specifically to early retirement allowances for various former employees total \$745,610 and will be paid as follows:

2008/2009	\$ 333,118
2009/2010	232,232
2010/2011	<u>180,260</u>
	<u>\$ 745,610</u>

13. 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 over 11,245 active members from college senior administration and instructional staff and approximately 3,500 retired members. The Municipal Pension Plan has about 145,000 active members, with approximately 5,000 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.

Selkirk College paid \$1,729,615 for employer contributions to the plans in fiscal 2008 (2007 - \$1,595,523).

SELKIRK COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14 FOUNDATION ENDOWMENT & INVESTMENTS

Selkirk College Foundation holds endowment funds for the benefit of the College with a majority of these funds being held with a professional fund manager.

The investment portfolio is invested through a professional portfolio manager and consists of Canadian Equity, Bonds and Income Funds. The investment portfolio is classified as held for trading and is valued at fair value.

Selkirk College Foundation also holds a beneficial interest in funds held by the Vancouver Foundation. The fund is held in perpetuity and controlled by the Vancouver Foundation. As these amounts are not controlled by the College and are not an asset owned by the College, these fund balances are not recorded in the financial statements. Investment income earned on the fund is paid to the College annually. Investment income received by the College from the fund was \$28,429 (2007 - \$26,755) for the current year.

15 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds are reported on the Consolidated Statement of Operations and Changes in Fund Balances. For the year ended March 31, 2008, interfund transfers included, among other things, transfers from operations, special purpose and ancillary services funds to the capital fund to finance the purchase of capital assets and the annual principal and interest sinking fund payment.

16 ECONOMIC DEPENDENCE

Selkirk College is economically dependent on the Provincial Government's Ministry of Advanced Education for the provision of operating and capital funding.

17 COMPARATIVE FIGURES

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

18 CONTINGENCIES

The College is currently engaged in certain legal actions, the outcome of which is not determinable at this time. Accordingly, no provision has been made in the accounts for these actions. The amount of loss, if any, arising from these actions will be recorded in the accounts in the period in which the loss is realized.