

Northern Lights College FINANCIAL STATEMENTS

For the Year Ended March 31, 2013



CONTENTS

Independent Auditor's Report	Page 1
Statement of Financial Position	Page 3
Statement of Operations and Accumulated Surplus	Page 4
Statement of Change in Net Debt	Page 5
Statement of Cash Flows	Page 6
Notes to the Financial Statements	Page 7

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Independent Auditor's Report

To the Board of Governors of the Northern Lights College and the Minister of Advanced Education of British Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Lights College, which comprise the statement of financial position as at March 31, 2013 and the statements of changes in fund balances, revenue and expenditures and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with section 23.1 of the Budget Transparency and Accountability Act, which requires Canadian public sector accounting standards (PSAS) modified by B.C. Regulation 198/2011, "Restricted Contributions Regulation", 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Lights College as at March 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with section 23.1 of the Budget Transparency and Accountability Act, which requires Canadian public sector accounting standards (PSAS) modified by B.C. Regulation 198/2011, "Restricted Contributions Regulation".

(continues)



Member, Chartered Accountants of British Columbia

* Denotes Professional Corporations

Independent Auditor's Report (continued)**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 2 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. Note 19 to the financial statements discloses the impact of these differences.

Comparative Information

Without modifying our opinion we draw attention to Notes 2 and 3 to the financial statements which describes that Northern Lights College adopted section 23.1 of the Budget Transparency and Accountability Act, which requires Canadian public sector accounting standards (PSAS) modified by B.C. Regulation 198/2011, "Restricted Contributions Regulation", on March 31, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations and accumulated surplus, cash flows and statement of changes in net debt for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information and as such the comparative information has not been audited as to its compliance in accordance with section 23.1 of the Budget Transparency and Accountability Act, which requires Canadian public sector accounting standards (PSAS) modified by B.C. Regulation 198/2011, "Restricted Contributions Regulation".

Dawson Creek, BC
May 13, 2013

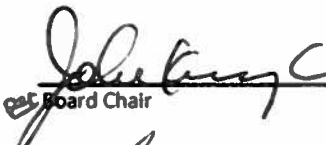
Sander Rose Bone Grindle LLP
Chartered Accountants

**NORTHERN LIGHTS COLLEGE
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013**

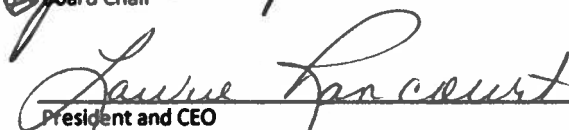
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	<u>2013</u>	<u>2012</u>	<u>April 1, 2011</u>
FINANCIAL ASSETS			
Cash	\$ 5,456,234	\$ 3,155,904	\$ 2,883,855
Accounts receivable (Note 4)	2,087,989	3,293,902	2,811,638
Inventory for resale and other assets held for sale (Note 5)	515,921	320,497	449,345
	<u>8,060,144</u>	<u>6,770,303</u>	<u>6,144,838</u>
LIABILITIES			
Accounts payable and accrued liabilities (Note 6)	4,162,570	2,692,456	2,505,429
Employee future benefits (Note 7)	383,000	378,000	372,000
Deferred revenue (Note 8)	3,246,008	3,474,392	2,241,780
Deferred contributions (Note 9)	87,437	246,063	734,398
Deferred capital contributions (Note 10)	46,337,908	44,360,698	44,809,611
Long term debt (Note 11)	3,875,000	4,038,000	4,197,000
	<u>58,091,923</u>	<u>55,189,609</u>	<u>54,860,218</u>
NET DEBT	<u>(50,031,779)</u>	<u>(48,419,306)</u>	<u>(48,715,380)</u>
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 12)	54,420,278	52,582,444	52,538,124
Prepaid expenses	131,384	278,507	289,751
	<u>54,551,662</u>	<u>52,860,951</u>	<u>52,827,875</u>
ACCUMULATED SURPLUS (Note 14)	<u>\$ 4,519,883</u>	<u>\$ 4,441,645</u>	<u>\$ 4,112,495</u>

See accompanying notes to the financial statements



Board Chair



President and CEO

**NORTHERN LIGHTS COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FISCAL YEAR ENDED MARCH 31, 2013**

4.

	<u>2013</u>	<u>2013</u>	<u>2012</u>
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
		<u>(unaudited)</u>	
REVENUE			
Province of British Columbia grants:			
Ministry of Advanced Education, Innovation and Technology	\$ 19,183,992	\$ 17,831,635	\$ 18,146,980
Industry Training Authority	1,835,335	2,057,240	1,887,595
Ministry of Jobs Tourism and Skills Training	2,349,188	-	171,500
Tuition and student fees	4,268,379	4,950,283	5,060,413
Revenue recognized from deferred capital contributions (Note 10)	2,083,959	2,056,106	2,000,100
Contract services	911,427	1,086,945	1,650,224
Sales of goods and services	2,295,496	2,831,727	2,818,462
Interest	48,646	25,938	30,743
Other	456,870	624,295	406,473
Total Revenue	<u>33,433,292</u>	<u>31,464,169</u>	<u>32,172,490</u>
EXPENDITURES (Note 20)			
Instruction	14,803,693	12,731,484	14,231,424
Academic and Student Support	4,151,858	3,717,936	3,597,687
General Administration	5,944,014	6,135,458	6,270,274
Facility Operations and Maintenance	3,387,555	3,644,622	3,420,393
Ancillary Operations	1,407,367	1,602,532	1,428,048
Amortization	3,660,567	3,632,137	2,895,514
Total Expenditures	<u>33,355,054</u>	<u>31,464,169</u>	<u>31,843,340</u>
ANNUAL SURPLUS	<u>78,238</u>	<u>-</u>	<u>329,150</u>
ACCUMULATED SURPLUS, beginning of year, as previously reported	4,158,387	-	4,112,495
PRIOR PERIOD ADJUSTMENT (Note 15)	<u>283,258</u>	<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS, beginning of year, as restated	<u>4,441,645</u>	<u>-</u>	<u>4,112,495</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 4,519,883</u>	<u>\$ -</u>	<u>\$ 4,441,645</u>

See accompanying notes to the financial statements

**NORTHERN LIGHTS COLLEGE
STATEMENT OF CHANGE IN NET DEBT
FISCAL YEAR ENDED MARCH 31, 2013**

5.

	<u>2013</u>	<u>2012</u>
	<u>Actual</u>	<u>Actual</u>
ANNUAL SURPLUS	\$ 78,238	\$ 329,150
Acquisition of tangible capital assets	(5,498,401)	(2,939,834)
Amortization of tangible capital assets	3,660,567	2,895,514
	<u>(1,759,596)</u>	<u>284,830</u>
Use (acquisition) of prepaids and deposits	<u>147,123</u>	<u>11,244</u>
(INCREASE) DECREASE IN NET DEBT	(1,612,473)	296,074
NET DEBT, beginning of year	<u>(48,419,306)</u>	<u>(48,715,380)</u>
NET DEBT, end of year	<u>\$ (50,031,779)</u>	<u>\$ (48,419,306)</u>

See accompanying notes to the financial statements

**NORTHERN LIGHTS COLLEGE
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED MARCH 31, 2013**

6.

	<u>2013</u>	<u>2012</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 78,238	\$ 329,150
Non-cash items:		
Amortization of tangible capital assets	3,660,567	2,895,514
Revenue recognized from deferred capital contributions	(2,083,959)	(2,000,100)
Decrease (increase) in receivables	1,205,913	(482,264)
(Increase) decrease in inventory	(195,424)	128,848
Increase in prepaids and deposits	147,123	11,244
Increase in payables and accruals	1,475,114	193,027
(Decrease) Increase in deferred revenue	(228,384)	1,232,612
	<u>4,059,188</u>	<u>2,308,031</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(5,498,401)	(2,939,834)
Deferred contributions, net increase	3,902,543	1,062,852
	<u>(1,595,858)</u>	<u>(1,876,982)</u>
FINANCING ACTIVITIES		
Paydown on long term debt	(163,000)	(159,000)
	<u>(163,000)</u>	<u>(159,000)</u>
INCREASE IN CASH	2,300,330	272,049
CASH, beginning of year	3,155,904	2,883,855
CASH, end of year	\$ 5,456,234	\$ 3,155,904

**Supplementary cash flow information (Note 16)
See accompanying notes to the financial statements**

1. PURPOSE OF ORGANIZATION

Northern Lights College is an educational, cultural, social and recreational resource for the students and communities it serves. It has special responsibility for leadership in the development, promotion and delivery of education to the people of the northern region of British Columbia. In a fiscally responsible manner, the multi-campus structure of Northern Lights College provides accessible learning opportunities within an extensive geographical environment. The College is responsive to the interests, aspirations, and needs of individuals, businesses and communities in a wide variety of ever changing social and economic conditions.

Northern Lights College is incorporated under the College and Institute Act of British Columbia and is exempt from income tax under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Previous year amounts have been restated to conform to the current year's presentation.

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, which requires Canadian Public Sector Accounting Standards modified by B.C. Regulation 198/2011, "Restricted Contributions Regulation" set out in Note 2(d).

In 2010, directive was provided by the Province of British Columbia Treasury Board (Treasury Board) through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sector to adopt Public Sector Accounting Board (PSAB) standards of the Canadian Institute of Chartered Accountants (CICA) without any PS4200 elections from their first fiscal year commencing after January 1, 2012.

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the Northern Lights College before or after this regulation was in effect. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Note 2 (d).

b) Financial Instruments

Accounts receivables are measured at amortized cost using the effective interest method; Accounts payables and accrued liabilities are measured at amortized cost using the effective interest method.

c) Use of estimates

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. In preparing these financial statements management has made estimates and assumptions that affect the amount reported. Significant estimates include assumptions made to establish the useful life of tangible capital assets. Actual results could differ from those estimates.

d) Revenue Recognition

The College follows the deferral method of accounting for revenues. Revenue is recognized when services are performed.

Externally and internally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to deferred capital contributions in the period the asset is acquired.

Contributions for capital assets that will not be amortized, such as land, are not transferred to deferred capital contributions or recognized as revenue, but are recorded as direct increases in net assets in the period the assets are acquired.

Deferred capital contributions are recognized as revenue in the period in which the related capital assets are amortized. Deferred capital contributions relating to capital assets disposed of are recognized as revenue in the period of disposal if all restrictions have been complied with.

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

e) Cash and Cash Equivalents

Cash and cash equivalents includes all bank accounts and does not include investments, none of the College's cash has been restricted for use.

f) Fund Accounting

To provide information on the limitations and restrictions placed on the use of resources available to the College, these resources are classified for accounting and reporting purposes into funds according to the activities or objectives specified.

These funds are:

Operating Fund

The operating fund reflects revenues and expenses relating to base-funded ongoing program delivery and administration activities.

Capital Fund

The capital fund reflects the College's investment in capital assets, related financing activities and revenues and expenses relating to capital assets.

g) Inventory for Resale and Other Assets Held for Sale

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

Assets held for sale are expected to be sold within one year. They are valued at the lower of cost or expected net realizable value.

h) 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) Prepaid Expenses

Prepaid expenses consist of prepaid insurance and other operating expenses. All amounts will be expended in the following year.

ii) 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. Interest is not capitalized whenever external debt is used to finance the construction of tangible capital assets. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the useful life of the assets. Amortization is not taken in the year of acquisition and a full year's amortization is taken in the year of disposal. Land is not amortized as it is deemed to have a permanent value.

ii) Tangible Capital Assets (continued)

Amortization is provided as follows (in years):

Buildings - wood frame (20)	Library books (10)
Buildings - concrete/steel frame (40)	Leasehold improvements (Life of lease)
Furniture and equipment (5)	Site improvements (10)
Computer equipment (3)	Heavy Equipment (5)
Computer software (3)	

Assets under construction are not amortized until the asset is available for productive use. Works of art and historic assets are not recorded as assets in these financial statements.

i) Budget Figures

Budget figures have been provided for comparative purposes and have been derived from the Operating Budget presented to the Board of Governors of the Northern Lights College on April 11, 2012. The budget is reflected in the Statement of Operations and Accumulated Surplus.

Budget figures have not been audited, and are presented only for information purposes.

3. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK

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

The impact of the adoption to this financial reporting framework on accumulated surplus (deficit) 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.

Key adjustments on the Northern Lights College's financial statements resulting from the adoption of these accounting standards are as follows:

a) Art work previously recorded by Northern Lights College does not meet the definition described in PS 3150.08 and has been reclassified as office furniture. The resulting adjustment to the deferred capital contributions at April 1, 2011 was \$1,225, and tangible capital assets were \$1,345. An additional expense of \$2,998 and additional revenue of \$2,195 was recognized in the 2012 fiscal year. The liability for deferred capital contributions recorded at March 31, 2012 was decreased by \$3,420 and the non financial asset for tangible capital assets recorded at March 31, 2012 was decreased by \$4,343 related to the change in the amortization period.

3. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (continued)

b) Under PS Handbook Section PS3255 a different discount rate is used to value post employment benefits than under CICA Handbook Section 3462. The resulting adjustment to the liability for employee future benefits at April 1, 2011 was \$52,000. An additional expense of \$1,000 was recognized in the 2012 fiscal year. The liability for employee future benefits recorded at March 31, 2012 was increased by \$53,000 related to the change in discount rates.

c) Previously Northern Lights College was not required to record an accrued benefit obligation related to sick leave benefits as the benefits do not vest. Canadian Public Sector Accounting standards require that a liability and an expense be recognized for post employment benefits and compensated absences that vest or accumulate in the period in which employees render services to Northern Lights College in return for the benefits. An adjustment was made to recognize a liability and an expense related to accumulated sick leave entitlement. The resulting adjustment to the liability for employee future benefits at April 1, 2011 was \$11,000. There was no additional expense recognized in the 2012 fiscal year. The liability for employee future benefits recorded at March 31, 2012 was increased by \$11,000 related to the accrual for accumulated sick leave entitlement, determined by an actuarial valuation.

4. RECEIVABLES

	<u>2013</u>	<u>2012</u>
Receivables		
Student	\$ 600,255	\$ 493,769
Trade	826,983	1,992,287
Capital	486,909	837,841
Student support	-	-
Other	<u>436,408</u>	<u>188,837</u>
	2,350,555	3,512,734
Less: allowance for doubtful accounts	<u>(262,566)</u>	<u>(218,832)</u>
	<u>\$ 2,087,989</u>	<u>\$ 3,293,902</u>

Capital receivables includes funding from the Federal Government for the installation of the simulated well site in Fort St. John, this year totaling \$214,909 (2012-\$690,819); and the training tower in Dawson Creek, this year totaling \$225,000.

5. INVENTORY FOR RESALE AND OTHER ASSETS HELD FOR SALE

	<u>2013</u>	<u>2012</u>
Inventories for resale	\$ 298,204	\$ 317,989
Other assets held for sale	<u>217,717</u>	<u>2,508</u>
	<u>\$ 515,921</u>	<u>\$ 320,497</u>

Other assets held for sale comprises of the residential construction home.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
Trade - Provincial and regional governments	\$ 18,529	\$ 14,278
- General	3,065,319	1,256,189
Payroll	507,904	857,272
Overtime	37,816	39,686
Vacation	<u>533,002</u>	<u>525,031</u>
	<u>\$ 4,162,570</u>	<u>\$ 2,692,456</u>

7. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusteed pension plans. The boards of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. The Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

7. EMPLOYEE FUTURE BENEFITS (continued)

The most recent actuarial valuation 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 Northern Lights College paid \$1,204,493 for employer contributions to the plan in the fiscal year ended March 31, 2013.

b) Accumulated sick leave benefit and other retirement benefit arrangements liability

Employees of Northern Lights College are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Sick leave credits accumulate for employees of Northern Lights College. As they render services, they earn the right to the sick leave benefits. Northern Lights College recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits. Retirement benefit payments represent the Northern Lights College share of the cost to provide employees with various benefits upon retirement. The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation completed in March 2010.

	Sick leave	Retirement Benefits Payments	2013 Total	2012
Accrued benefits obligation	<u>\$ 12,000</u>	<u>\$ 371,000</u>	<u>\$ 383,000</u>	<u>\$ 378,000</u>

8. DEFERRED REVENUE

	<u>2013</u>	<u>2012</u>
Tuition	\$ 955,174	\$ 856,209
Other	<u>2,290,834</u>	<u>2,618,183</u>
	<u>\$ 3,246,008</u>	<u>\$ 3,474,392</u>

Deferred tuition relates to tuition fees that have not yet been earned. Other deferred revenue relates to continuous learning programs and other student fees.

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent externally restricted contributions that will be used in future years. Changes in deferred contributions are as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 246,063	\$ 734,398
Funds received:		
Provincial and Federal capital grants	3,239,286	424,965
Other capital and fundraising grants	355,272	188,344
Funds used:		
Capital purchases	(3,380,708)	(629,177)
Maintenance and related expenses	<u>(372,476)</u>	<u>(472,467)</u>
Balance, end of year	<u>\$ 87,437</u>	<u>\$ 246,063</u>

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the portion of externally restricted contributions used to acquire capital assets that will be recognized as revenue in future periods over the remaining useful life of the assets. Changes in deferred capital contributions are as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 44,360,698	\$ 44,809,611
Current year's acquisitions funded by provincial capital contributions	3,404,731	1,340,743
Current year's acquisitions funded by other capital contributions	656,438	210,444
Revenue recognized from deferred capital contributions	<u>(2,083,959)</u>	<u>(2,000,100)</u>
Balance, end of year	<u>\$ 46,337,908</u>	<u>\$ 44,360,698</u>

11. LONG TERM DEBT

In August 1999, the Ministry of Advanced Education, Training and Technology approved the request of Northern Lights College to obtain financing of up to \$4.5 million to construct the new student residence at its Dawson Creek Campus. This approval was in accordance with section 34(1) of the Colleges and Institute Act.

In September 1999, the Northern Lights College obtained a construction loan with the Royal Bank of Canada for a total commitment of \$4.5 million subject to draws based on the project monitor certificates. The construction loan of \$4.3 million was converted into a 10-year promissory note on May 31, 2000 with a fixed interest rate of 6.79%. Repayment of principal and interest will be \$32,557 per month from July 1, 2000 to June 1, 2010, for an annual commitment of \$390,684 for 10 years.

On June 1, 2010 the promissory note was increased to \$4.3 million and converted into a non-revolving term facility, by way of a five year fixed Bankers' Acceptance Loan. This is repayable by consecutive blended monthly payments of \$13,000 principle plus 3.75% per annum interest.

Principal and interest payments due within the next five years, assuming no change in any of the terms, are as follows:

	Principal	Interest	Total
2014	170,000	141,898	311,898
2015	174,000	135,432	309,432
2016	3,531,000	32,735	3,563,735

In accordance with the approval of the Ministry of Advanced Education, Training and Technology, the new student residence will be self-supporting with no impact on provincial debt.

12. TANGIBLE CAPITAL ASETS

Cost	Balance at March 31, 2012	Additions	Disposals	Balance at March 31, 2013
Land	\$ 568,977	\$ -	\$ -	\$ 568,977
Buildings - wood	18,438,836	-	-	18,438,836
Buildings - concrete	49,170,260	1,597,906	-	50,768,166
Furniture and equipment	15,189,071	3,322,141	3,250	18,507,962
Heavy equipment	124,214	-	-	124,214
Computer equipment	3,122,633	208,590	-	3,331,223
Computer software	1,106,502	9,748	-	1,116,250
Site improvements	2,767,528	-	-	2,767,528
Books and media	417,199	-	-	417,199
Leasehold improvements	710,284	-	-	710,284
Work in progress	966,442	360,016	-	1,326,458
Total	\$ 92,581,946	\$ 5,498,401	\$ 3,250	\$ 98,077,097

Accumulated Amortization	Balance at March 31, 2012	Disposals	Amortization Expense	Balance at March 31, 2013
Land	\$ -	\$ -	\$ -	\$ -
Buildings - wood	9,472,867	-	777,842	10,250,709
Buildings - concrete	11,352,116	-	1,322,438	12,674,554
Furniture and equipment	13,536,518	(3,250)	665,273	14,198,541
Heavy equipment	74,528	-	24,843	99,371
Computer equipment	1,736,231	-	469,057	2,205,288
Computer software	38,321	-	368,834	407,155
Site improvements	2,767,528	-	-	2,767,528
Books and media	365,125	-	5,272	370,397
Leasehold improvements	656,268	-	27,008	683,276
Work in progress	-	-	-	-
Total	\$ 39,999,502	\$ (3,250)	\$ 3,660,567	\$ 43,656,819

12. TANGIBLE CAPITAL ASSETS (continued)

Net Book Value	2013	2012
Land	\$ 568,977	\$ 568,977
Buildings - wood	8,188,127	8,965,969
Buildings - concrete	38,093,612	37,818,144
Furniture and equipment	4,309,421	1,652,553
Heavy equipment	24,843	49,686
Computer equipment	1,125,935	1,386,402
Computer software	709,095	1,068,181
Site improvements	-	-
Books and media	46,802	52,074
Leasehold improvements	27,008	54,016
Work in progress	1,326,458	966,442
Total	\$ 54,420,278	\$ 52,582,444

During the fiscal year Northern Lights College received the following contributed tangible capital assets, Oil Rig 62 (\$240,000), transportation of the oil rig (\$159,151), and 2 simulation truck seats (\$2,848).

There were no write downs of tangible capital assets in the current year.

13. FINANCIAL RISK MANGEMENT

Northern Lights College has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Governors ensures that Northern Lights College has identified its major risks and ensures that management monitors and controls them.

a) Credit risk

Credit risk is the risk of financial loss to Northern Lights College if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risk arises principally from certain financial assets held by Northern Lights College consisting of cash and accounts receivables.

13. FINANCIAL RISK MANGEMENT (continued)

Northern Lights College manages it credit risks by not having short-term investments and reviewing accounts receivables and performing collections on a regular basis.

Maximum exposure to credit risk of Northern Lights College is the carrying value of cash and accounts receivables on the Statement of Financial Position.

b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect Northern Lights College's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Northern Lights College manages its market risk by choosing a fixed rate over a five year term on long term debt. It is management's opinion that Northern Lights College is not exposed to significant market or interest rate risk arising from its financial instruments.

c) Liquidity risk

Liquidity risk is the risk that Northern Lights College will not be able to meet its financial obligations as they become due.

Northern Lights College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Northern Lights College's reputation.

It is management's opinion that Northern Lights College is not exposed to significant liquidity risk arising from its financial instruments.

14. ACCUMULATED SURPLUS

	<u>2013</u>	<u>2012</u>
Operating Fund	\$ 312,513	\$ 257,899
Capital Fund	<u>4,207,370</u>	<u>4,183,746</u>
	<u>\$ 4,519,883</u>	<u>\$ 4,441,645</u>

15. PRIOR PERIOD ADJUSTMENT

The Northern Lights College has restated its financial statements due to a utility bill adjustment from prior years. The effect of the restatement is a decrease in accounts payable and accrued liabilities, and facilities operations and maintenance expense, and an increase in annual surplus.

16. INTEREST PAID

During the year the College had cash flow arising from interest paid as follows:

	<u>2013</u>	<u>2012</u>
Interest Paid	<u>\$ 148,521</u>	<u>\$ 153,920</u>

17. INVESTMENT

On May 5, 2010 Northern Lights College acquired, through donation, 500,000 non-par value common share of Canadian Timber Towers Corporation. The basis of valuation being used is the cost method. It is not possible to estimate the fair market value of these shares at this time.

18. CONTINGENT LIABILITIES

Northern Lights College is involved in various claims and or lawsuits from the ordinary course of business. Although the outcome of such matters cannot be predicted with certainty, management does not consider the possible results to have a material effect on the College's financial statements.

19. IMPACT OF ACCOUNTING FOR GOVERNMENT TRANSFERS IN ACCORDANCE WITH SECTION 23.1 OF THE BUDGET TRANSPARENCY AND ACCOUNTABILITY ACT

As noted in the significant accounting policies note 2(a), Section 23.1 of the Budget Transparency and Accountability Act and Restricted Contributions Regulation 198/2011 require Northern Lights College to recognize government transfers for capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian Public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the financial statements of Northern Lights College is as follows:

April 1, 2011 – increase in accumulated surplus by \$37,612,373, a decrease in deferred revenue by \$387,869, deferred contributions by \$176,907, and deferred capital contributions by \$37,047,597.

March 31, 2012 – increase in accumulated surplus by \$45,677,175, a decrease in deferred revenue by \$1,070,414, deferred contributions by \$246,063, and deferred capital contributions by \$44,360,698.

March 31, 2013 – increase in accumulated surplus by \$47,214,710, a decrease in deferred revenue by \$1,253,546, deferred contributions by \$87,438, and deferred capital contributions by \$45,873,726.

20. SEGMENTED INFORMATION

Segmented information has been identified based upon functional lines of service provided by the Institution. Institution services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain functional lines that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Instruction

This function includes expenses related to all direct educational delivery within the institution. This would include credit and non-credit courses, diploma and certificate programs, continuing education, contract training, and trades training. Costs associated with this function include contract expenses; Deans and Chairs; and instructional administration (general and financial), support staff and support costs related to these activities.

Academic and Student Support

This function includes activities that directly support the academic functions of the institution as well as centralized functions that support individual students or group of students. These include; function related contracts; curriculum and program development; libraries; student service administration; student recruitment; records and admissions (registrar); recreation; financial aid; scholarships and bursaries; and any other centralized general and financial administration and support costs related to these activities.

20. SEGMENTED INFORMATION (continued)

General Administration

This function includes activities that support the institution as a whole, such as; executive management, Board of Governors, public relations, corporate finance, human resources, information technology, and any other centralized institution-wide general administrative activities.

Facility Operations and Maintenance

This function includes; the operations and maintenance of physical plant and equipment for all institutional activities; utilities; facilities administration; custodial services; grounds keeping; major repairs and renovations; and security services.

Amortization

This function includes all capital asset amortization expenses of the institution.

Ancillary Operations

This function includes business activities generally outside of instruction that provides goods and services to students, staff or others external to the organization. These include but are not limited to; food services, student residences, daycare and bookstores. Costs associated with this function include function related contracts and general and financial administration and support costs.

NOTE 20 SEGMENTED INFORMATION (CONTINUED)

	2012		2013		Academic and Student Support	General Administration	Facilities	Amortization	Ancillary Operations
	Total	Total	Instruction						
REVENUE									
Province of British Columbia grants	20,206,075	23,368,515	22,327,538	561,501	-	443,734	-	35,742	
Tuition and student fees	5,060,413	4,268,379	3,623,168	607,694	37,517	-	-	-	
Revenue recognized from deferred capital contributions	2,000,100	2,083,959	-	-	-	-	2,083,959	-	
Contract services	1,650,224	911,427	866,405	45,022	-	-	-	-	
Sales of goods and services	2,818,462	2,295,496	132,529	126,031	1,788	129,788	-	1,905,360	
Interest	30,743	48,646	-	-	48,646	-	-	-	
Other	406,473	456,870	410,124	9,099	21,653	13,892	-	2,102	
	<u>32,172,490</u>	<u>33,433,292</u>	<u>27,359,764</u>	<u>1,349,347</u>	<u>109,604</u>	<u>587,414</u>	<u>2,083,959</u>	<u>1,943,204</u>	
EXPENSES									
Salaries and benefits	19,687,216	18,520,095	10,584,750	2,955,938	2,955,587	1,544,899	-	478,921	
Supplies	1,227,061	1,312,606	1,054,174	87,547	56,258	23,442	-	91,185	
Contract fees	1,956,924	3,300,581	2,243,412	542,538	459,118	55,513	-	-	
Amortization	2,895,514	3,660,567	-	-	-	-	3,660,567	-	
Utilities	699,803	742,384	-	-	732	637,802	-	103,850	
Book purchases	661,015	682,197	76,364	-	7,132	-	-	598,701	
Building maintenance	772,311	665,152	28,372	-	-	537,644	-	99,136	
Publicity	350,983	439,523	50,068	89,643	299,371	426	-	15	
Training	264,834	231,499	52,041	21	179,368	69	-	-	
Course program and development	70,436	37,119	32,288	4,831	-	-	-	-	
Ownership linkage	7,352	1,193	-	-	1,193	-	-	-	
Travel - in region	183,749	414,839	318,941	40,712	41,995	12,846	-	345	
Conferences and meetings	33,509	47,063	4,808	9,688	31,310	1,257	-	-	
Membership fees	248,979	159,540	45,359	19,143	93,855	382	-	801	
Janitorial services	137,773	156,307	-	-	-	143,630	-	12,677	
Interest expense	153,920	148,521	-	-	148,521	-	-	-	
Travel - out of region	234,954	265,816	82,088	72,271	104,676	6,281	-	500	
Telephone, fax and internet	237,198	256,819	38,277	4,983	195,704	13,655	-	4,200	
Photocopy	171,880	138,278	-	-	138,278	-	-	-	
Space rental	227,263	208,125	18,564	69,766	-	119,795	-	-	
Bursaries	259,124	267,555	1,054	158,472	108,029	-	-	-	
Vehicle operations	125,336	115,748	29,707	-	86	85,955	-	-	
Equipment maintenance	61,320	119,055	71,392	-	-	40,143	-	7,520	
Computer maintenance	132,492	196,271	16,907	-	179,364	-	-	-	
Computer lease	411,084	517,991	-	-	517,991	-	-	-	
Insurance	71,205	64,548	12	1,365	2,005	61,166	-	-	
Grounds maintenance	96,415	96,972	-	-	50	96,819	-	103	
Relocation expenses	123,907	129,387	-	-	129,387	-	-	-	
Legal fees	19,473	47,228	4,850	1,401	40,977	-	-	-	
Courier and postage	93,251	86,499	33,767	2,581	41,322	2,978	-	5,851	
Periodicals	78,852	80,574	925	78,620	-	1,029	-	-	
Equipment rental	19,889	12,815	5,412	-	2,472	1,629	-	3,302	
Audit fees	30,812	28,123	-	3,515	24,608	-	-	-	
Recreation	23,960	14,836	4,253	8,173	2,410	-	-	-	
Bad debts	-	108,756	-	-	108,756	-	-	-	
Bank and credit card fees	73,546	80,472	5,908	650	73,459	195	-	260	
	<u>31,843,340</u>	<u>33,355,054</u>	<u>14,803,693</u>	<u>4,151,858</u>	<u>5,944,014</u>	<u>3,387,555</u>	<u>3,660,567</u>	<u>1,407,367</u>	
ANNUAL SURPLUS (DEFICIT)	<u>329,150</u>	<u>78,238</u>	<u>12,556,071</u>	<u>(2,802,511)</u>	<u>(5,834,410)</u>	<u>(2,800,141)</u>	<u>(1,576,608)</u>	<u>535,837</u>	