SELKIRK COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

SELKIRK COLLEGE
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2011

Independent auditors' report

Grant Thornton LLP
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To the Board of Governors of Selkirk College

We have audited the accompanying consolidated financial statements of Selkirk College, which comprise the consolidated statement of financial position as at March 31, 2011, and the consolidated statement of operations and changes in fund balances and the 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 financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 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 auditors' 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 College'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 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Selkirk 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.

Grant Thornton LLP

Kelowna, BC
May 19, 2011

Chartered Accountants

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2011

	Operating Fund	Special Purpose Fund	Capital Fund	Foundation Fund	2011 Total	2010 Total
ASSETS						
Current assets						
Cash	$ 3,679,208	$ -	$ -	$ -	$ 3,679,208	$ 5,208,070
Accounts receivable	1,383,217	280,892	2,522,517	-	4,186,626	1,269,706
Prepaid expenses and deposits	322,461	39,753	242,000	-	604,214	151,669
Inventory (Note 4)	388,555	-	-	-	388,555	279,938
Sinking fund (Note 5)	-	-	924,360	-	924,360	-
	5,773,441	320,645	3,688,877	-	9,782,963	6,909,383
Sinking fund (Note 5)	-	-	-	-	-	867,473
Investments (Note 6)	220,920	-	-	6,712,185	6,933,105	6,530,645
Property and equipment (Note 7)	-	-	23,625,238	-	23,625,238	20,844,730
Interfund balance	(1,683,777)	1,083,574	(562,364)	1,162,567	-	-
	4,310,584	1,404,219	26,751,751	7,874,752	40,341,306	35,152,231
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	2,861,635	122,731	1,030,939	14,994	4,030,299	3,107,997
Deferred revenue	1,655,771	1,281,488	-	1,058,400	3,995,659	3,674,380
Accrued payroll benefits (Note 8)	3,987,435	132,815	-	-	4,120,250	4,243,115
Debenture payable (Note 5)	-	-	1,931,000	-	1,931,000	-
Deferred contributions (Note 9)	-	-	1,171,215	-	1,171,215	322,716
	8,504,841	1,537,034	4,133,154	1,073,394	15,248,423	11,348,208
Shikano trust (Note 10)	-	-	-	-	-	200,000
Debenture payable (Note 5)	-	-	-	-	-	1,931,000
Deferred capital contributions (Note 11)	-	-	15,007,314	-	15,007,314	11,354,358
	8,504,841	1,537,034	19,140,468	1,073,394	30,255,737	24,833,566
FUND BALANCES						
Invested in property and equipment (Note 12)	-	-	7,611,283	-	7,611,283	8,426,844
Endowment	-	-	-	6,700,095	6,700,095	6,015,573
Internally restricted	187,896	-	-	101,263	289,159	237,664
Unrestricted	(394,718)	-	-	-	(394,718)	(118,301)
Unfunded employee future benefits	(3,987,435)	(132,815)	-	-	(4,120,250)	(4,243,115)
	(4,194,257)	(132,815)	7,611,283	6,801,358	10,085,569	10,318,665
	$ 4,310,584	$ 1,404,219	$ 26,751,751	$ 7,874,752	$ 40,341,306	$ 35,152,231

Commitments (Note 17)
Contingencies (Note 18)

Chairperson, Board of Directors

Vice President of Finance & Administration

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

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
For the Year Ended March 31, 2011

	Operating Fund	Special Purpose Fund	Capital Fund	Foundation Fund	2011 Total	2010 Total
REVENUE						
Government grants	$ 26,262,253	$ 56,523	$ 481,099	$ -	$ 26,799,875	$ 27,532,840
ITA funding	1,780,354	-	-	-	1,780,354	1,965,214
Tuition	6,047,500	45,356	-	-	6,092,856	6,216,216
Sales	1,985,759	-	-	-	1,985,759	2,128,644
Investment income	70,079	-	30,473	324,512	425,064	379,728
Donations	-	-	-	463,100	463,100	297,893
Amortization of deferred capital contributions	-	-	1,328,662	-	1,328,662	1,295,376
Contracts and other revenue	1,011,787	1,517,632	-	16,655	2,546,074	2,506,262
	37,157,732	1,619,511	1,840,234	804,267	41,421,744	42,322,173
EXPENDITURES						
Salary and benefits	28,216,237	592,300	-	-	28,808,537	29,588,433
Supplies and services	8,170,807	995,951	429,972	110,680	9,707,410	10,493,486
Operating lease payments	644,044	-	-	-	644,044	777,780
Accrued payroll benefits (recovery)	(117,465)	(5,400)	-	-	(122,865)	62,511
Awards and donation payments	-	-	-	658,124	658,124	462,108
Management fees	-	-	-	35,190	35,190	52,539
Interest expense	-	-	183,445	-	183,445	183,445
Amortization of property and equipment	-	-	2,375,581	-	2,375,581	2,931,217
Bad debt expense, net of recovery	25,548	-	-	-	25,548	93,575
	36,939,171	1,582,851	2,988,998	803,994	42,315,014	44,645,094
NET REVENUE (EXPENDITURE)	218,561	36,660	(1,148,764)	273	(893,270)	(2,322,921)
FUND BALANCES						
Beginning of year	(4,086,482)	(138,215)	8,426,844	6,155,833	10,357,980	12,415,392
Net revenue (expenditure)	218,561	36,660	(1,148,764)	273	(893,270)	(2,322,921)
Endowment contributions	-	-	-	431,311	431,311	265,509
Interfund transfers (Note 14)	(326,336)	(31,260)	333,203	24,393	-	-
	(4,194,257)	(132,815)	7,611,283	6,611,810	9,896,021	10,357,980
Unrealized loss - opening balance	-	-	-	(39,315)	(39,315)	(876,788)
Unrealized gain	-	-	-	228,863	228,863	837,473
Unrealized gain (loss) - ending balance	-	-	-	189,548	189,548	(39,315)
End of Year	$ (4,194,257)	$ (132,815)	$ 7,611,283	$ 6,801,358	$ 10,085,569	$ 10,318,665

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

SELKIRK COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2011

	2011	2010
Cash Provided by (Used In)		
Operating Activities		
Net expenditure	$ (893,270)	$ (2,322,921)
Items not requiring an outlay of cash:		
Amortization of property and equipment	2,375,581	2,931,217
Amortization of deferred capital contributions	(1,328,662)	(1,295,376)
	153,649	(687,080)
Changes in Non-Cash Working Capital		
Accounts receivable	(2,916,920)	(146,164)
Prepaid expenses and deposits	(452,545)	(25,457)
Inventory	(108,617)	(15,195)
Accounts payable and accrued liabilities	922,302	559,920
Deferred revenue	321,279	387,957
Accrued payroll benefits	(122,865)	62,511
Deferred contributions	848,499	320,227
	(1,355,218)	456,719
Financing Activities		
Increase in sinking fund investment	(56,888)	(47,249)
Transfers to deferred capital contributions	4,981,618	2,649,517
Repayment of Shikano Trust	(200,000)	-
Endowment contributions	431,311	265,509
	5,156,041	2,867,777
Investing Activities		
Acquisition of property and equipment	(5,156,088)	(2,897,481)
Increase in investments, net	(173,597)	(812,395)
	(5,329,685)	(3,709,876)
Net decrease increase in Cash	(1,528,862)	(385,380)
Cash, beginning of year	5,208,070	5,593,450
Cash, end of year	$ 3,679,208	$ 5,208,070

Supplementary Cash flow information

Interest paid	$ 183,445	$ 183,445

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

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 expenditures of the controlled entity, Selkirk College Foundation, which is a registered charity. All inter-entity transactions and balances have been eliminated upon consolidation.

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.
* Special Purpose - revenues and expenditures relating to special purpose grants and contract activities.
* Capital - grants, revenue and expenditures for property and equipment 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 amounts can only be used for the purposes designated by the external parties.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in property and equipment. Contributions for property and equipment that will be amortized are transferred to deferred capital contributions in the period the asset is acquired. Contributions for property and equipment 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 property and equipment are amortized. Deferred capital contributions relating to property and equipment disposed of are recognized as revenue in the period of disposal, provided all restrictions have been complied with.

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

C) REVENUE RECOGNITION (continued)

Endowment contribution are recorded as direct increases to fund balances.

Operating fund investment income is recorded as revenue in the period it is received or receivable. Unrestricted endowment income is recorded as revenue in the endowment fund in the period it is received or receivable. Endowment income that is restricted for other purposes is deferred and recognized as revenue in the period in which the related expenses are incurred or the restrictions are met.

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.

Restricted revenue from incomplete special purpose fund projects is recorded as deferred revenue. Income or loss from projects is recognized at project completion.

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.

D) INVENTORY

Inventory is valued at the lower of cost, determined principally on a first-in first-out basis, or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses

E) PROPERTY AND EQUIPMENT

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

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

F) 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.

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

G) ACCRUED PAYROLL BENEFITS

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

H) FINANCIAL INSTRUMENTS

The College's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, accrued payroll benefits and debenture payable. 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 classification and measurement of financial instruments is as follows:

Cash – held-for-trading, measured at fair value
Accounts receivables – loans and receivables, measured at amortized cost
Investments – available-for-sale, measured at fair value
Accounts payables and accrued liabilities – other financial liabilities, measured at amortized cost
Accrued payroll benefits – other financial liabilities, measured at amortized cost
Debenture payable - other financial liabilities, measured at amortized cost

I) 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.

J) USE OF ESTIMATES

The preparation of consolidated 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 consolidated financial statements. Specific areas requiring the use of estimates include the rate of amortization of property and equipment and the related deferred capital contributions, the timing of recorded contract revenue, the valuation of accounts receivable and the valuation of employee future benefits. Actual results may differ from these estimated amounts.

3. **RECENTLY RELEASED ACCOUNTING STANDARDS**

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.

3. **RECENTLY RELEASED ACCOUNTING STANDARDS** (continued)

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, 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.

4. **INVENTORY**

Inventories recognized in the statement of financial position are comprised of:

	2011	2010
Bookstore	$ 307,966	$ 204,900
Cafeteria	55,203	52,398
Printshop	25,386	22,640
	$ 388,555	$ 279,938

In 2011, a total of $1,282,242 (2010 - $1,330,509) of inventories were included in the Statement of Operations and Changes in Fund Balances as an expense.

None of the inventories are pledged as security for liabilities.

5. **SINKING FUND AND DEBENTURE PAYABLE**

	2011	2010
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	(924,360)	(867,473)
	$ 1,006,640	$ 1,063,527

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 $944,510.

Sinking Fund contributions for the next year is as follows:

2011/2012	$ 26,414

6. INVESTMENTS

Selkirk College holds a term deposit with Valley First Credit Union with a maturity of October 2013 and bears interest at 5.1%.

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 available-for-sale 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 $18,711 (2010 - $14,982) for the current year.

7. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2011 Net Book Value	2010 Net Book Value
Land	$ 90,000	$ -	$ 90,000	$ 90,000
Site works	1,358,531	1,214,686	143,845	184,098
Buildings	36,156,996	19,350,241	16,806,755	17,422,179
Leasehold improvements	5,652,121	4,959,350	692,771	1,611,519
Equipment	23,754,863	23,334,475	420,388	710,967
Computer equipment	1,615,943	1,447,943	168,000	232,561
WIP - Building	616,336	-	616,336	-
WIP - Leasehold improvements	4,687,143	-	4,687,143	593,406
	$ 73,931,933	$ 50,306,695	$ 23,625,238	$ 20,844,730

WIP - Leasehold improvements and WIP Building are not amortized until available for use.

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

8. ACCRUED PAYROLL BENEFITS

	2011	2010
Holiday Pay	$ 2,726,439	$ 2,835,092
Sick Leave	711,274	739,031
Banked Overtime	51,477	56,939
Retirement Allowance	631,060	612,053
	$ 4,120,250	$ 4,243,115

The College accrues retirement allowances, holiday pay and sick leave 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.

8. **ACCRUED PAYROLL BENEFITS** (continued)

The liability for sick leave is determined by an actuary. For 2011, the expense for these benefits is $83,000 (2010 - $81,000), made up of $51,912 (2010 - $51,000) projected service costs and $31,088 (2010 - $30,000) of interest. For 2011, the projected payout for these benefits charged against this liability is $60,000 (2010 - $60,000). The College plans to do a actuarial review every five years.

9. **DEFERRED CONTRIBUTIONS**

Deferred contributions represent the unspent balance of Annual Capital Allowance funds and externally restricted funds received for which the related expenses and purchase of property and equipment have not yet been incurred. Changes in Deferred Contributions are as follows:

	Capital Contributions	ACA Funding	2011 Total	2010 Total
Balance, beginning of year	$ 5,931	$ 316,785	$ 322,716	$ 2,489
Add: Ministry Funding & Other	5,942,465	368,751	6,311,216	3,618,554
Less: Transferred to DCC	(4,981,618)	-	(4,981,618)	(2,649,517)
Transferred to revenue	(263,921)	(217,178)	(481,099)	(648,810)
Balance, end of year	$ 702,857	$ 468,358	$ 1,171,215	$ 322,716

10. **SHIKANO TRUST**

During the year, the Board of Directors of the Japan Canada Educational & Cultural Exchange Foundation (JACEF), requested the repayment of the original Shikano Trust loan of $200,000. In addition, all remaining deferred revenue was paid out in the amount of $37,014 to Castlegar- Embetsu Educational Exchange Committee as directed by JACEF.

11. **DEFERRED CAPITAL CONTRIBUTIONS**

Deferred Capital Contributions represent the unamortized portion of grants and other externally restricted funding received for the purchase of property and equipment. Changes in Deferred Capital Contributions are as follows:

	2011	2010
Deferred capital contributions - beginning of year	$ 11,354,358	$ 10,000,217
Transferred from deferred contributions	4,981,618	2,649,517
Amortization of deferred capital contributions	(1,328,662)	(1,295,376)
Deferred capital contributions - end of year	$ 15,007,314	$ 11,354,358

12. **INVESTED IN PROPERTY AND EQUIPMENT**

	2011	2010
Balance, beginning of year	$ 8,426,844	$ 9,767,472
Property and equipment acquisitions	5,156,088	2,897,481
Amortization of property and equipment	(2,375,581)	(2,931,217)
Amortization of deferred capital contributions	1,328,662	1,295,376
Deferred capital contributions	(4,981,618)	(2,649,517)
Increase in sinking fund balance	56,888	47,249
Balance, end of year	$ 7,611,283	$ 8,426,844

13. **PENSION PLANS**

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusteed pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The College Pension Plan has over 12,000 active members from college senior administration and instructional staff and approximately 4,500 retired members. The Municipal Pension Plan has about 163,000 active members, with approximately 5,600 from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the 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.

In fiscal 2011, Selkirk College paid $1,978,009 (2010 - $1,904,219) for employer contributions to the plans.

14. **INTERFUND TRANSFERS**

Interfund transfers between the Operating, Special Purpose, Capital Fund and Foundation Fund are reported on the Consolidated Statement of Operations and Changes in Fund Balances. For the year ended March 31, 2011, interfund transfers included, among other things, transfers from Operations and Special Purpose Funds to the Capital Fund to finance the purchase of capital assets and the annual principal and interest sinking fund payment.

15. **ECONOMIC DEPENDENCE**

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

16. **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 debenture payable, invested in property and equipment, endowment, internally restricted and unrestricted fund balances.

The debenture payable is funds raised to acquire property and equipment.

Invested in property and equipment represents an amount of funds that are not available for other purposes because they have been invested in capital assets and are not readily accessible.

Contributed principal to the endowments funds are held in perpetuity and invested in accordance with the College's investment policy. The earnings on endowment funds are available for distribution.

Internally restricted funds represent funds reserved by the Board for specific purposes.

17. **COMMITMENTS**

LEASES

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

	Tenth Street Campus	Grand Forks Campus	Total
2011/2012	$ 394,895	$ 52,635	$ 447,530
2012/2013	394,895	52,635	447,530
2013/2014	394,895	52,635	447,530
2014/2015	394,895	52,635	447,530
2015/2016	394,895	17,545	412,440
	$ 1,974,475	$ 228,085	$ 2,202,560

18. **CONTINGENCIES**

The College is currently engaged in certain legal actions, the outcomes of which are 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.

19. **COMPARATIVE FIGURES**

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