

**NORTHERN LAKES COLLEGE**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009**

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



## Auditor's Report

To the Board of Governors of Northern Lakes College

I have audited the consolidated statement of financial position of Northern Lakes College (the College) as at June 30, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
October 27, 2009

**NORTHERN LAKES COLLEGE**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at June 30, 2009**

	2009	2008
<b><u>ASSETS</u></b>		
Current:		
Cash and short term investments (Note 6)	\$ 4,855,825	\$ 8,356,520
Accounts receivable (Note 3)	1,920,120	936,273
Inventories (Note 4)	475,501	337,172
Prepaid expenses	184,900	55,691
	7,436,346	9,685,656
Non-current cash (Note 5)	245,054	793,730
Investments (Note 6)	8,991,328	4,296,562
Capital assets (Note 7)	31,790,022	29,300,559
	\$48,462,750	\$44,076,507
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current:		
Accounts payable and accrued liabilities	\$ 3,299,336	\$ 2,419,236
Accrued vacation pay	2,157,402	2,119,077
Unearned revenue (Note 8)	2,400	2,673
Deferred contributions (Note 9)	4,008,436	3,711,014
Deferred capital contributions (Note 10)	427,433	427,433
Security deposits held	37,502	39,237
Equipment loan (Note 11)	-	26,408
	9,932,509	8,745,078
Unamortized deferred capital contributions (Note 12)	25,264,512	23,518,761
	35,197,021	32,263,839
Net assets:		
Accumulated net unrealized gains on investments	56,432	39,022
Unrestricted net assets	4,185,337	3,564,172
Invested in capital assets	6,525,511	5,781,798
Internally restricted net assets (Note 13)	1,012,192	1,012,442
Endowments	1,486,257	1,415,234
	13,265,729	11,812,668
	\$48,462,750	\$44,076,507

The accompanying notes are an integral part of these consolidated financial statements.

**NORTHERN LAKES COLLEGE**

**CONSOLIDATED STATEMENT OF OPERATIONS**

**YEAR ENDED JUNE 30, 2009**

	2009		2008
	Budget (Note 24)	Actual	Actual
<b>Revenue:</b>			
Grants and provincial government contributions (Note 14)	\$ 26,292,498	\$ 28,458,618	\$ 25,886,392
Tuition and related fees	4,998,485	4,906,796	4,196,419
Sales, rentals and services (Note 15)	1,670,168	1,775,595	1,560,972
Contract programs	1,000	245,204	585,679
Investment income (Note 16)	406,400	322,286	542,771
Donations and contributions	76,560	135,844	228,474
Miscellaneous	30,000	11,459	2,322
Amortization of deferred capital contributions (Note 12)	1,300,000	1,384,543	1,353,587
	<u>34,775,111</u>	<u>37,240,345</u>	<u>34,356,616</u>
<b>Expense (Note 17):</b>			
Salaries, wages and benefits (Note 18)	21,514,754	22,002,719	19,960,565
Supplies and services (Note 20)	7,642,337	8,368,575	8,152,213
Amortization	2,107,000	2,013,037	2,038,181
Utilities	1,221,385	1,059,009	940,414
Cost of goods sold	626,800	779,429	683,371
Travel	834,580	769,692	734,050
Facilities rental	451,750	460,946	414,172
Repairs and maintenance	301,260	327,509	379,694
Scholarships and bursaries	80,245	93,666	59,398
Loss (gain) on disposal of capital assets	(5,000)	885	(1,057)
	<u>34,775,111</u>	<u>35,875,467</u>	<u>33,361,001</u>
Excess of revenue over expense	<u>\$ -</u>	<u>\$ 1,364,878</u>	<u>\$ 995,615</u>

NORTHERN LAKES COLLEGE

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2009

	2009				2008
	Accumulated Net Unrealized Gain on Investments	Internally Restricted Net Assets (Note 13)	Invested in Capital Assets	Unrestricted	Total
Endowments					Total
Excess of revenue over expense	\$ -	\$ -	\$ -	\$ 1,364,878	\$ 995,615
External endowment contributions	71,023	-	-	-	71,023
Transfers for:					
Internally restricted funds used	-	(250)	-	-	(250)
Increase in net unrealized gains on investments	17,410	-	-	-	17,410
Acquisition of internally funded capital assets	-	-	1,419,044	(1,419,044)	-
Disposal of internally funded capital assets	-	-	(46,837)	46,837	-
Amortization of internally funded capital assets	-	-	(628,494)	628,494	-
increase (decrease) in net assets	71,023	(250)	743,713	621,165	959,096
Net assets, beginning of year	1,415,234	1,012,442	5,781,798	3,564,172	10,853,572
Net assets, end of year	\$ 1,486,257	\$ 1,012,192	\$ 6,525,511	\$ 4,185,337	\$ 11,812,668

# NORTHERN LAKES COLLEGE

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2009

	2009	2008
Cash generated from (used by):		
Operating activities:		
Excess of revenue over expense	\$ 1,364,878	\$ 995,615
Non-cash transactions		
Amortization of deferred capital contributions	(1,384,543)	(1,353,587)
Amortization of capital assets	2,013,037	2,038,181
Loss (gain) on disposal of capital assets	885	(1,057)
	1,994,257	1,679,152
Changes in non-cash working capital (Note 19)	(37,546)	710,702
	1,956,711	2,389,854
Investing activities:		
Net sales (purchases) of investments	(4,677,353)	112,782
Net decrease in non-current cash	548,676	433,927
Acquisition of capital assets	(4,550,358)	(1,443,813)
Proceeds on disposal of capital assets	45,951	25,183
	(8,633,084)	(871,921)
Financing activities:		
Equipment loan	(26,408)	(35,224)
Internally restricted funds used	(250)	-
Endowment contributions	71,023	-
Capital contributions received (Note 10)	3,131,313	672,353
	3,175,678	637,129
(Decrease) increase in cash	(3,500,695)	2,155,062
Cash and short-term investments at beginning of year	8,356,520	6,201,458
Cash and short-term investments at end of year	\$ 4,855,825	\$ 8,356,520

NORTHERN LAKES COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

**Note 1 Authority and Purpose**

Northern Lakes College (the "College") was established as a public college on May 14, 1997 by the Lieutenant Governor in Council. The College operates under the authority of the *Post-Secondary Learning Act, Chapter P-19.5, Statutes of Alberta, 2003*. The College is a registered charity and is exempt from the payment of income taxes under section 149 of the Income Tax Act.

Serving primarily communities in north central Alberta, the College provides quality educational programs and services which enable adults to continue their education, to improve their employment opportunities, and to enhance their quality of life. The College accomplishes its mission and mandate for services through: direct and distance delivered programs and courses; numerous credit and non-credit offerings; brokerage and collaborative arrangements; partnerships with business, industry, institutions and agencies; a structured network of community involvement in needs definition, student and staff selection, and assessment of College effectiveness; and use of technology to provide affordable and accessible programs and services to a wide geographic area.

**Note 2 Significant Accounting Policies and Reporting Practices**

(a) Basis of Presentation and Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the College and the Council of Community Education Committees Society of Northern Lakes College (the "CCEC"). CCEC is a registered charitable organization for income tax purposes.

The CCEC acts as a partner with the College reviewing, monitoring and advising on college service priorities in addition to operating and managing numerous programs and courses. The CCEC is made up of 24 education committees representing numerous community agencies and organizations in north central Alberta.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(b) Capital Disclosure

Effective July 1, 2008 the College adopted CICA Handbook Section 1535, Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

The College defines its capital as the amounts included in deferred contributions (note 9), deferred capital contributions (note 10), endowment net assets and unrestricted net assets.

Northern Lakes College's objective for managing capital is:

- In the short-term to safeguard the College's financial ability to continue to deliver post-secondary educational services; and
- In the long-term, to plan and to build sufficient physical capacity to meet future needs for post-secondary educational services.

Capital is managed in a variety of ways. A significant portion of the College's capital is externally restricted and the College's unrestricted capital is funded primarily by management practices that lead to a yearly surplus. The College has an investment policy (note 6) to limit risk and provide external expertise. Under the Post-Secondary Learning Act, the College must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings.

(c) Revenue Recognition

(i) Unrestricted Contributions

Unrestricted operating grants and contributions are recognized as revenue in the period when receivable.

(ii) Restricted Contributions

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

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases in net assets.

Externally restricted contributions for endowment purposes are not recognized as revenue, but are recorded as direct increases in net assets.

(iii) Investment Income

Unrestricted investment income is recognized in the year it is earned.

Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the period the related expenses are incurred.

(iv) Donations

Donations and contributions in-kind are recorded at fair value when such value can reasonably be determined.

(v) Program Delivery

Revenue from tuition fees, education contract programs and sale of goods and services is recognized as revenue in the period in which the goods are delivered or the services are provided.

Revenue from long-term education contracts is determined on the percentage of completion method. Provision is made for all anticipated losses as soon as they become evident.

(d) Inventories

Inventories for resale are valued at the lower of cost or net realizable value, with cost determined on a moving average basis.

(e) Capital Assets and Collections

Capital assets are recorded at cost, except donated assets which are recorded at fair value, when fair value is reasonably determinable.

Capital assets, except projects in progress which are amortized upon completion, are amortized on a straight-line basis over the following estimated average useful lives:

Buildings and site improvements	10 - 40 years
Telecommunications equipment	5 - 10 years
Furniture and equipment	5 - 10 years
Heavy equipment	5 - 10 years
Vehicles	5 years
Library holdings	2 - 10 years
Curriculum development	5 years
Computer equipment and software	5 years

Leasehold improvements are amortized over the remaining term of the lease.

Museum Collections are recorded at cost and are not amortized.

(f) Employee Future Benefits

The College participates in the Province of Alberta's Public Service and the Management Employees Pension Plans. These pension plans are multi-employer defined benefit plans that provide pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the Public Service and the Management Employees Pension Plans. The College's portion of the pension plans' deficit or surplus is not recorded by the College.

(g) Financial Instruments

The fair values of the College's cash and short term investments, accounts receivable, accounts payable, accrued liabilities, and accrued liabilities and security deposits approximate their carrying values due to the relatively short period to maturity of these instruments and are valued in accordance with the methods as described in Note 2 (b).

Northern Lakes College does not use hedge accounting and does not apply the standards for embedded derivatives (elements of contracts whose cash flows move independently from the host contract) in non-financial contracts.

Financial assets classified as available-for-sale are measured at fair value with changes in fair values recognized in the Consolidated Statement of Changes in Net Assets until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations.

Upon implementation of the new standards, Northern Lakes College has classified its significant financial assets and financial liabilities as follows:

- (i) Cash is classified as held-for-trading, and is recorded at fair value with changes in fair value recorded through the excess of revenue over expenses in each period.

- (ii) Long term and short term investments are classified as available-for-sale, and are measured at fair value with subsequent gains or losses included in net assets until the asset is removed from the consolidated statement of financial position.
- (iii) Accounts receivable and contributions receivable are classified as loans and receivables. After initial fair value measurement, they are measured at amortized cost.
- (iv) Accounts payable, accrued liabilities and employee benefit liabilities are classified as other financial liabilities. After initial fair value measurement, they are measured at amortized cost.

Financial instruments of the College are exposed to credit risk, interest rate risk and market risks. The College's accounts receivable are due from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk to the College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The market rate risk is the risk to the College's earnings that arises from the fluctuation and the degree of volatility in the market value of long-term and short-term investments. Each of these risks is limited through the College's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

(h) Fixed income and marketable equity securities

Fixed income and marketable equity securities are classified as available-for-sale (investments held for long-term capital appreciation and generation of income), and are measured at fair value at each reporting date. The College utilizes trade-date accounting for all purchases and sales of financial assets in its investment portfolio. Fixed income securities are initially recognized at acquisition cost, which reflects any premium or discount at date of purchase, and carried at fair value. Marketable equity securities are also initially recognized at acquisition cost, and subsequently measured at fair value. Transaction costs are expensed as incurred.

**Note 3 Accounts Receivable**

Accounts receivable are comprised of:

	<u>2009</u>	<u>2008</u>
Grants receivable	\$ 979,821	\$ 93,218
Accrued interest receivable	76,261	66,561
Loan receivable	22,392	21,999
Other accounts receivable	841,646	754,495
	<u>\$ 1,920,120</u>	<u>\$ 936,273</u>

**Note 4 Inventories**

Inventories for resale are valued at the lower of cost or net realizable value, with cost determined on a moving average basis.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Book Distribution Centre	\$ 409,901	\$ 300,464
Other Inventories	<u>65,600</u>	<u>36,708</u>
	<u>\$ 475,501</u>	<u>\$ 337,172</u>

**Note 5 Non-current Cash**

Non-current cash consists of amounts related to:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Non-current cash held by College	\$ 120,130	\$ 484,322
Endowments	<u>124,924</u>	<u>309,408</u>
	<u>\$ 245,054</u>	<u>\$ 793,730</u>

Cash restricted for endowment purposes represents restricted contributions subject to stipulations specifying that the principal be maintained permanently, although the constituent assets may change from time to time. Investment earnings are to be used for purposes as designated by the contributors. Endowment balance includes an endowment of \$5,000 established by the Board of Governors for scholarships.

**Note 6 Cash, Short-term and Long-term Investments**

Cash includes a trust bank account operated by the College for the purpose of distributing monthly living allowances to students funded by the Student Finance branch of Alberta Advanced Education and Technology. The balance in this account as of June 30, 2009 is \$95,841 of which \$10,000 belongs to the College.

Short-term investments and long-term investments are recorded at market value, with unrealized gains or losses recorded in net assets. Market value is based upon the quoted market price of the securities.

The College's investment policy is dedicated to optimizing the return on investment while ensuring that the assets of the College are at all times prudently invested while minimizing the potential for loss of capital.

Specific guidelines have been established with respect to asset mix, diversification, security, and performance measurement as well as quality, liquidity and term constraints.

In accordance with the College's investment policy, risk on all investments is managed by:

- (i) Requiring that all bonds be rated "A" or better by the Dominion Bond Rating Service or an equivalent recognized rating agency.
- (ii) Holding a diversified selection of equities in pooled funds and limiting exposure to 30% of the total investment portfolio.
- (iii) Limiting investment in foreign equities in third party managed pooled equity funds that must not include emerging markets.

Investments are comprised of:

	2009			2008	
	Cost	Unrealized Gain/Loss	Market Value	Cost	Market Value
<b>Short-term Investments</b>					
Federal guaranteed bonds	\$ 414,507	\$ 6,984	\$ 421,491	\$ 1,365,654	\$ 1,371,059
Corporate bonds	199,921	4,201	204,122	199,836	200,360
	<u>\$ 614,428</u>	<u>\$ 11,185</u>	<u>\$ 625,613</u>	<u>\$ 1,565,490</u>	<u>\$ 1,571,419</u>
<b>Long-term Investments</b>					
Cash held by investment manager	\$ 245,054	\$ -	\$ 245,054	\$ 793,730	\$ 793,730
Federal guaranteed bonds	835,433	43,752	879,185	1,248,361	1,260,817
Provincial guaranteed bonds	1,770,021	61,484	1,831,505	1,423,890	1,428,710
Corporate bonds	2,361,547	103,304	2,464,851	401,852	400,256
Pooled Equities	2,364,116	(198,330)	2,165,786	1,180,000	1,206,779
Money Market	1,650,000	-	1,650,000	-	-
	<u>\$ 9,226,171</u>	<u>\$ 10,210</u>	<u>\$ 9,236,381</u>	<u>\$ 5,047,833</u>	<u>\$ 5,090,292</u>
<b>Total</b>	<u>\$ 9,840,599</u>	<u>\$ 21,395</u>	<u>\$ 9,861,994</u>	<u>\$ 6,613,323</u>	<u>\$ 6,661,711</u>

The terms of the bond portfolio range from 1 year to 8.5 years with an average term to maturity of 4.5 years.

The average effective yield on the bond portfolio is 4.43% ( 2008- 4.12%)

Short term investments are included in the cash and short term investment balance of \$4,855,825 under current assets. The unrealized gain of \$21,395 consists of a gain of \$56,432 in investments and a loss of \$35,037 in endowments.

**Note 7 Capital Assets**

	June 30, 2009		June 30, 2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and site improvements	\$ 32,959,959	\$ 9,292,261	\$ 23,667,698	\$ 24,052,557
Telecommunication equipment	1,060,193	480,652	579,541	817,173
Furniture and equipment	1,787,313	1,116,736	670,577	713,456
Heavy equipment	630,069	154,223	475,846	18,976
Vehicles and capital leases	926,717	593,052	333,665	239,060
Library holdings	1,382,854	1,008,991	373,863	370,374
Curriculum development	1,279,081	1,137,125	141,956	229,980
Computer equipment and software	3,184,420	2,770,645	413,775	291,127
Leasehold improvements	475,399	304,042	171,357	197,652
Museum collections	109,575	-	109,575	109,575
Land	1,244,080	-	1,244,080	1,244,080
Projects in progress	3,608,089	-	3,608,089	1,016,549
	<u>\$ 48,647,749</u>	<u>\$ 16,857,727</u>	<u>\$ 31,790,022</u>	<u>\$ 29,300,559</u>

The museum collection also consists of aboriginal artifacts gifted to the College that are recorded at \$Nil.  
The appraised value of this collection as at July 15, 2008 was \$279,931.

**Note 8 Unearned Revenue**

	June 30, 2009	June 30, 2008
Tuition Fees	\$ -	\$ 273
Ancillary programs	2,400	2,400
	<u>\$ 2,400</u>	<u>\$ 2,673</u>

**Note 9 Deferred Contributions**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Balance at beginning of year	\$ 3,701,648	\$ 4,206,557
Restricted contributions received during the year:		
Conditional grants	6,901,281	2,593,416
Donations and contributions	200,768	281,570
Investment income (Note 16)	64,129	91,474
	<u>10,867,826</u>	<u>7,173,017</u>
Transferred to:		
Grant revenue (Note 14)	(3,578,374)	(2,499,032)
Donation revenue	(98,966)	(214,159)
Investment income (Note 16)	(15,700)	(85,825)
Deferred capital contributions (Note 10)	<u>(3,131,313)</u>	<u>(672,353)</u>
	4,043,473	3,701,648
Deferred contributions relating to unrealized gain on investments:		
Unrealized gain on investments, beginning of year	9,366	12,425
Change in unrealized gain on investments relating to endowments	<u>(44,403)</u>	<u>(3,059)</u>
	<u>(35,037)</u>	<u>9,366</u>
Balance at end of year	<u>\$ 4,008,436</u>	<u>\$ 3,711,014</u>
Unspent amounts at end of year are restricted for:		
	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Infrastructure Renewal	\$ 2,546,280	\$ 1,808,567
Slave Lake Pool	216,280	210,934
Student Awards and Scholarships	308,340	288,782
Program Enhancement	749,552	1,280,444
Staff Development	27,176	25,602
Alberta North Projects	18,287	43,002
Museum	16,605	13,896
Other	160,953	30,421
Unrealized gain (loss) on investments allocated to endowments	<u>(35,037)</u>	<u>9,366</u>
	<u>\$ 4,008,436</u>	<u>\$ 3,711,014</u>

**Note 10 Deferred Capital Contributions**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Balance at beginning of year	\$ 427,433	\$ 1,179
Contributions received during the year:		
Transfers from deferred contributions (Note 9)	<u>3,131,313</u>	<u>672,353</u>
Transferred to:		
Unamortized deferred capital contributions (Note 12)	<u>(3,131,313)</u>	<u>(246,099)</u>
Balance at end of year	<u>\$ 427,433</u>	<u>\$ 427,433</u>
Unspent amounts at end of year are restricted for:		
	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Infrastructure renewal	\$ 426,254	\$ 426,254
Historical building restoration project	<u>1,179</u>	<u>1,179</u>
	<u>\$ 427,433</u>	<u>\$ 427,433</u>

**Note 11 Equipment Loan**

In July 2003, the College borrowed the sum of \$176,108 from Caterpillar Financial Services Limited for the purchase of a Harvester Simulator with a current NBV of \$ Nil. The loan is secured by a charge on this equipment, bears interest at TD Trust prime plus 0.75% and matured March 30, 2009. During the year principal payments amounted to \$26,408.

**Note 12 Unamortized Deferred Capital Contributions**

Unamortized deferred capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (c) (ii). The balance at end of year represents external capital contributions that will be recognized as revenue in future periods.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Balance at beginning of year	\$ 23,518,761	\$ 24,631,188
Add amount transferred from deferred capital contributions (Note 10)	3,131,313	246,099
Less capital asset disposals	(1,019)	(4,939)
Less amount amortized to revenue	<u>(1,384,543)</u>	<u>(1,353,587)</u>
Balance at end of year	<u>\$ 25,264,512</u>	<u>\$ 23,518,761</u>

**Note 13 Net Assets Internally Restricted by the Board**

The Board has committed unrestricted net assets as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Operations:		
Scholarships and bursaries	\$ 12,192	\$ 12,442
Capital:		
Trout/Peerless campus	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,012,192</u>	<u>\$ 1,012,442</u>

**Note 14 Grants and Provincial Government Contributions**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Unrestricted:		
Alberta Advanced Education and Technology:		
Base operating grant	\$ 24,880,244	\$ 23,362,269
Museum grants	-	25,091
	<u>24,880,244</u>	<u>23,387,360</u>
Transferred from Deferred Contributions (Note 9):		
Alberta Advanced Education and Technology:		
Access grants	1,300,545	832,379
Conditional grants	1,494,924	461,369
High Speed Internet grant	153,366	153,366
Facilities grants	615,466	938,369
Other grants	<u>14,073</u>	<u>113,549</u>
	3,578,374	2,499,032
	<u>\$ 28,458,618</u>	<u>\$ 25,886,392</u>

**Note 15 Sales, Rentals and Services**

	<u>June 30, 2009</u>			<u>June 30, 2008</u>	
	<u>Bookstores</u>	<u>Housing</u>	<u>Other</u>	<u>Total</u>	<u>Total</u>
Sales, rentals and services	\$ 944,387	\$ 204,561	\$ 626,647	\$ 1,775,595	\$ 1,560,972
Add: Amortization of deferred capital contributions	<u>5,367</u>	<u>147,047</u>	-	<u>152,414</u>	<u>140,817</u>
Total revenue	949,754	351,608	626,647	1,928,009	1,701,789
Expense (Note 17)	<u>(855,522)</u>	<u>(586,015)</u>	<u>(73,942)</u>	<u>(1,515,479)</u>	<u>(1,365,753)</u>
Excess (deficiency) of revenue over expense	<u>\$ 94,232</u>	<u>\$ (234,407)</u>	<u>\$ 552,705</u>	<u>\$ 412,530</u>	<u>\$ 336,036</u>

Other revenues in the amount of \$626,647 (2008 - \$555,612) represent service contract revenue, rental income, sale of curriculum and other miscellaneous revenue.

**Note 16 Investment Income**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Investment earnings- restricted	64,129	91,474
Investment earnings- unrestricted	306,586	456,946
Add amounts transferred from deferred contributions (Note 9)	15,700	85,825
Less amounts transferred to deferred contributions (Note 9)	<u>(64,129)</u>	<u>(91,474)</u>
Total investment income recognized as revenue	<u>\$ 322,286</u>	<u>\$ 542,771</u>

**Note 17 Expense by Function**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Instruction	\$ 13,342,680	\$ 12,258,866
Facilities operations and maintenance	6,850,071	6,503,258
Academic support	5,069,926	4,623,072
Institutional support	4,133,999	4,134,024
Student services	3,011,255	2,680,096
Computing, network and communications	1,952,057	1,795,932
Sales, rentals and services (Note 15)	<u>1,515,479</u>	<u>1,365,753</u>
	<u>\$ 35,875,467</u>	<u>\$ 33,361,001</u>

Instruction encompasses all formal educational and instructional program elements. Academic support includes all activities that directly support the educational and instructional elements such as academic administration, library and audio visual services. Student services include all activities or services to the student body of the institution. Institutional support includes all activities that provide institution-wide support to other programs.

**Note 18 Salaries, Wages and Benefits**

The salary and benefit disclosure is provided pursuant to Treasury Board Directive 04/07 and includes only the salaries and benefits of those individuals in the senior decision making group of the College.

	2009			2008	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-cash Benefits <sup>(3)</sup>	Total	Total
Board of Governors	\$ 32,252	\$ -	\$ 628	\$ 32,880	\$ 36,608
President and CEO <sup>(4)</sup>	146,916	52,753	28,074	227,743	165,074
Vice-President					
Academic	121,260	1,200	26,722	149,182	143,371
College Services	120,920	-	27,640	148,560	143,460
Dean:					
Academic Upgrading University and Health Professions	110,465	-	25,896	136,361	127,153
Business, Industry & Human Service Careers	112,228	739	26,566	139,533	130,483
Student Services	121,763	431	27,693	149,887	142,298
Senior Director:	117,912	1,010	24,921	143,843	134,529
Finance Services	105,528	980	25,309	131,817	127,353
External Relations	105,030	755	25,231	131,016	104,526

- (1) Base salary includes pensionable base pay, except for the President and Board who are not subject to pension benefits.
- (2) Other cash benefits include wellness pay-outs, health spending accounts, vacation payments and lump sum payments.
- (3) Other non-cash benefits include the College's share of all employee benefits including Canada Pension Plan, Employment Insurance, pensions, health care, dental coverage, group life insurance, and accidental death and dismemberment insurance and any cash disbursements with respect to vehicle allowances.
- (4) The President and CEO has been provided with an automobile by the College for which no amount is included in the other non-cash benefits.

**Note 19 Changes in Non-cash Working Capital**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Accounts receivable	\$ (983,847)	\$ (54,651)
Inventories	(138,329)	(129,095)
Prepaid expenses	(129,209)	56,551
Accounts payable and accrued liabilities	880,100	1,283,422
Accrued vacation pay	38,325	87,472
Unearned revenue	(273)	(43,846)
Deferred contributions	297,422	(495,543)
Security deposits held	(1,735)	6,392
	<u>\$ (37,546)</u>	<u>\$ 710,702</u>

**Note 20 Supplies and Services**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Supplies and services	\$ 1,416,020	\$ 1,318,339
Contracted services	1,810,582	2,461,299
Leases and rentals	525,827	416,364
Advertising and marketing	612,112	531,450
Materials and supplies	2,304,324	1,519,491
Educational contracts	1,699,710	1,905,270
	<u>\$ 8,368,575</u>	<u>\$ 8,152,213</u>

**Note 21 Funds held on Behalf of Others**

The following funds, held by the College on the behalf of others, are not included in these financial statements.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Northern Alberta Development Council	\$ 51,505	\$ 30,465
Other funds held	21,169	35,828
Alberta Advanced Education and Technology	85,841	9,596
	<u>\$ 158,515</u>	<u>\$ 75,889</u>

**Note 22 Commitments**

Future minimum annual lease payments under operating leases are:

2010	\$ 544,641
2011	448,943
2012	394,884
2013	286,201
2014	251,236
	<u>\$ 1,925,905</u>

**Note 23 Related Parties**

(i) Alberta Government and Alberta Post-Secondary Education Institutions

The College is a Provincial Corporation. All of the members of the Board of Governors are appointed pursuant to the *Post Secondary Learning Act* by a combination of orders by the Lieutenant Governor in Council or the Minister of Advanced Education and Technology.

In the normal course of operations, the College engages in brokerage and other collaborative arrangements with other post secondary educational institutions in Alberta. These institutions are also Provincial Corporations.

The College had the following transactions with related parties:

	Alberta Government		Post Secondary Collaboration	
	2009	2008	2009	2008
Revenues:				
Grants and other provincial government contributions	\$ 28,471,553	\$ 25,841,689	\$ -	\$ -
Contract Programs	233,810	406,160		30,369
Amortization of deferred capital contributions	1,384,492	1,353,380	-	-
Other sales, services and rental income	397,358	274,573	-	2,358
Expenses	77,788	94,865	621,707	875,251
Accounts receivable	409,547	288,544	4,659	24,469
Accounts payable	72,047	-	173,318	458,412
Deferred contributions	3,788,469	3,044,524	-	-
Unamortized deferred capital contributions	25,310,826	23,565,024	-	-

(ii) On December 18, 1998, the Lieutenant Governor in Council approved the establishment of a corporation, to be owned equally by Northern Lakes College, Portage College, NorQuest College and Bow Valley College. On February 10, 1999, 818196 Alberta Ltd. was incorporated pursuant to the *Alberta Business Corporations Act*.

The Corporation was created for the purpose of holding jointly developed intellectual property to be transferred from Her Majesty the Queen in Right of the Province of Alberta as represented by the Minister of Advanced Education and Technology. As at June 30, 2009 this Corporation was not active and held no assets.

(iii) The College participates in offering certain courses with other Alberta post secondary education institutions. The revenues and expenses incurred for these courses have been included in the consolidated statement of operations at fair value.

**Note 24 Budget**

The College is required to submit a budget, approved by the Board of Governors of the College, to the Minister of Alberta Advanced Education and Technology. The College Budget for the year ended June 30, 2009 was approved by the Board of Governors on April 15, 2008. The budget for CCEC was approved on October 23, 2008 by the CCEC Board.

	2009			
	College Approved Budget	CCEC Approved Budget	Elimination for Consolidation	Total Budget
<b>Revenue:</b>				
Grants	\$ 26,165,198	\$ 225,300	\$ (98,000)	\$ 26,292,498
Tuition and related fees	4,998,485	-	-	4,998,485
Sales, rentals and services	1,663,268	6,900	-	1,670,168
Contract programs	1,000	-	-	1,000
Investment income	397,200	9,200	-	406,400
Donations and contributions	30,600	251,063	(205,103)	76,560
Miscellaneous	30,000	-	-	30,000
Amortization of deferred capital contributions	1,300,000	-	-	1,300,000
	<u>34,585,751</u>	<u>492,463</u>	<u>(303,103)</u>	<u>34,775,111</u>
<b>Expense:</b>				
Salaries, wages and benefits	21,514,754	152,053	(152,053)	21,514,754
Supplies and services	7,508,302	257,085	(123,050)	7,642,337
Amortization	2,100,000	7,000	-	2,107,000
Utilities	1,221,385	-	-	1,221,385
Facilities rental	451,750	-	-	451,750
Cost of goods sold	624,300	2,500	-	626,800
Travel	823,700	38,880	(28,000)	834,580
Repairs and maintenance	301,260	-	-	301,260
Scholarships and bursaries	45,300	34,945	-	80,245
Gain on disposal of capital assets	(5,000)	-	-	(5,000)
	<u>34,585,751</u>	<u>492,463</u>	<u>(303,103)</u>	<u>34,775,111</u>
Excess (deficiency) of revenue over expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 25 Pension Costs**

The College participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The expense for these pension plans is equivalent to the annual contributions of \$1,426,618 for the year ended June 30, 2009 (2008 - \$1,310,981).

At December 31, 2008, the Public Service Pension Plan reported a deficiency of \$1,187,538,000 (2007 - deficiency of \$92,509,000).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of \$568,574,000 (2007 - deficiency of \$84,341,000).

**Note 26 Comparative Figures**

Certain comparative amounts have been reclassified where necessary to conform to the current year's financial statement presentation.

**Note 27 Subsequent Event**

On May 14, 2008, the Minister of Alberta Advanced Education and Technology announced changes to post-secondary academic program delivery and stewardship for students in northwest Alberta. When the transition is complete, learners in the northwest Alberta region will be served by shared stewardship between Grande Prairie Regional College and Northern Lakes College.

Certain assets, liabilities, net assets, revenue and expenses of Northern Alberta Institute of Technology (NAIT) will be transferred to Northern Lakes College effective the date of the transition, July 1, 2009.

The June 30, 2009 assets, liabilities and net assets of NAIT will be transferred as follows:

**ASSETS**

Current:	
Cash and short-term investments	\$ 770,006
Inventories	104
Prepaid expenses	1,092
	<u>771,202</u>
Capital Assets	<u>1,239,112</u>
	<u>\$ 2,010,314</u>

**LIABILITIES AND NET ASSETS**

Current:	
Accrued vacation pay	\$ 63,424
Unearned revenue	4,541
Deferred contributions	75,478
	<u>143,443</u>
Unamortized deferred capital contributions	<u>506,329</u>
	<u>649,772</u>
Net Assets:	
Invested in capital assets	732,783
Unrestricted net assets	
Accumulated excess of revenue over expenses	500,000
Endowments	<u>127,759</u>
	<u>\$ 2,010,314</u>

**Note 28 Contingent Liabilities**

The College has been named as the defendant in a legal claim (2008- 2 claims). While the outcome of this claim cannot be predicted at this time, it is the opinion of management that the resolution of this claim will not have a material effect on the financial statements of the College, and has not been reflected in these statements.

**Note 29 Approval of Financial Statements**

These financial statements were approved by the Board of Governors on October 27, 2009.