Financial Statements of

Langara College

Years ended March 31, 2013 and 2012

Langara College

Statement of Management Responsibility

Year ended March 31, 2013

Management is responsible for the preparation of the annual financial statements, and has prepared the accompanying financial statements for the year ended March 31, 2013, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that assets are safeguarded and that the financial records provide a reliable basis for the preparation of the financial statements.

The Board of Governors of the College carries out its responsibility for review and approval of the financial statements. The Audit Subcommittee of the Administration and Finance Committee of the Board meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

These financial statements have been reported on by KPMG LLP, the College's external auditors appointed by the Board of Governors. The external auditors have full access to the Board with and without the presence of management.

Roy Daykin, President

Barry Coulson, Associate Vice-President, Administration and Finance

June 27, 2013

KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Langara College and
To the Ministry of Advanced Education, Innovation and Technology, Province of British Columbia

We have audited the accompanying financial statements of Langara College, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net debt and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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 audits. We conducted our audits 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 our 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, we consider internal control relevant to the entity's preparation 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 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 financial statements.

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

Opinion

In our opinion, the financial statements of Langara College as at March 31, 2013, March 31, 2012 and April 1, 2011 and for the years ended March 31, 2013 and March 31, 2012 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which describe the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

June 27, 2013

Burnaby, Canada

Langara College

Statement of Financial Position

March 31, 2013 with comparative figures for March 31, 2012 and April 1, 2011

		March 31, 2013	March 31, 2012 (Note 20)	April 1, 2011 (Note 20)
Financial assets				
Cash and cash equivalents		$ 5,820,681	$ 6,381,967	$ 2,560,862
Accounts receivable		1,943,413	1,154,721	1,521,659
Inventories for resale		688,842	1,140,734	906,444
Net investment in lease	Note 4	3,557,342	3,624,814	3,689,682
Investments	Notes 5&6	60,266,072	52,789,852	55,225,793
		72,276,350	65,092,088	63,904,440
Liabilities				
Accounts payable and accrued liabilities	Note 7	12,091,182	4,936,514	5,285,683
Employee future benefits	Note 8	6,171,963	6,241,285	5,791,174
Deferred revenue		8,145,242	7,701,807	7,444,130
Deferred contributions	Note 9	2,787,006	2,661,901	2,281,798
Deferred capital contributions	Note 10	63,425,363	64,068,975	66,051,888
Long-term debt	Note 11	9,486,059	9,641,553	9,850,359
Obligation for tangible capital assets	Note 12	232,304	378,317	517,623
		102,339,119	95,630,352	97,222,655
Net debt		(30,062,769)	(30,538,264)	(33,318,215)
Non-financial assets				
Tangible capital assets	Note 13	86,404,491	85,755,166	86,403,103
Endowment investments	Notes 5&6	5,837,294	7,203,636	5,868,535
Prepaid expenses		1,039,346	474,334	687,360
		93,281,131	93,433,136	92,958,998
Accumulated surplus	Notes 15&16	**$ 63,218,362**	**$ 62,894,872**	**$ 59,640,783**

Commitments (Note 17)

Contractual obligation (Note 18)

See accompanying notes to the financial statements.

Approved on behalf of the Board of Governors:

Anne Lippert, Chair of the Board of Governors

David Bowra, Chair of the Audit Subcommittee

Langara College

Statement of Operations and Accumulated Surplus

Years ended March 31, 2013 and 2012

		Budget 2013	Actual 2013	Actual 2012
		Note 2(k)		(Note 20)
Revenue:				
Province of British Columbia grants		$ 45,481,589	$ 45,330,581	$ 44,945,434
Contract Services		1,703,641	2,486,747	1,679,110
Tuition and student fees		45,681,564	43,485,074	41,918,624
Sales of goods and services		5,797,040	5,531,973	5,914,147
Investment income		1,253,403	1,540,376	1,419,293
Revenue recognized from deferred capital contributions	Note 10	2,186,801	3,028,031	2,236,883
Miscellaneous income and contributions		1,113,235	1,378,481	1,413,851
		103,217,273	**102,781,263**	**99,527,342**
Expenses:				
Instruction		97,753,439	94,756,944	91,156,846
Ancillary operations		5,463,834	6,180,023	6,376,329
Transfer to Langara College Foundation	Note 19	-	1,980,555	-
		$ 103,217,273	**$ 102,917,522**	**$ 97,533,175**
Operating surplus (loss) before restricted contributions		-	(136,259)	1,994,167
Restricted endowment contributions	Note 16	-	459,749	1,259,922
Surplus for the year			323,490	3,254,089
Accumulated surplus, beginning of year		62,894,872	62,894,872	59,640,783
Accumulated operating surplus, end of year		**$ 62,894,872**	**$ 63,218,362**	**$ 62,894,872**

See accompanying notes to the financial statements.

Langara College

Statement of Changes in Net Debt

Years ended March 31, 2013 and 2012

		Budget 2013	Actual 2013	Actual 2012
		Note 2(k)		(Note 20)
Surplus for the year		$ -	$ 323,490	$ 3,254,089
Acquisition of tangible capital assets	Note 13	(7,560,000)	(6,607,199)	(3,999,043)
Amortization of tangible capital assets	Note 13	5,795,669	5,957,874	4,646,980
		(1,764,331)	(649,325)	647,937
Acquisition of prepaid expense		-	(1,033,096)	(443,084)
Endowment investments		-	1,366,342	(1,335,101)
Use of prepaid expense		-	468,084	656,110
		-	801,330	(1,122,075)
(Increase) decrease in net debt		(1,764,331)	475,495	2,779,951
Net debt, beginning of year		(30,538,264)	(30,538,264)	(33,318,215)
Net debt, end of year		**$ (32,302,595)**	**$ (30,062,769)**	**$ (30,538,264)**

See accompanying notes to the financial statements.

Langara College

Statement of Cash Flows
Years ended March 31, 2013 and 2012

	2013	2012 (Note 20)
Cash provided by (used in):		
Operations:		
Annual surplus	$ 323,490	$ 3,254,089
Items not involving cash:		
Amortization of tangible capital assets	5,957,874	4,646,980
Revenue recognized from deferred capital contributions	(3,028,031)	(2,236,883)
Gain on sinking fund investments	(4,964)	(58,277)
Change in employee future benefits	(69,322)	450,111
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(788,692)	366,938
Decrease (increase) in prepaid expenses	(565,012)	213,026
Decrease (increase) in inventory held for use	451,892	(234,290)
Increase (decrease) in accounts payable and accrued liabilities	5,174,113	(349,169)
Increase in amount due to Langara College Foundation	1,980,555	-
Increase in deferred revenue	443,435	257,677
Increase in deferred contributions	125,105	380,103
Net change in cash from operating activities	10,000,443	6,690,305
Capital activities:		
Acquisition of tangible capital assets	(6,607,199)	(3,999,043)
Net change in cash from capital activities	(6,607,199)	(3,999,043)
Financing activities:		
Sinking fund payments	(150,530)	(150,530)
Deferred capital contributions received	2,384,419	253,970
Net change in cash from financing activities	2,233,889	103,440
Investing activities:		
Principal payments received on net investment in lease	67,472	64,868
Principal payments on leased tangible capital assets	(146,013)	(139,306)
Purchase of investments	(35,070,326)	(35,760,168)
Disposition of investments	28,960,448	36,861,009
Net change in cash from investing activities	(6,188,419)	1,026,403
Increase (decrease) in cash	(561,286)	3,821,105
Cash, beginning of year	6,381,967	2,560,862
Cash, end of year	**$ 5,820,681**	**$ 6,381,967**

Cash is comprised of cash and cash equivalents

See accompanying notes to the financial statements.

1. Authority and purpose

Langara College operates under the authority of the College and Institute Act of British Columbia. The College is a government not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the provincial government of British Columbia. The College is a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

The College provides university studies, career studies and continuing studies programs and courses to over 23,000 full- and part-time students annually.

2. Summary of significant accounting policies

(a) Basis of accounting:

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of deferred capital contributions and recognition of revenue is accounted for in the fiscal period in which the tangible capital asset is used to provide services.

(ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulations or restrictions on the contributions have been met.

For British Columbia taxpayer-supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that government transfers that do not contain a stipulation that creates a liability be recognized as revenue by the recipient when approved by the transferor and when the eligibility criteria have been met in accordance with public sector accounting standard PS3410. As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with terms to maturity of three months or less at the date of purchase.

(c) Financial instruments

Financial instruments are classified into two categories: fair value and amortized cost.

(i) Portfolio investments that are quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of such investments are recorded as an expense. Unrealized and realized gains and losses on financial assets are recognized in the Statement of Operations and Accumulated Surplus.

Unrealized gains and losses on endowment investments, where earnings are restricted as to their use, are recorded as deferred contributions and recognized in revenue when the related expenses are incurred.

(ii) Investments with fixed maturity dates are recorded at amortized cost. Income on these investments is recognized in the Statement of Operations and Accumulated Surplus over the period of time that the investments are held. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

The carrying amounts of other financial instruments, such as accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short maturities. The fair value of the College's long-term debt is impacted by changes in market yields which can result in differences between carrying value and market value. Based on management's estimates, the fair value of the College's long-term debt at March 31, 2013, is not significantly different than its carrying value, as interest rates applicable to the debt are not significantly different from interest rates in effect at the year-end date.

(d) Inventories for resale

Inventories held for resale, including books and other materials, are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

(e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Asset	**Period**
Buildings and improvements	3-50 years
Library holdings	10 years
Furniture and fixtures	10 years
Office equipment	4-5 years
Computer Hardware	3-7 years
Computer Software	3 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the provision of goods and services, or when the value of future economic benefits associated with these assets are less than their net book value.

(ii) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expense as incurred.

(f) Employee future benefits

The College and its employees make contributions to The College Pension Plan and the Municipal Pension Plan, which are multi-employer joint trusteed plans. These plans are defined benefit plans, providing a pension on retirement based on the member’s age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plans are not segregated by institution, they are accounted for as defined contribution plans and contributions by the College to the plans are expensed as incurred.

Benefits for sick leave, vacation and other leaves are also available to College employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are recognized in the period in which they are incurred.

(g) Revenue recognition

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received or the transfer of property is completed.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors, as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, for use in providing services, are recorded as a deferred capital contribution and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded.

(ii) Contributions to be retained in perpetuity, allowing only the investment income earned thereon to be spent, are recorded as restricted endowment contributions on the statement of operations and as deferred contributions for any restricted investment income earned thereon.

(iii) Contributions restricted for specific purposes, other than for those to be held in perpetuity or for the acquisition or development of a depreciable tangible capital asset, are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, and write downs on investments where the loss in value is determined to be other than temporary.

(h) Use of estimates

The preparation of the financial statements in accordance with the reporting framework described in note 2(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include the rate of amortization of capital assets and the related deferred capital contributions, employee future benefits, revenue recognition of contract services and provisions for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(i) Foreign currency translation

The College's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the balance sheet date.

(j) Deferred contributions

(i) Capital

Contributions received for maintenance projects that meet stipulations as established by the provincial government are deferred until the corresponding maintenance expenses for those projects are incurred.

(ii) Endowment

Income earned on endowments is deferred until paid out according to the terms of the endowment.

(iii) Langara Students' Union ("LSU") capital fund

The LSY capital fund consists of funds collected from students on behalf of the Langara Students' Union Association. Funds are disbursed based on authorized requests made by a joint committee of the College and the Langara Students' Union Association, and for lease payments to the College for the Students' Union Building (note 4).

(iv) Restricted

Donations received that contain stipulations as to their use are deferred until the stipulation is met and the payment is made.

(v) Other

Other contributions are received in support of various activities of the College. These contributions are deferred until the stipulations attached to them are met.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the Operations and Capital Budget approved by the Board of Governors of the College on March 29, 2012. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

3. Adoption of new financial reporting framework

Effective April 1, 2012, the College adopted the financial reporting framework described in note 2(a). These financial statements are the first financial statements for which the College has applied this framework.

The impact of the adoption of this framework on accumulated surplus at the date of transition and the comparative annual surplus is presented below. These accounting changes have been applied retroactively with restatement of prior periods.

Previously, the College recorded endowment contributions as direct increases to accumulated surplus. Canadian Public Sector Accounting Standards require these contributions to be recorded as revenue in the Statement of Operations. The effect of this change is to increase surplus for the current year by $459,749 (2012: $1,259,922). There is no effect on accumulated surplus as previously reported.

Previously, the College was not required to record an accrued benefit obligation related to sick leave benefits as these benefits do not vest with employees, although they do accumulate. Canadian Public Sector Accounting Standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or that accumulate in the period in which employees render services in return for the benefits. As a result of this change, an adjustment was made to recognize the liability and expense related to accumulated sick leave entitlement.

The resulting change to the liability for employee future benefits, as determined by actuarial valuation, was an increase of $946,943 at March 31, 2013 (March 31, 2012: increase of $1,090,100; April 1, 2011: increase of $946,400). A reduction in expense of $123,157 resulted in the current year (2012: additional expense of $143,700).

Effect on accumulated surplus as at April 1, 2011:

Opening accumulated surplus at April 1, 2011:		
Accumulated surplus, as previously reported	$	60,587,183
Adjustments:		
Employee future benefits		(946,400)
Opening accumulated surplus, as restated	**$**	**59,640,783**

Effect on 2012 annual surplus:

Annual surplus for 2012		
Annual surplus, as previously reported	$	2,137,867
Adjustments:		
Employee future benefits		(143,700)
Restricted endowment contributions		1,259,922
Annual surplus, as restated	**$**	**3,254,089**

4. Net investment in lease

The college has entered into an agreement for the lease of the Students' Union Building to the Langara Students' Union for a thirty-year term commencing September 1, 2009. Finance income on the lease of $168,075 (2012: $171,645) is included in miscellaneous revenue. Minimum lease payments receivable for each year of the lease are $256,513.

The College's net investment in the lease is comprised of net minimum lease payments and unearned finance income as follows:

		March 31, 2013		**March 31, 2012**		**April 1, 2011**
Net investment in lease:						
Total minimum lease payments receivable	$	6,200,860	$	6,437,374	$	6,673,887
Unearned finance income		(2,643,518)		(2,812,560)		(2,984,205)
Net investment in lease	**$**	**3,557,342**	**$**	**3,624,814**	**$**	**3,689,682**

5. Restricted assets

Endowment investments are restricted, as the underlying endowments are held in perpetuity.

Included in investments are assets that are restricted as to their use as follows (see note 9):

		March 31, 2013		**March 31, 2012**		**April 1, 2011**
Restricted investments						
Deferred income on endowments	$	863,817	$	601,882	$	553,991
Langara Students' Union Capital Fund		302,508		273,358		246,532
Restricted donations		98,141		98,750		76,418
	$	**1,264,466**	**$**	**973,990**	**$**	**876,941**

The balance of investments are not restricted as to their use.

6. Financial instruments

Investments reported at amortized cost consist of guaranteed investment certificates, government and corporate bonds and term deposits with a carrying value of $58,033,355 (March 31, 2012: $52,450,087). Investments recorded at fair value consist of money-market, bond and equity funds managed by a professional fund manager, with a carrying value of $8,070,011 (March 31, 2012: $7,543,401).

The College also holds a beneficial interest in two funds controlled by the Vancouver Foundation, an independent public foundation. One fund, with a fair value of $2,386,642 (March 31, 2012: $2,299,036), is held in the name of the Vancouver Community College Educational Foundation (VCCEF). By agreement with the VCCEF, the College is to receive 26.3091% of the annual income from this fund. The other fund, with a fair value of $146,955 (March 31, 2012: $141,561), is registered directly in the name of Langara College. These funds are held in perpetuity and controlled by the Vancouver Foundation and are therefore not included as assets in these financial statements. Investment income from these funds is recorded when received or receivable.

7. Accounts payable and accrued liabilities

	March 31, 2013	March 31, 2012	April 1, 2011
Accounts payable and accrued liabilities	$ 9,756,174	$ 3,060,494	$ 3,019,289
Salaries and benefits payable	2,335,008	1,876,020	2,266,394
	$ 12,091,182	**$ 4,936,514**	**$ 5,285,683**

8. Employee future benefits

Employee future benefits consist of accumulated vacation, sick leave, and other leaves that vest as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Vacation	$ 4,362,963	$ 4,217,755	$ 3,957,660
Sick leave	1,120,400	1,090,100	946,400
Other leaves that vest	688,600	933,430	887,114
	$ 6,171,963	**$ 6,241,285**	**$ 5,791,174**

(a) Pension benefits:

The college and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusteed pension plans. The board 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 based on a formula. The College Pension Plan has about 13,000 active members from college senior administration and instructional staff and approximately 5,000 retired members. The Municipal Pension Plan has about 176,000 active members, with approximately 5,700 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2009 indicated a $1 million funding surplus for basic pension benefits. The next valuation will be as at August 31, 2012 with results available in 2013. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2009 indicated a $1,024 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan.

The College paid $3,980,091 (2012: $3,887,328) as contributions to the College Pension Plan and $914,921 (2012: $892,598) as contributions to the Municipal Pension Plan in the current year.

(b) Vacation:

Employees of the College earn vacation according to the terms of the collective agreements or terms of employment, whichever is applicable. Vacation accumulates to each employee as they render services to the College. Employees covered by a collective agreement can generally accumulate vacation in excess of one year of entitlement, for payment of amounts owing in a future year in either cash or time off with pay. Employees not covered by a collective agreement are instead covered by the College's terms and conditions of employment, which does not permit accumulating vacation in excess of one year of entitlement.

(c) Other leaves that vest:

Certain employee groups may be eligible to earn other time-off benefits, that may accumulate for multiple years and vest with each qualifying employee. These time-off benefits accumulate to each qualifying employee as they render services to the College. The fair value of these obligations is determined using actuarial methods and recorded as a liability.

The amounts recorded as expense and liability for these leaves are as follows:

Other leaves that vest		**2013**		**2012**
Accrued benefit obligation, beginning of year	$	933,430	$	887,114
Current service cost		59,700		54,300
Interest cost		23,800		26,200
Benefit payments		(117,700)		(54,300)
Actuarial loss (gain)		(210,630)		20,116
Accrued benefit obligation, end of year	**$**	**688,600**	**$**	**933,430**

(d) Accumulated sick leave benefit:

Employees of the College earn sick leave according to the terms of the collective agreements or terms of employment, whichever is applicable. Sick leave credits accumulate to each employee as they render services to the College; however, the accumulated amount does not vest and so is extinguished for each employee once they are no longer employed by the College. The expected use of the accumulated amount is determined using actuarial valuation techniques and the corresponding liability is recorded by the College. An expense for sick leave is recognized in the period for which each employee earns this benefit.

The amounts recorded as expense and liability for these leaves are as follows:

Sick leave		**2013**		**2012**
Accrued benefit obligation, beginning of year	$	1,090,100	$	946,400
Current service cost		73,000		65,300
Interest cost		37,000		40,600
Expected Benefit Payments		(272,200)		(219,900)
Actuarial loss		192,500		257,700
Accrued benefit obligation, end of year	**$**	**1,120,400**	**$**	**1,090,100**

9. Deferred contributions

Changes in deferred contributions are as follows:

2013	Capital	Endowment Income	LSU	Restricted	Other	Total
Balance, beginning of year	$ 1,297,000	$ 601,882	$ 273,358	$ 98,750	$ 390,911	$ 2,661,901
Contributions received during the year						-
From the Province of British Columbia	-	-	-	-	320,531	320,531
From other sources	-	554,914	294,045	154,148	-	1,003,107
Revenue recognized from deferred contributions	(296,545)	(292,979)	(264,895)	(154,757)	(189,357)	(1,198,533)
Balance, end of year	**$ 1,000,455**	**$ 863,817**	**$ 302,508**	**$ 98,141**	**$ 522,085**	**$ 2,787,006**

2012	Capital	Endowment Income	LSU	Restricted	Other	Total
Balance, beginning of year	$ 1,206,374	$ 553,911	$ 246,532	$ 76,418	$ 198,563	$ 2,281,798
Contributions received during the year						
From the Province of British Columbia	337,314	-	-	-	267,366	604,680
From other sources	(246,688)	247,671	291,721	157,089	-	449,793
Revenue recognized from deferred contributions	-	(199,700)	(264,895)	(134,757)	(75,018)	(674,370)
Balance, end of year	**$ 1,297,000**	**$ 601,882**	**$ 273,358**	**$ 98,750**	**$ 390,911**	**$ 2,661,901**

10. Deferred capital contributions

Contributions for capital acquisitions that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the related assets. Additional direction on the accounting for deferred capital contributions as provided by the Treasury Board is disclosed in note 2.

Changes in the balance of deferred capital contributions are as follows:

	2013	2012
Balance, beginning of year	$ 64,068,975	$ 66,051,888
Grants received from the Province of British Columbia	2,384,419	253,970
Amortized to revenue	(3,028,031)	(2,236,883)
Balance, end of year	**$ 63,425,363**	**$ 64,068,975**

11. Long-term debt

The College borrowed Series LC-CP-154 long-term debt through the provincial government on November 10, 2009. This debt is for a thirty-year term maturing on November 10, 2039, carries an interest rate of 4.68% with interest-only payments of $234,000 due on May 10 and November 10 of each year, and an annual sinking-fund requirement of $150,530, payable until maturity. Interest expense of $468,000 (2012: $468,000) is included in ancillary expense.

	March 31, 2013	March 31, 2012	April 1, 2011
Face value of debt	$ 10,000,000	$ 10,000,000	$ 10,000,000
Sinking fund	(513,941)	(358,447)	(149,641)
Balance, end of year	**$ 9,486,059**	**$ 9,641,553**	**$ 9,850,359**

12. Obligation for lease of tangible capital assets

	March 31, 2013	March 31, 2012	April 1, 2011
Total future minimum lease payments	$ 242,012	$ 403,354	$ 564,696
Imputed interest at 4.68%	(9,708)	(25,037)	(47,073)
Net obligation under capital lease	**$ 232,304**	**$ 378,317**	**$ 517,623**

13. Tangible capital assets

Cost	Balance at March 31, 2012	Additions	Disposals	Balance at March 31, 2013
Land and land improvements	$ 1,172,682	$ -	$ -	$ 1,172,682
Buildings	110,575,855	3,242,306	-	113,818,161
Furniture and equipment	5,669,829	1,104,216	1,247,962	5,526,083
Computer hardware	2,415,093	1,429,841	666,790	3,178,144
Computer software	1,196,215	476,235	334,769	1,337,681
Library holdings	1,150,347	132,665	100,621	1,182,391
Assets under construction	-	221,936	-	221,936
Total	**$ 122,180,021**	**$ 6,607,199**	**$ 2,350,142**	**$ 126,437,078**

Accumulated amortization	Balance at March 31, 2012	Disposals	Amortization expense	Balance at March 31, 2013
Land	$ -	$ -	$ -	$ -
Buildings and improvements	30,867,183	-	3,772,665	34,639,848
Furniture and equipment	2,715,006	1,247,962	1,107,675	2,574,719
Computer hardware	1,507,368	666,790	621,157	1,461,735
Computer software	738,917	334,769	323,799	727,947
Library holdings	596,381	100,621	132,578	628,338
Assets under construction	-	-	-	-
Total	**$ 36,424,855**	**$ 2,350,142**	**$ 5,957,874**	**$ 40,032,587**

Net Book Value	Balance at March 31, 2012	Balance at March 31, 2013
Land	$ 1,172,682	$ 1,172,682
Buildings and improvements	79,708,672	79,178,313
Furniture and equipment	2,954,823	2,951,364
Computer hardware	907,725	1,716,409
Computer software	457,298	609,734
Library holdings	553,966	554,053
Assets under construction	-	221,936
Total	**$ 85,755,166**	**$ 86,404,491**

Cost	Balance at April 1, 2011	Additions	Disposals	Balance at March 31, 2012
Land	$ 1,172,682	$ -	$ -	$ 1,172,682
Buildings and improvements	109,218,157	1,357,698	-	110,575,855
Furniture and equipment	4,555,017	1,460,548	345,736	5,669,829
Computer hardware	2,598,289	745,991	929,187	2,415,093
Computer software	908,649	336,067	48,501	1,196,215
Library holdings	1,164,311	98,739	112,703	1,150,347
Assets under construction	-	-	-	-
Total	**$ 119,617,105**	**$ 3,999,043**	**$ 1,436,127**	**$ 122,180,021**

Accumulated Amortization	Balance at April 1, 2011	Disposals	Amortization Expense	Balance at March 31, 2012
Land	$ -	$ -	$ -	$ -
Buildings and improvements	28,243,858		2,623,325	30,867,183
Furniture and equipment	2,003,685	345,736	1,057,057	2,715,006
Computer hardware	1,866,988	929,187	569,567	1,507,368
Computer software	500,485	48,501	286,933	738,917
Library holdings	598,986	112,703	110,098	596,381
Assets under construction	-	-	-	-
Total	**$ 33,214,002**	**$ 1,436,127**	**$ 4,646,980**	**$ 36,424,855**

Net Book Value	Balance at April 1, 2011	Balance at March 31, 2012
Land and land improvements	$ 1,172,682	$ 1,172,682
Buildings	80,974,299	79,708,672
Furniture and equipment	2,551,332	2,954,823
Computer hardware	731,301	907,725
Computer software	408,164	457,298
Library holdings	565,325	553,966
Assets under construction	-	-
Total	**$ 86,403,103**	**$ 85,755,166**

14. Financial risk management

The College is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and manages them.

(a) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due. The College establishes budgets and cash flow projections to ensure that it has the necessary funds to meet its obligations as they become due.

(b) Market and interest rate risk

Market risk is the risk that changes in market prices will affect the College's income. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. It is management's opinion that the College is not exposed to excessive levels of market or interest rate risk arising from its financial instruments.

(c) Credit risk

Credit risk is the risk of financial loss to the College if a client of the College or counterparty to a financial instrument fails to meet their contractual obligations. Such risks arise principally from certain financial assets held by the College consisting of cash and cash equivalents, amounts receivable and investments.

The College's exposure to credit risk is influenced mainly by the individual characteristics of its clients, in the event of non-payment of amounts owing. This risk is mitigated by ensuring that the majority of receivables are collected prior to the delivery of programs, by the College's prompt collection processes and by other remedies such as withholding of transcripts in the event of non-payment.

The College accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable.

15. Accumulated surplus

Accumulated surplus consists of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Accumulated operating surplus	$ 37,739,844	$ 38,708,534	$ 35,040,527
Endowments	5,837,294	7,203,636	5,868,535
Amounts restricted for specific purposes	19,641,224	16,982,702	18,731,721
	$ 63,218,362	**$ 62,894,872**	**$ 59,640,783**

16. Endowments

Cumulative endowment contributions are included in accumulated surplus.

Changes to the endowment balances are as follows:

	2013	2012
Balance, beginning of year	$ 7,203,636	$ 5,868,535
Endowment donations	459,749	1,259,922
Transfers to Langara College Foundation	(1,826,089)	-
Other transfers	-	75,179
Balance, end of year	**$ 5,837,296**	**$ 7,203,636**

17. Commitments

The College has entered into operating leases for premises, the minimum annual payments and minimum annual other contractual charges for which are as follows:

Fiscal year	Minimum lease payment	Minimum other charges	Total annual cost
2014	$ 250,000	$ 273,000	$ 523,000
2015	61,000	54,000	115,000
Total operating lease commitments	**$ 311,000**	**$ 327,000**	**$ 638,000**

18. Contractual obligation

On February 25, 2013, the Ministry of Advanced Education, Innovation and Technology advised the College that it could proceed with the construction of a Science and Technology building to be located on the northwest corner of the College campus. This building is forecast to cost $48.9 million, and is to be funded from College reserves. Construction of the building is planned to commence in the fall of 2013 and to be ready for occupancy in early 2016. No contracts have been issued to date with respect to the construction of the building.

19. Langara College Foundation

The Langara College Foundation (the Foundation) was established under the Society Act of British Columbia on February 6, 2013 and has applied for registered charity status with the Canada Revenue Agency. The purpose of the Foundation as stated in its constitution is the solicitation and management of donations and endowments for the purpose of providing awards and grants to students of Langara College and to otherwise further the interests of the College. The Foundation is governed by an independent board of directors, the voting members of which cannot be employees or officers of the College.

The College intends to transfer all endowments, including deferred endowment income in deferred contributions and matching of donations by the College included in accumulated surplus, to the Foundation. These amounts, currently under the management of the College, will be irrevocably transferred to the Foundation as permitted under the Financial Administration Act of the Province of British Columbia. Once transferred, these endowments will no longer be controlled by the College, but instead will be subject to the control and administration of the Foundation. At March 31, 2013, the College has recorded an amount payable to the Foundation of $1,980,555, reflecting a transfer authorized to the Foundation during the year.

20. Expenses by object

	2013	2012
Cost of sales	$ 3,313,756	$ 3,455,860
Amortization of tangible capital assets	5,957,874	4,646,980
Communications	383,806	329,726
Interest on long term debt	468,718	471,282
Fees and contract services	9,229,589	9,164,490
Meetings and travel	2,138,580	1,856,364
Leases and rental	879,292	776,338
Other	911,487	1,445,818
Transfer to Langara College Foundation	1,980,555	-
Salaries and benefits	73,571,220	70,931,297
Student awards	734,186	708,734
Supplies	2,358,772	2,798,618
Utilities	989,687	947,668
	$ 102,917,522	**$ 97,533,175**