

NORTHWEST COMMUNITY COLLEGE
Financial Statements
As at March 31, 2009

McAlpine
& Co. ^{CA}

CHARTERED ACCOUNTANTS


STATEMENT OF MANAGEMENT RESPONSIBILITY

The College is responsible for the presentation of the financial statements and has prepared them in accordance with generally accepted accounting principles prescribed for not-for-profit organizations by the Canadian Institute of Chartered Accountants. These financial statements present fairly the financial position of the College as at March 31, 2009, and the results of its operations and changes in net assets for the year then ended.

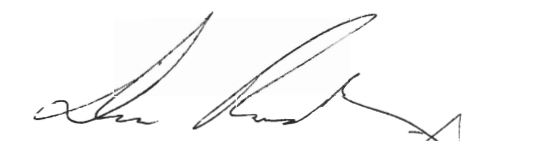
In fulfilling its responsibilities and recognizing the limits inherent in all systems, the College has developed and maintains a system of internal controls designed to provide reasonable assurance that College assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors carries out its responsibility for review of the financial statements. The Board of Governors may meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Board of Governors with and without the presence of Management.

The financial statements for the year ended March 31, 2009 have been reported on by the independent firm of McAlpine & Co. Chartered Accountants. The auditor's report outlines the scope of their examination and provides their opinion on the fairness of presentation of the information on the financial statements.



Stephanie Forsyth
President



Diane Ready
Vice President, Finance, Admin. & HR

AUDITORS' REPORT

To the Board of Governors of Northwest Community College

We have audited the statement of financial position of Northwest Community College as at March 31, 2009 and the statements of operations, changes in fund balances and cash flow for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the College and Institute Act of British Columbia we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Terrace, British Columbia
May 20, 2009

McAlpine & Co.

CHARTERED ACCOUNTANTS

NORTHWEST COMMUNITY COLLEGE

Statement of Financial Position
As at March 31, 2009

				2009	2008
	Operating Fund	Capital Fund	Trust Fund	Total	Total
Assets					
Current assets					
Cash and term deposits	\$ 10,237,157	\$ 100,000	\$ 172,629	\$ 10,509,786	\$ 11,205,438
Accounts receivable - note 3	1,744,752			1,744,752	1,221,562
Inventories	247,020			247,020	240,842
	12,228,929	100,000	172,629	12,501,558	12,667,842
Property, plant and equipment - note 4		20,734,149		20,734,149	21,299,760
Inter-fund balances	(2,579,529)	2,579,529			
	\$ 9,649,400	\$ 23,413,678	\$ 172,629	\$ 33,235,707	\$ 33,967,602
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 1,598,002	\$	\$	\$ 1,598,002	\$ 2,194,742
Accrued termination benefits	624,379			624,379	764,406
Accrued vacation and other payroll benefits	907,547			907,547	936,164
Deferred revenue - note 5	2,387,768			2,387,768	2,210,136
	5,517,696			5,517,696	6,105,448
Deferred contributions - note 6		869,310	172,629	1,041,939	1,457,112
Deferred capital contributions - note 7		16,519,207		16,519,207	17,339,620
	5,517,696	17,388,517	172,629	23,078,842	24,902,180
Net assets					
Unrestricted	3,781,704	219		3,781,923	3,905,282
Internally restricted - note 8	350,000	1,810,000		2,160,000	1,200,000
Invested in property, plant and equipment - note 9		4,214,942		4,214,942	3,960,140
	4,131,704	6,025,161		10,156,865	9,065,422
	\$ 9,649,400	\$ 23,413,678	\$ 172,629	\$ 33,235,707	\$ 33,967,602

Approved By:



Irene Seguin
Chair, Board of Governors



Diane Ready
Vice-President, Finance and Administration

NORTHWEST COMMUNITY COLLEGE

Statement of Operations
For the Year Ended March 31, 2009

				2009	2008
	Operating Fund	Capital Fund	Trust Fund	Total	Total
Revenue					
Contributions					
- Province of British Columbia	\$ 19,953,164	\$ 1,908,768		\$ 21,861,932	\$ 20,617,843
- Federal Government	2,162,201			2,162,201	2,861,685
Tuition and other fees	2,299,384			2,299,384	2,390,932
Contract services and other	3,732,517	202,446	96,749	4,031,712	3,089,380
Ancillary services	1,360,840			1,360,840	1,449,923
Amortization of deferred capital contributions		1,091,564		1,091,564	1,449,101
	29,508,106	3,202,778	96,749	32,807,633	31,858,864
Expenditures					
Personnel	21,680,223			21,680,223	20,659,207
Instructional and service contracts	1,428,893			1,428,893	1,233,248
Supplies	1,217,541			1,217,541	1,080,677
Cost of goods sold	873,786			873,786	882,477
Advertising and promotion	243,360			243,360	249,090
Building and equipment costs	447,627	1,428,071		1,875,698	2,065,690
Building leases	82,095			82,095	57,672
Janitorial	349,955			349,955	291,370
Other	394,138		96,749	490,887	954,871
Telecommunications	360,921			360,921	319,016
Travel	755,322			755,322	805,892
Utilities	686,938			686,938	671,585
Amortization of property, plant and equipment		1,670,571		1,670,571	1,885,448
	28,520,799	3,098,642	96,749	31,716,190	31,156,243
Excess of revenue over expenditures for the year	\$ 987,307	\$ 104,136		\$ 1,091,443	\$ 702,621

NORTHWEST COMMUNITY COLLEGE

Statement of Changes in Fund Balances
For the Year Ended March 31, 2009

	Operating Fund	Capital Fund	Trust Fund	Total 2009
Fund Balances - Beginning of Year	\$ 4,354,397	\$ 4,711,025	\$	\$ 9,065,422
Excess of revenue over expenditures for the year	987,307	104,136		1,091,443
Inter-fund transfers	(1,210,000)	1,210,000		
Fund Balances - End of Year	\$ 4,131,704	\$ 6,025,161	\$	\$ 10,156,865

NORTHWEST COMMUNITY COLLEGE

Statement of Cash Flows
For the Year ended March 31, 2009

	2009	2008
Operating activities:		
Excess of revenue over expenditures for the year	\$ 1,091,443	\$ 702,621
Items not involving cash		
- amortization of property, plant and equipment	1,670,571	1,885,448
- amortization of deferred capital contributions	(1,091,564)	(1,449,101)
- loss on disposal of property, plant and equipment		10,530
Net change in non-cash working capital	(1,294,752)	854,618
Net increase (decrease) in deferred revenue related to expenses of future periods	(237,541)	1,804,263
Cash provided by operations	138,157	3,808,379
Financing and investing activities:		
Deferred capital contributions	271,151	265,237
Purchase of property, plant and equipment	(1,104,960)	(1,453,364)
Cash provided (utilized) by financing and investing activities	(833,809)	(1,188,127)
Net increase (decrease) in cash during the year	(695,652)	2,620,252
Cash - beginning of year	11,205,438	8,585,186
Cash - end of year	\$ 10,509,786	\$ 11,205,438

1. Purpose of the Organization

Northwest Community College is a post-secondary educational institution incorporated under the provisions of the College and Institute Act of British Columbia. The College is funded principally by the provincial government of British Columbia through the Ministry of Advanced Education, Training and Technology. The College is exempt from income tax under the Income Tax Act.

2. Significant Accounting Policies

a) Basis of Presentation

The financial statements of the College have been prepared by management in accordance with Canadian generally accepted accounting principles, which require 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 of estimate include the rate of amortization of property, plant and equipment, the allowance for doubtful accounts receivable, retirement allowance benefits accrual and the timing of recording of contract services revenue. Actual results may differ from these estimates.

b) Fund Accounting

The resources and operations of the College have been segregated for accounting and financial reporting purposes into the following funds:

(i) Operating Fund

The purpose of the Operating Fund is to reflect the operating and administration activities of the College. The operating fund also reflects various ancillary activities of the College including the Bookstore, Cafeteria and Dormitory operations.

(ii) Capital Fund

The purpose of the Capital Fund is to reflect the College's investment in property, plant and equipment, capital maintenance and relating financing.

(iii) Trust Fund

The purpose of the Trust Fund is to reflect the activity of funds held for those specific externally restricted purposes. The majority of the fund is restricted for student scholarships and bursaries.

c) Financial Instruments

The College's financial instruments consist of cash and term deposits, accounts receivable, and accounts 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 fair values of these financial instruments approximate their carrying values, unless otherwise noted.

2. Significant Accounting Policies (continued)

d) Revenue Recognition

(i) Contributions

The College follows the deferral method of accounting for contributions which include mainly government grants. The government grants are accounted for as unrestricted contributions or externally restricted contributions in accordance with the terms of the funding arrangements.

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted non-capital contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Externally restricted contributions for the purchase of property, plant and equipment are deferred and amortized into revenue of the capital fund at a rate corresponding with the amortization rate for the related assets. Contributions restricted for property, plant and equipment that will not be amortized such as land, are recorded as direct increases to net assets of the capital fund in the year the asset is acquired. Donated property, plant and equipment that would otherwise be purchased are accounted for as externally restricted capital contributions, at fair value when fair value can be reasonably estimated. Unamortized deferred capital contributions relating to property, plant and equipment disposed of are recognized as revenue in the year of disposal, provided that all restrictions are complied with.

(ii) Contract Services

Contract services revenues and expenditures are recognized in the operating fund as activities are performed, using the percentage of completion method. The zero profit margin method is used when a contract's financial outcome is not reasonably determinable. This method of accounting requires that equal amounts of revenue and cost be recognized until the financial outcome of a contract can be reasonably estimated. Provision for all anticipated losses is made in the year in which they become evident.

(iii) Tuition Fees

Tuition fees are deferred for the portion of courses held in the next fiscal year.

e) Inventories

Inventories for resale are valued at the lower of cost or net realizable value.

f) Art Collections

Art collections are recorded at cost. Donated art collections are recorded at fair market value when fair value can be reasonably estimated.

2. Significant Accounting Policies (continued)

g) Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis over the assets estimated useful lives at the following rates:

Site improvements	10%
Buildings	
- wood frame	5%
- concrete/steel	2.5%
Furniture and equipment	20%
Computer equipment	25%
Library acquisitions	10%
Landscaping	6.7%

No depreciation is taken in the year of acquisition and a full year's depreciation is taken in the year of disposal.

h) Fund Transfers and Inter-fund Balances

Fund transfers are approved by the College Board. Inter-fund balances owing to the Capital Fund are non-interest bearing with no specific terms of repayment.

3. Accounts Receivable

Accounts receivable are recorded net of allowance for doubtful receivables of \$206,021 (2008 - \$130,198).

4. Property, Plant and Equipment

	Cost	Accumulated depreciation	Net book value	
			2009	2008
Land	\$ 1,623,140	\$	\$ 1,623,140	\$ 1,623,140
Buildings and site improvements	33,511,122	17,348,529	16,162,593	17,273,293
Furniture and equipment	11,112,058	8,947,285	2,164,773	1,698,247
Computer equipment	1,311,905	856,177	455,728	373,135
Library acquisitions	1,323,984	1,026,430	297,554	303,857
	48,882,209	28,178,421	20,703,788	21,271,672
Art collections (note 2f)	30,361		30,361	28,088
	\$ 48,912,570	\$ 28,178,421	\$ 20,734,149	\$ 21,299,760

NORTHWEST COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended March 31, 2009

5. Deferred Revenue

Deferred revenue represents deferred contract services and deferred tuition revenue of the operating fund as described at note 2 (d) (ii) and Note 2 (d) (iii).

Changes in deferred revenue of the operating fund are as follows:

	2009	2008
Balance - Beginning of year	\$ 2,210,136	\$ 930,587
Less amount recognized as revenue in the year	(2,137,304)	(611,127)
Add amount received related to the following year	2,314,936	1,890,676
Balance - End of year	\$ 2,387,768	\$ 2,210,136

6. Deferred Contributions

Deferred contributions represent unspent contributions externally restricted for either capital or non-capital purposes.

	Operating Fund	Capital Fund	Trust Fund	Total 2009	Total 2008
Balance - Beginning of year	\$ NIL	\$ 1,336,946	\$ 120,166	\$ 1,457,112	\$ 932,398
Less amount recognized as revenue in the year		(1,699,220)	(96,749)	(1,795,969)	(186,139)
Add amount received related to the following year		1,231,584	149,212	1,380,796	710,853
Balance - End of year	\$ NIL	\$ 869,310	\$ 172,629	\$ 1,041,939	\$ 1,457,112

NORTHWEST COMMUNITY COLLEGE

Notes to Financial Statements
 Year Ended March 31, 2009

7. Deferred Capital Contributions

Deferred capital contributions represent the unamortized external funding used to purchase property, plant and equipment. Deferred capital contributions are recognized as revenue in future years in the capital fund as the related property, plant and equipment are amortized.

	2009	2008
Balance - Beginning of year	\$ 17,339,620	\$ 18,523,484
Contributions from government grants	271,151	265,237
	<u>17,610,771</u>	<u>18,788,721</u>
Less amounts amortized to revenue	(1,091,564)	(1,449,101)
Balance - End of year	<u>\$ 16,519,207</u>	<u>\$ 17,339,620</u>

8. Internally Restricted Net Assets

Internally restricted net assets comprise net assets restricted by the College Board of Governors for the following purposes:

	2009	2008
Terrace campus longhouse	\$ 1,650,000	\$ 200,000
Terrace campus longhouse artwork	160,000	
Continuing Education contingency	350,000	350,000
Smithers campus renewal/expansion		500,000
Video conferencing equipment		150,000
Balance - End of year	<u>\$ 2,160,000</u>	<u>\$ 1,200,000</u>

NORTHWEST COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended March 31, 2009

9. Net Assets Invested in Property, Plant and Equipment

- a) Net assets invested in property, plant and equipment is calculated as follows:

	2009	2008
Property, plant and equipment, net of accumulated depreciation	\$ 20,734,149	\$ 21,299,760
Amounts funded by:		
Deferred capital contributions	16,519,207	17,339,620
	<u>\$ 4,214,942</u>	<u>\$ 3,960,140</u>

- b) Change in fund balance invested in property, plant and equipment is calculated as follows:

	2009	2008
Deficiency of revenues over expenses:		
Amortization of deferred capital contributions	\$ 1,091,564	\$ 1,449,101
Amortization of property, plant and equipment	(1,670,571)	(1,885,448)
Loss on disposal of property, plant and equipment		(10,530)
	<u>(579,007)</u>	<u>(446,877)</u>
Net change in investment in property, plant and equipment:		
Purchase of property, plant and equipment	1,104,960	1,453,364
Amounts funded by:		
Deferred contributions	(271,151)	(265,237)
	<u>833,809</u>	<u>1,188,127</u>
	<u>\$ 254,802</u>	<u>\$ 741,250</u>

10. 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 approximately 11,000 active contributors from College senior administration and instructional staff and approximately 3,500 retired members. The Municipal Pension Plan has about 150,000 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 unfunded liability to individual employers. Northwest Community College paid \$1,300,000 for employer contributions to the two plans in fiscal 2009, (2008 - \$1,171,548).

NORTHWEST COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended March 31, 2009

11. Commitments and Contingencies

a) Lease Commitments

The College is committed under several lease agreements for the rental of premises, vehicles and office equipment. The future aggregate minimum annual rental under these leases is as follows:

	Premises	Equipment	Total
2010	\$ 76,405	\$ 16,737	\$ 93,142
2011	52,519	5,803	58,322
2012	44,895	1,934	46,829
2013	44,895		44,895
2014	12,706		12,706
	<u>\$ 231,420</u>	<u>\$ 24,474</u>	<u>\$ 255,894</u>

b) Budgetary Commitments

The College Board has committed to spend \$2,365,000 of unrestricted net operating surplus in its 2010 budget deliberations in order to achieve planned 2010 program activity levels.

c) Third Party Claims

The College is involved in certain legal actions, the outcome of which is uncertain at this time. Accordingly, no provision has been made in the accounts for these actions.

12. Funds Held by Vancouver Foundation

The College has endowment funds totaling \$952,665 (2008 - \$656,931) with the Vancouver Foundation. The funds are permanent funds with the Foundation which provide income for scholarships and bursaries at the College. The Funds are not under College ownership or control. The College has recorded its contributions to the Fund as donation expenditures (2009 College contribution of \$304,530). The College earned income of \$24,536, (2008 - \$35,038) from the Funds during the year. The endowment funds with the Vancouver Foundation are as follows:

	2009 Cost	2009 Market Value	2008 Cost
Northwest Community College Endowment Fund	\$ 571,665	\$ 506,963	\$ 473,568
Morice Community Skills Centre Legacy Fund	181,000	143,154	183,363
NWCC School of Exploration and Mining Endowment Fund	200,000	175,886	
	<u>\$ 952,665</u>	<u>\$ 826,003</u>	<u>\$ 656,931</u>