



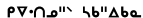
Northern  
Lakes  
College



**ANNUAL REPORT**

2012 - 2013





2	<b>Institutional Context</b>
5	<b>The Board of Governors</b>
6	<b>Message from Ann Everatt, President and CEO</b>
7	<b>Map of Northern Lakes College Service Region</b>
8	<b>Strategic Directions: Goal 1</b>
12	<b>Strategic Directions: Goal 2</b>
16	<b>Strategic Directions: Goal 3</b>
19	<b>Programs 2012 - 2013</b>
20	<b>Statement of Operations and Changes in Net Assets</b>
23	<b>In The News</b>
25	<b>Consolidated Financial Statements</b>

## Institutional Context

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### **Mission**

With respect for cultures and the needs of communities, Northern Lakes 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.

### **Vision**

Northern Lakes College will be recognized as a first choice community-based college with the most accessible programs and services in Alberta.

### **Values**

Northern Lakes College will be recognized as a first choice community-based college with the most accessible programs and services in Alberta.

#### **Community:**

Students and the College receive guidance from the community. Community capacity grows from the success of students. Engagement with community stakeholders contributes to increased access, quality, and sustainability.

#### **Respect:**

Northern Lakes College values and honours cultural diversity. Students and employees are entitled to learning services that respect their culture, abilities and circumstances.

#### **Accessibility:**

Accessible education and support services provide opportunities for students and employees to succeed in their learning, employment, and personal endeavours. Access includes a variety of program entrance options and program laddering to further education.

#### **Collaboration:**

Working together with stakeholders is fundamental to the success of our students and our college.

#### **Excellence:**

Quality services contribute to employee and student excellence.

#### **Lifelong Learning:**

Within communities and organizations, lifelong learning is essential to the development of students, employees, and families.

### Mandate Statement

Northern Lakes College is a public, board governed college operating as a Comprehensive Community Institution under the authority of the Post-secondary Learning Act of Alberta.

Northern Lakes College is a dynamic college that contributes to continuous improvement in the lives of students in rural communities. Innovative program and service delivery models are designed to overcome access challenges for students in remote communities. As a member of Campus Alberta, Northern Lakes College offers and facilitates programs and educational services in a large rural region of Northern Alberta that includes many First Nations and Métis communities. Working within the framework of Campus Alberta allows Northern Lakes College to provide opportunities from other educational institutions, to reach out to other regions where requested, share services, improve transfer options for students, and participate in applied research, typically with partner institutions.

The College contributes to community development, leadership capacity, and vibrant communities through a unique partnership with a network of local Community Education Committees. The Board recognizes the Council of Community Education Committees as the principal advisory body of the College through a Statement of Mutual Respect. The committees and their council identify program and service needs for their communities and regions, support individual students, and advise each other about best practices in community education. The College plays an important role in the communities by providing facilities, leadership, and activities that contribute to the educational, social, cultural, recreational, and economic development of the region.

The College offers certificates and diplomas leading to careers in health and human services, education, information technology, technical occupations, culinary arts, business, creative fine arts, and resource-based industries. The College also offers pre-employment programs and apprenticeship training. A University Studies diploma is offered which leads to degree completion opportunities in partnership with degree-granting institutions. Preparatory programs include second language instruction, adult basic education, adult high school, life management, and employability preparation. Preparatory programs are a key factor in preparing students for post-secondary education and long-term meaningful employment.

The College also responds to workforce development and cultural awareness needs. Non-credit offerings include supervisory and safety-related certificates, contract and in-service training, and customized employability programs. The College sponsors Aboriginal cultural events and offers educational programming from the Native Cultural Arts Museum.

The College is committed to student support services that reflect the communities served and the needs of local students. Student success is encouraged by providing a supportive learning environment and strong counselling services in Community Learning Centres and regional campuses. All sites are equipped with technology for on-line learning and additional student support. Family support is available when the College delivers education close to home or in regional campuses where student housing is available. As a partner in Alberta-North, student support infrastructure extends across northern Alberta and into the Northwest Territories.

As a Comprehensive Community Institution within the post-secondary system, Northern Lakes College is a regional steward with a defined role: to provide or facilitate access to a range of adult learning services and opportunities across the College's geographic service area. The College collaborates with industry, agencies, community groups, local governments, school divisions and post-secondary institutions to provide access to quality programs, services, and courses. This collaboration includes post-secondary programs offered through Campus Alberta partners and high school courses offered jointly with public schools. The College is a member of the Woodland Operations Learning Foundation, an industry-driven partnership which aims to standardize quality training for forest occupations.

### Accountability Statement

The Northern Lakes College Annual Report for the year ended June 30, 2013 was prepared under the Board's direction in accordance with the Government Accountability Act and ministerial guidelines established pursuant to the Government Accountability Act. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

[Original signed by Archie Cunningham,  
Chair, Northern Lakes College Board of Governors]

### Management's Responsibility for Reporting

Northern Lakes College's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the Annual Report including the financial statements, performance results, and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Annual Report has been developed under the oversight of management as well as approved by the Board of Governors and is prepared in accordance with the Government Accountability Act and the Post-secondary Learning Act. The Auditor General of the Province of Alberta, the institution's external auditor appointed under the Auditor General Act, performs an annual independent audit of the consolidated financial statements in accordance with generally accepted accounting principles.

[Original signed by Ann Everatt,  
President & CEO]

### The Management Team

- Ann Everatt, President and Chief Executive Officer (commenced June 2013)
- Rick Neidig, President and Chief Executive Officer (retired June 2013)
- Madeline McVey, Vice President, Academic
- Robert LeSage, Vice President, Corporate Services and Chief Financial Officer
- Cyndy Lorincz, Dean, Student Services and Registrar
- Julia Melnyk, Dean, Learner Services
- Glenn Mitchell, Dean, Learner Services
- Brad Hestbak, Senior Director, External Relations

## The Board of Governors

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### 2012 - 2013



**Archie Cunningham**  
Chair



**Gerald Cunningham**  
Vice Chair



**Ann Everatt**  
President & CEO  
Ex officio commencing  
June 2013



**Shona Hommy-Bugarin**  
Faculty Member



**Jordan Koski**  
Student Member



**Earl Laboucan**  
Public Member



**Jennifer Moore**  
Public Member



**Rick Neidig**  
President & CEO  
Ex officio  
to June 30, 2013



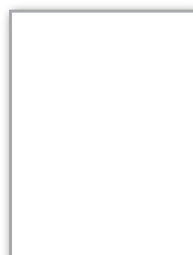
**Odessa Ptashnyk**  
Staff Member



**Wilf Willier**  
Public Member



**Sandra Willing**  
Public Member



**Vacant**  
Public Member

## Message from Ann Everatt, President and CEO

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The 2012-13 Northern Lakes College Annual Report is reflective of the outcomes described in the Comprehensive Institutional Plan. NLC continued to work strategically to offer the best service to students in rural and remote communities, worked diligently to create healthy and efficient college operations, and focused on achievements as part of Campus Alberta outcomes. These efforts have strengthened individuals, families and communities through learning related to employment outcomes and helped to meet the demand for a skilled workforce across northern Alberta.

Our efforts, to provide local access to education, reduced barriers, provided student support close to home, increased possibility of local employment and enhanced the opportunity to enroll in a broad range of on-line programming. Overall enrolments increased more than 9% from the previous year, while opportunities to obtain credit in certificate, diploma, trades and apprenticeship and university studies continued to climb, along with the need and delivery of non-credit workforce development programming.

Collaborations with regional school districts, economic alliances, communities, industry and other post-secondary partners leveraged our ability to successfully provide learning opportunities throughout the region.

- Northern Lakes College was honoured to receive a Portage College Partnership award for the successful collaboration of three business administration diploma programs. The success of this endeavor was demonstrated by Business students from Northern Lakes College and Portage College, who worked together to take home first place at the 8<sup>th</sup> annual Alberta Deans of Business Case Competition at Olds College.
- Northern Lakes College became a leader in the facilitation of dual credit programming with regional school districts with offerings ranging from Health Care Aide and Business to Apprenticeship/Trades.
- Donations from Shell Canada and PennWest made the proposed Power Engineering Steam Lab in Peace River a reality, with the opening scheduled for the fall of 2014.
- High Prairie Regional Training and Development, in partnership with Tolko Industries and the Rural Alberta Development Fund, opened to provide dual credit trades and pre-employment training to regional high school students.
- Northern Lakes College's Emergency Medical Technician Program received a recommendation for a two year national accreditation by the Canadian Medical Association (CMA). Accreditation is the public recognition that an educational program has met national standards.
- The Alberta School Board Association (ASBA) recognized Cindy Lee Auger, a 4<sup>th</sup> year Aboriginal Teacher Education Program (ATEP) student at Northern Lakes College, by presenting her with the President's award. This award is given to an individual who has made exemplary contributions to education.
- On June 7<sup>th</sup> 2012, the college celebrated the most important date in its calendar when friends and family joined dignitaries and college representatives to mark the achievements of 750 graduating students at our annual convocation ceremonies in Slave Lake.

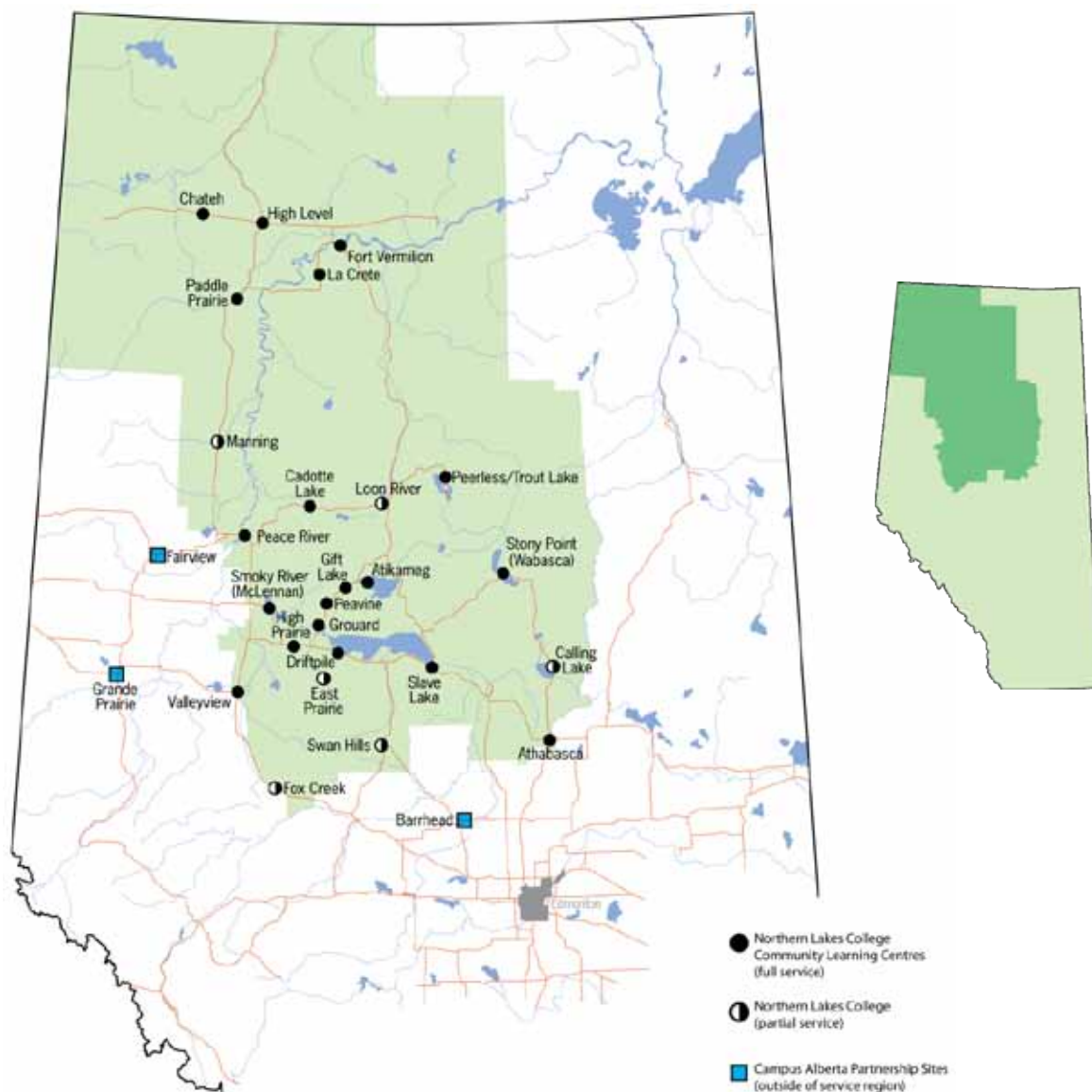
Underlying all these achievements, and many others in 2012-2013, were the operational realities moving forward. The thirst of all northern communities in Alberta for training in the trades and other programs leading to employment continues to test our ability to manage expectations and to optimize the efficient use of both existing college resources and new resources that might become available to us. Moving forward, the plans we make must be carefully designed to meet these needs of our region. I am proud of what Northern Lakes College has been able to accomplish and I am confident that we will be prepared to meet the challenges of the years to come.

*Sincerely,*

Ann Everatt, President & CEO



## Map of Northern Lakes College Service Region



### Serving the largest Campus Alberta planning region in the province of Alberta

Note: eCampusAlberta course offerings are also available at any College campus. Campus Alberta participation also creates program sites outside of the service region in partnership with other post-secondary institutions. On a rotational basis, a variety of communities outside of the region receive the Crane and Hoisting–Boom Truck Operator offerings from Northern Lakes College.

### **Serving Students in Communities through:**

- Responsive and equitable community-based access to a continuum of educational programming
- Quality programs and services which support personal achievement, academic growth, employment success, and community capacity building
- A supportive, positive and inclusive learning environment
- Strong secondary to post-secondary and post-secondary to post-secondary transitions

### **Strong secondary to post-secondary and post-secondary to post-secondary transitions**

Dual credit pre-employment Trades (welder, electrician, and millwright, and power engineering students were enrolled at the High Prairie Regional Training Centre. The program was made possible through a \$2.85 million grant from the Rural Alberta Development Fund, and partnerships with Tolko Industries, the Northern Alberta Development Council, and regional school districts. Upon completion of the trades program students are eligible to write first period examinations.

Work continued towards the offering of an evening cohort of the Business Administration program to complement our daytime offerings. This program, in partnership with Portage College, is available to students in both the Northern Lakes College and Portage College Service regions.

At Wabasca's Mistassiniy High School, the college offered the dual-credit welder program. The program continued through June 2013. High school pre-employment offerings of the welder and carpenter programs were held in Slave Lake during the month of August.

Six credits of university transfer were added to the Educational Assistant and Early Learning and Child Care programs for the 2013-14 academic year.

### **Quality programs and services which support personal achievement, academic growth, employment success, and community capacity building**

An internal review of the Early Childhood Education Program was completed resulting in changing the name of the program to Early Learning and Childcare. This program will be undergoing significant changes for next year including the addition of 160 additional practicum hours.

### **Responsive and equitable community-based access to a continuum of educational programming**

The College signed an agreement with Stewart Weir to deliver Survey Theory and Calculations courses to their employees. This agreement will utilize instructors provided by Stewart Weir who will deliver our curriculum at their facility. Northern Lakes College will administer the offering and mark final exams.

The College has entered into a partnership agreement with Advanced Paramedic Ltd. from Peace River, increasing enrolments at the Peace River campus. The EMR program included an additional 6 students enrolled from Advanced Paramedic Ltd.

Health Canada agreed to fund a new cohort of students in the Medical Receptionist program.

#### **The EMT Program Receives a Recommendation for 2 Year National Accreditation**

Northern Lakes College's EMT Program has received a recommendation for a two year national accreditation by the Canadian Medical Association (CMA). Accreditation is the public recognition that an educational program has met national standards. The goal of this national accreditation is to ensure that programs enable their students to acquire the knowledge, skills and attitudes to function as competent health practitioners for the benefit of all Canadians.



A supportive, positive and inclusive learning environment

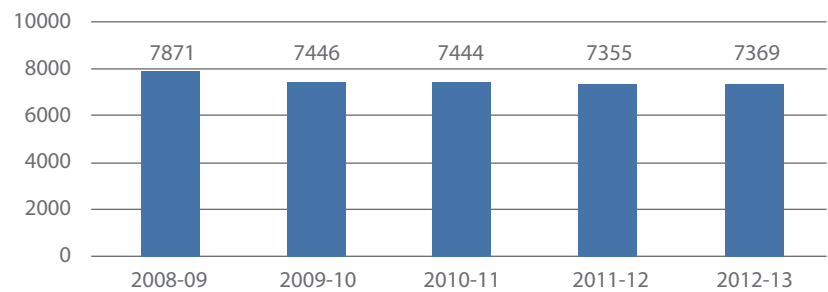
A Retention/Success Planning Committee was formed as a pilot project to address the high attrition in the Social Work Program. Focusing on the University Studies and Social Work students at the High Level campus, a survey and assessment tools were developed to determine student needs. Based on the needs identified, students will be directed to available college and community resources.

The College worked in partnership with Campus Alberta partners and a variety of communities to develop Indigenous Governance and Leadership programming for Aboriginal Communities. This initiative is part of the Indigenous Governance and Leadership Education Coalition (IGLEC).

Expected Outcomes

- Increase participation in post-secondary studies.
- Post-secondary graduates working to build capacity in northern communities.

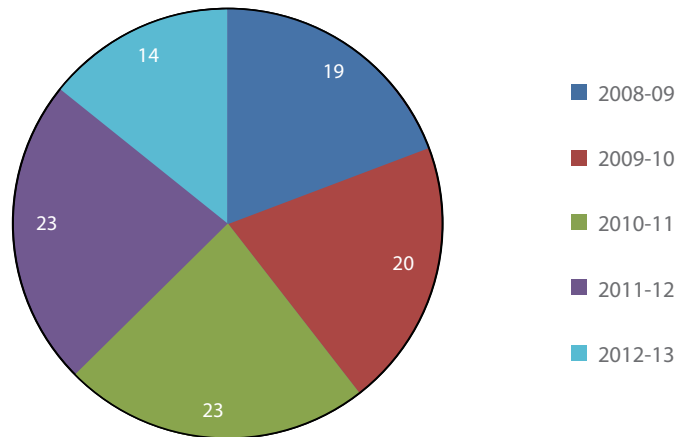
Total Number of Registrations in Non-Credit Courses



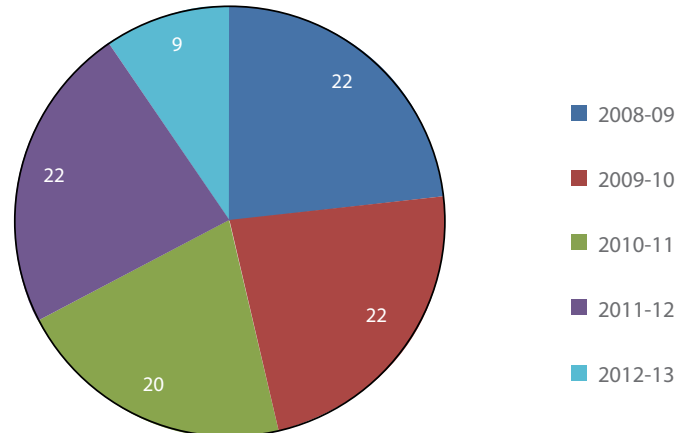
Collaborative Program Offerings

1. **Aboriginal Teacher Education Program (ATEP)** – University of Alberta
2. **Addiction Services Worker** – Health Canada/ First Nation and Inuit Health Branch
3. **Health Care Aide** – Government of Alberta
4. **Medical Receptionist** – Health Canada/First Nation and Inuit Health Branch
5. **Business Administration Diploma in Management and Accounting** – Portage College
6. **Power Engineering 4th Class Dual Credit** – Careers Next Generation
7. **Social Work Diploma** – University of Calgary, Athabasca University, Thompson Rivers University
8. **Crane and Hoisting Boom Truck, Carpentry, Electrical, Millwright, Welding**  
– Alberta Apprenticeship Board

### Active Community Education Committees



### Active Student Union Groups with the Student's Association

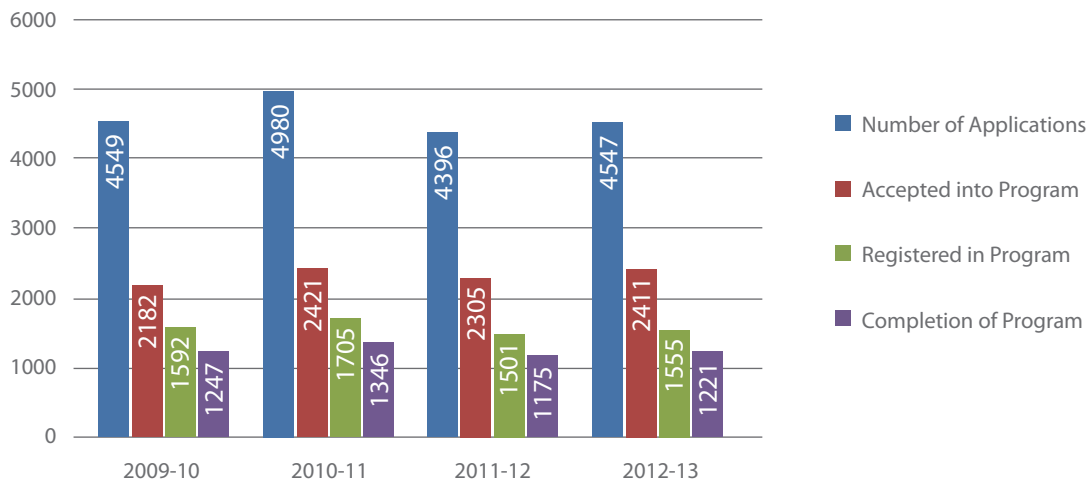


#### Northern Lakes College recipient of \$500,000 Shell Canada donation

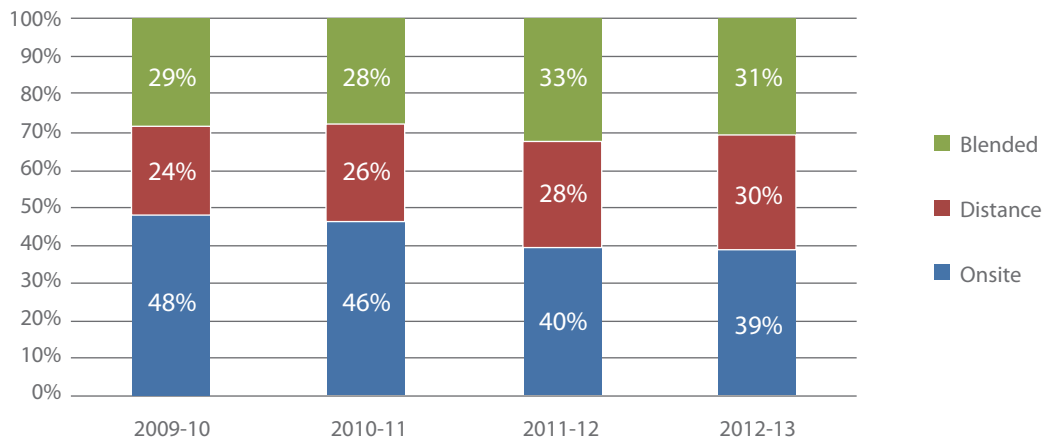
Northern Lakes College's Peace River Regional Power Engineering Project received a major boost. In recognition of Shell's donation, the lab will be named the Shell Canada Power Engineering and Technology Centre. The lab will be equipped with a Steam Electrical Generation Trainer, designed to provide hands-on training for fourth class and third class power engineering students.



Conversion Rate of Student Applications



Proportion of Student Contact Hours Delivered via Distance Delivery



### Enhancing Programs and Student Services

- Enhancing health care services in the College region through education
- Increasing skilled labour in trades in the College region
- Preparing workers for resource-based industry
- Preparing students for further education and employment through foundational learning
- Increasing degree completion opportunities (University Transfer)
- Maintaining cultural initiatives
- Enhancing Student Services

#### Enhancing health care services in the College region through education

Enrolments in Health Career Programs remained strong, with growth in Emergency Medical Technician (EMT), Emergency Medical Responder (EMR) and the Practical Nurse Program. The pre-hospital programs (EMR, EMT) more than doubled their 2012 fall intake over the previous year. Gaining accreditation status for the EMT program has increased the profile and reputation of this program.

The first year Social Work program achieved full enrolments for the fall term, and had several students placed on a waiting list to get into the program.

The Emergency Medical Responder Program continued to increase enrolments through the addition of contract offerings with the Slave Lake Pulp Mill, the Slave Lake Fire Department, the Grande Prairie Fire Department and the MD of Wabasca.

The Health Care Aide Program (HCA) continued to offer two in-service options for uncertified workers, the eSTEP and PLAR HCA programs. These options continue to serve those uncertified HCAs working across the region, with up to 10 new students enrolled every month. The Health Care Aide dual-credit option is included seven students enrolled at the Slave Lake campus.

The Addiction Services Worker program hosted two student lab weeks. Fourteen students attended the first session offered in November, and 10 students attended the second session offered in March 18-22. Each day began with a smudging ceremony led by a community elder. The program also hosted its first Regional Training Seminar consisting of addictions counselors working in NNADAP treatment centers across the province.

#### Increasing skilled labour in trades in the College region

The College was granted approval to offer pre-employment millwright at the High Prairie Regional Training and Development Centre (Tolko Industries site).

Alberta Industry and Trades (AIT) granted the College 292 training seats for the 2013-14 year. This increase of 80 seats included 24 new seats in Welder, 16 new seats in Electrician and an increase of 40 seats in Boom Truck.

#### Preparing workers for resource-based industry

A fundraising campaign aimed at raising two million dollars to develop a power engineering steam Lab at the Phimister Building in Peace River drew nearer to its conclusion with major gifts from Shell Canada and PennWest. Plans for renovation and preliminary equipment needs of the Phimister Building were developed.

The Oilfield Operator Training Program enrolment increased to 14 students in the fall of 2012 to accommodate increased industry demands for operators. This increase in conjunction with practicum opportunities allowed for increased partnership opportunities with local and regional oil companies.

### Preparing students for further education and employment through foundational learning

The University and College Entrance Program developed and offered Biology 0190 and Math 0190 courses. These courses are currently in the process of being redeveloped for asynchronous delivery. Upon successful completion of these courses, students are eligible to enter various health career programs. Approval for these courses was received from Alberta Enterprise and Advanced Education, under the name of College and Career Preparation.

The College participated in the Analysis of Foundational Learning and Implications for Northern Alberta research project that is being spearheaded by the Labour Market Information Clearinghouse (NADC).

Life Skills and Academic Upgrading programming commenced in Chateh .

Agreements were reached between Northland School Division and the High Prairie School Division for the offering of dual credit programs for the 2012-13 year. In addition, student housing in Slave Lake and Grouard was made available to support students coming from remote communities to these campuses for pre-employment programs.

### Increasing degree completion opportunities (University Transfer)

The Business, Human Resource diploma program has received transferability into the following degree programs at Athabasca University: 60 credits towards the four year BComm (post diploma), 60 credits towards the 3 or 4 year BMgmt (post diploma), and 60 credits towards the Bachelor of Human Resources and Labour Relations (post diploma).

High Level, Peace River and Grouard were chosen as the delivery sites for the 2014 offering of the Aboriginal Teacher Education Program.

### Maintaining cultural initiatives

The Addiction Services Worker Program has Aboriginal content interwoven throughout all foundation courses. Elder representation was planned for all face-to-face weekly lab sessions.

In October 2012, the Social Work Program hosted "Aboriginal Day" with first year students, focusing on Aboriginal history, culture, and traditions. An elder facilitated part of the morning session, and a panel of Aboriginal Social Workers provided insights by sharing their practice with students.

The Annual Northern Métis Celebration and Northern Lakes College Round Dance took place at the Grouard Campus November 2012 and February 2013, respectively. More than 400 people in attended these events that marked the 10<sup>th</sup> anniversary of cultural celebrations at NLC.

University Studies faculty presented "The Three Cs to Success: Community Based Teacher Education in Northern Lakes College", to fellow Alberta Colleges and Institutes Faculties Association (ACIFA) members. The presentation drew provincial attention to opportunities available for First Nation, Métis and Inuit Education students working within the region.

University Studies and a representative from Alberta Learning wrote and had published an article titled: Community-Based Teacher Education Program: Partnering to Increase the Number of First Nations, Métis and Inuit Teachers in northern Alberta Schools describing the offering of Community-Based Teacher Program in our northern communities. The article was published in the fall 2012 College of Alberta School Superintendents magazine.

### Enhancing Student Services

The collaborative business program with Portage College led to a streamlined approach to admissions services through the use of a common application, waiver, registration and fee payment process. This allowed students to register with the joint program at either institution utilizing a single set documents.

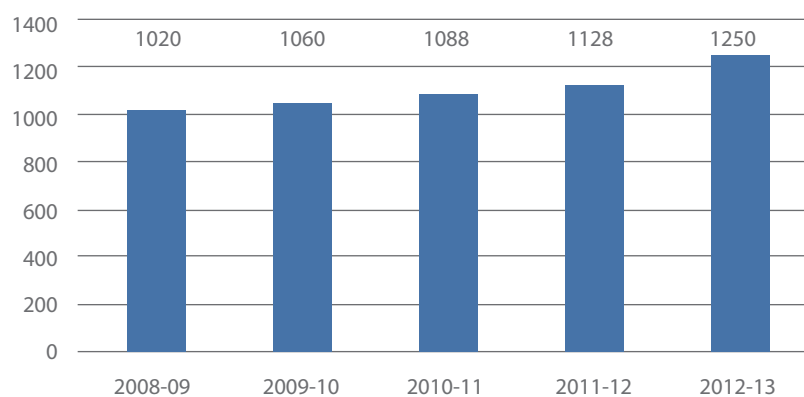
The Library expanded its content on the Library Services help-site during the second quarter to allow students better 24/7 access to guides and resources. Two new video streaming databases offering over 9,000 (nine thousand) titles accessible to students and faculty anytime, anywhere were added.

Information Technology Services worked with Counselling Services to pilot a distance counselling initiative, that was made available at four campuses in January 2013, through online voice and video communications. The number of sites will increase as the College moves into the second phase of the pilot.

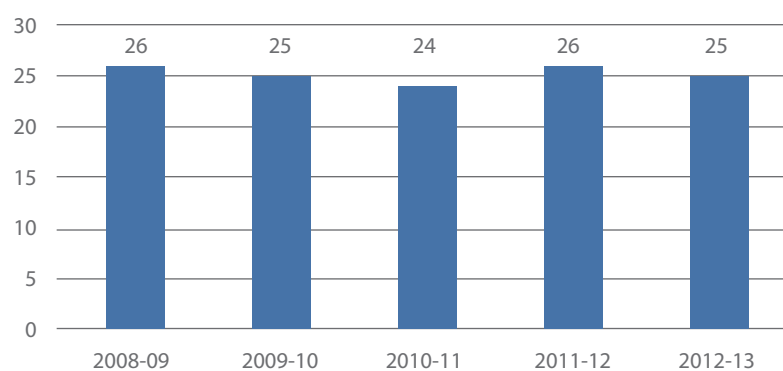
CNRL, Pembina Pipelines, and Xerox donated a total of \$17,000 towards student awards. Eleven new student bursaries were created as a result of last year's College Golf Tournament sponsors.

## Strategic Directions: Goal 2

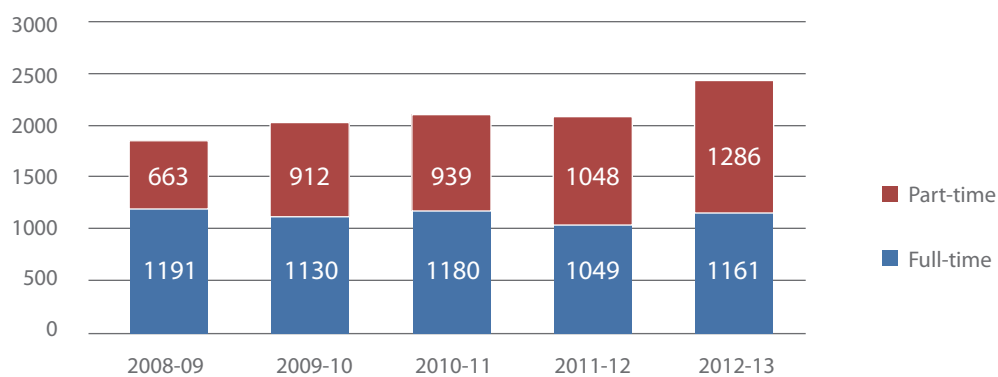
### Full Load Equivalent (FLE)



### Communities Served with Credit Courses in Region



### Number of Students in Credit Programs (Headcount)



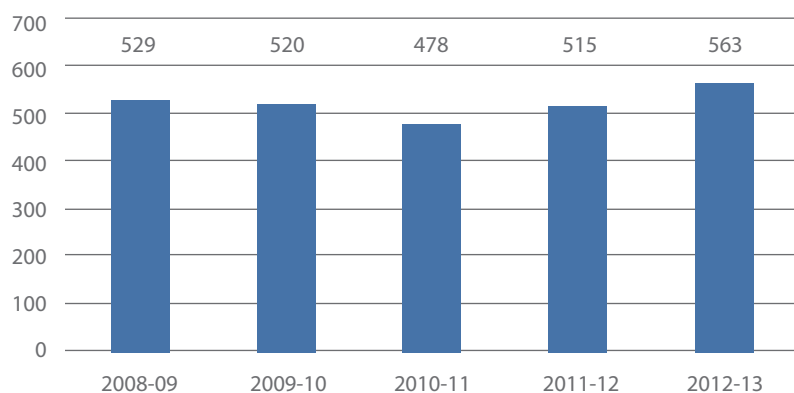


## Strategic Directions: Goal 2

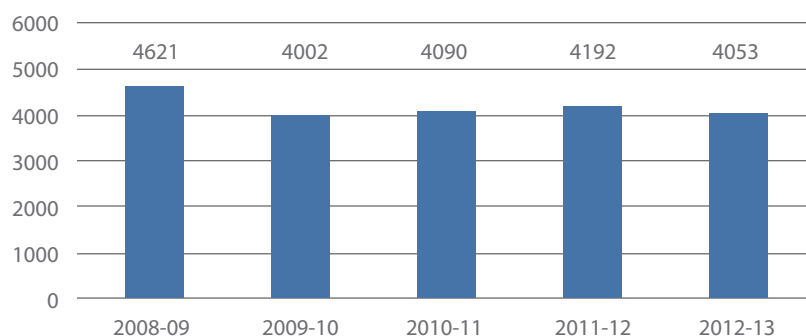
### Student Satisfaction Survey

	2008-09	2009-10	2010-11	2011-12	2012-13
Quality of Instruction	92%	96%	94%	92%	93%
Overall Satisfaction	96%	97%	97%	95%	94%
Recommend Northern Lakes College	96%	96%	97%	91%	96%

### Number of Non-Credit Courses Available



### Unique Students Enrolled in Non-Credit Courses



#### Northern Lakes College Celebrate Graduates

Families, friends, students and Northern Lakes College representatives gathered in Slave Lake to celebrate the achievements of the 750 graduating students on June 7th. Convocation ceremony was held at the Gathering Place and over 180 students were in attendance.



### **Sustaining Healthy College Operations by:**

- Excelling at internal processes
- Meeting or exceeding standards set by regulatory bodies (Health Care stuff from above section)
- Effectively managing College financial and physical resources
- Renewing assets and infrastructure
- Attracting and retaining qualified people
- Developing a positive and safe working environment
- Maintain internal communications

#### **Excelling at internal processes**

Finance Services developed new procedures and regulations to assist with the financial control processes. The regulations include Accounts Receivable, Endowment Process, Fixed Asset Capitalization, Prepaid Expenses, Related Party Information Collection, Purchasing, Fraud reporting and Year-end Process.

A review of all new vendors was conducted during the first quarter. All new vendors are now reviewed and signed off, with copies of changes kept in a binder for ease of year end auditing.

Changes were made to the “Deferred Contribution worksheets” for ease of tracking of revenues as they move from a liability to revenue. This will make the College’s audit working papers clearer for our internal reviewers along with the Auditor General’s (OAG) understanding.

Changes were made to the Gift Acceptance Policy to include provision for inflation protection in certain circumstances. A change was made to the Investment policy to provide for write-downs for permanent impairment. Both these changes were related to recommendations made by Office of the Auditor General.

New Public Sector Accounting Board compliant statements for 2012-13 have been developed from proforma templates provided by Alberta Enterprise and Advanced Education. These drafts have been sent to the OAG for review.

Information Technology Services was involved in three province wide projects to develop an ITM framework for Information Management, Technology Management, and Enterprise Architecture. These efforts will help develop a set of policies, procedures and regulations to meet regulatory requirements. Additional procedures and regulations are being customized to meet College needs with a focus on change management, risk management and IT governance.

A 2 year strategic marketing plan was developed through External Relations. The process included a survey to begin the process of future brand and visual identity development.

#### **Meeting or exceeding standards set by regulatory bodies**

The Alberta College of Paramedics visited the college to complete a review of both the EMT and EMR programs. The EMT program gained a two- year accreditation status with the Canadian Medical Association. The EMR program expects full program approval from the Alberta College of Paramedics (ACP).

The Practical Nurse Program has gained a five- year program approval status from the College of Licensed Practical Nurses, effective until 2017.

Finance Services complied with accounting regulatory changes including the transition to Public Sector Accounting Board standards in 2012-13.

### Effectively managing College financial and physical resources

The creation of the High Prairie Regional Training and Development Centre at the Tolko Industries plant outside of High Prairie involved the procurement and construction of portable classrooms as well as all equipment and materials. Academic and administrative units worked together diligently to ensure this project was up and running and ready for students in just 56 days. The project was made a reality with a \$2.845 million grant provided by the Rural Alberta Development Fund.

### Renewing assets and infrastructure

IT Services installed a new web infrastructure based on Microsoft's Sharepoint services. This development system is currently in place. IT services is working with the system service provider to convert existing web pages over to the new system.

Focus groups were established to guide future web development. A new web infrastructure was developed to support a student portal, with plans drawn up to convert existing website over to the new system creating a portal. Additional services to be included within this portal include an online registration and payment for non-credit courses.

Shell Canada donated \$500,000 to the Peace River Power Engineering project. In recognition of Shell's donation, the lab will be named the Shell Canada Power Engineering and Technology Centre. The lab will be equipped with a Steam Electrical Generation Trainer, designed to provide hands-on training for fourth class and third class power engineering students. Scheduled to open in September 2014, the facility will be housed in the Phimester Building near the high school in Peace River.

PennWest pledged \$100,000 over 5 years towards the Peace River Power Engineering project during the second quarter.

Collaboration with Northland School Division #61, Gift Lake Settlement and Alberta Infrastructure surrounding the creation of a joint use campus facility in the community of Gift Lake continued. Construction is now underway.

Planning with NAIT, Stantec, and Alberta Infrastructure resulted in the approval of construction of the NAIT Boreal Institute at the Northern Lakes College campus in Peace River.

Discussions continued with the Trout Lake /Peerless Lake First Nations for the eventual replacement of the existing Northern Lakes College campus. Discussions are on-going in regards to future joint High School/College Development.

### Attracting and retaining qualified people

Social Media has become a key recruitment tool for advertising external positions. Several promotions have also been launched through Facebook and Twitter during the first quarter in an effort to increase exposure.

### Developing a positive and safe working environment

The Educational Development Centre facilitated three, 30 minute, Brown Bag sessions per month on a wide variety of topics. Two Student Brown Bag sessions were also offered with the support of University Studies faculty.

Alternate ice melt products were tested with a desire to transition the college to the use of more eco-friendly methods.

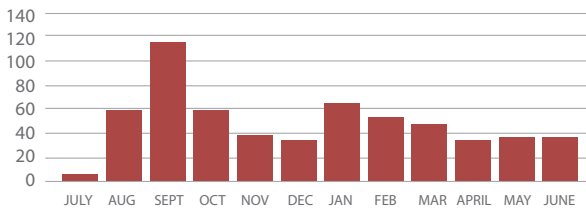
A hazardous materials review was initiated to reduce the amount of chemicals and other materials on our campuses which might be potentially dangerous and/or environmentally harmful.

### Maintaining internal communications

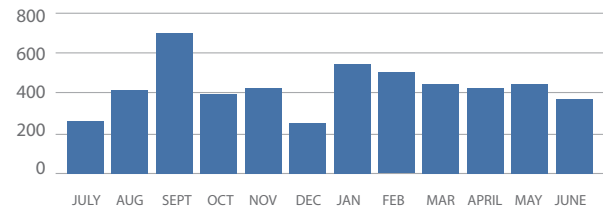
A webpage was developed to replace the Community Education Committee Handbook. The site will act as a training guide for CEC members and includes ideas to increase local student engagement. Members of the Council of Community Education Committee were encouraged to share their successes and lessons learned.

## Strategic Directions: Goal 3

### Educational Development Centre Help Desk Tickets



### Information Technology Help Desk Tickets



### Facilities Help Desk Ticket (2012/2013): 1451

#### Recruitment Statistics:

Professional Development Investment: 126,145.00

Staffing requests: 176

Number of Job Ads: 61

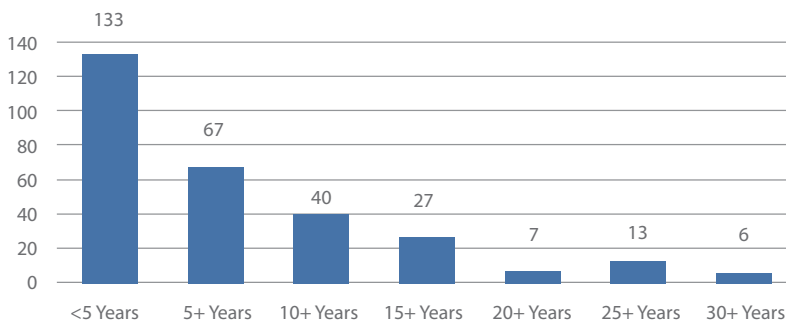
Number of positions filled: 69

Number of special placements: 21

Number of instructional employment: 36

Amendments to IEAs: 10

#### Years of Service:



### Professional Development Investment: 126,145.00

#### Capital Investment in (2012/2013):

Building and Site Improvements	\$ 754,300
Computers and Equipment	\$ 198,171
Library	\$ 46,338
Vehicles	\$ 514,311
Total	<u>\$ 1,513,120</u>

### Apprenticeship

Carpenter Apprenticeship First Period  
Carpenter Apprenticeship Second Period  
Carpenter Apprenticeship Third Period  
Carpenter Apprenticeship Fourth Period  
Crane & Hoisting Equipment Operator -  
Boom Truck  
Electrician Apprentice First Period (2)  
Electrician Apprentice Second Period  
Electrician Apprentice Third Period  
Electrician Apprentice Fourth Period  
Pre-Employment Welder  
Welder Apprentice First Period  
Welder Apprentice Second Period  
Welder Apprentice Third Period

### University Transfer

Aboriginal Teacher Education Program  
College and Career Preparation Program  
University Studies

### Workforce Development - Certificate

Advanced Skills for Leadership  
Essential Skills for Administrative Professionals  
Essential Skills for Supervisors  
Maintenance Management Professional (MMP)  
Certification Program  
Safety Skills for Supervisors  
Class 1 & Class 3 Driver Training

### Foundational Learning

Academic Upgrading  
Life skills Training

### Diploma and Certificate

Addiction Services Worker Program  
Business Administration Certificate  
Business Administration Diploma - Accounting  
Human Resource Management Diploma  
Business Administration Diploma - Management  
Business Administration Diploma -  
Management (Evening)  
Business Administration Certificate (Evening)  
Early Learning and Childcare  
Early Learning and Childcare (Evening)  
Educational Assistant - full time (Evening)  
Emergency Medical Responder  
Medical Technician  
Health Care Aide  
Health Care Aide - Employed Student Tutored  
Education (eSTEP)  
Health Care Aide - Prior Learning Assessment  
and Recognition  
Medical Receptionist  
Office Administration  
Office Administration (Evening)  
Oilfield Operator Training  
Power Engineering 3rd Class  
Power Engineering 4th Class  
Power Engineering 5th Class  
Practical Nurse  
Social Work Program  
Sterile Processing  
Survey Theory and Calculations

## Statement of Operations and Changes in Net Assets

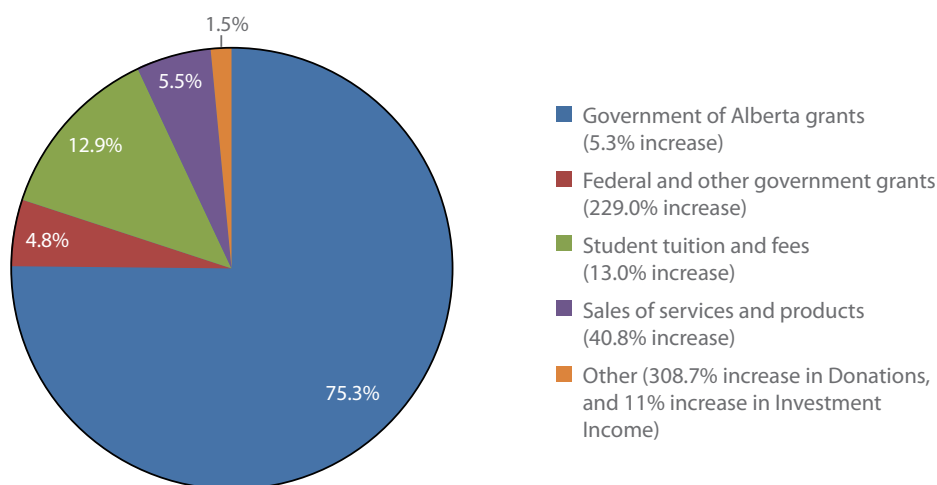
(in thousands)

### 1. Revenue

Total revenue increased by \$4,816 (12.1) from \$39,909 in 2011-12 to \$44,725 in 2012-13.

The distribution of total revenue between revenue sources for the 2012-13 fiscal year is presented in the chart below. A comparative percentage for the previous restated year is also shown.

#### Revenue Comparison



#### The key revenue highlights are:

Although the college had a cut in Government of Alberta annual funding, some conditional grants such as Apprentership programs provided additional funding increasing revenue by 5.3%. 2013 Federal and other Provincial Government revenue included one-time money provided for Dual Credit programming resulting in 229% increase (\$656 in 2011-12, \$2,158 in 2012-13), this Dual Credit money was not available in 2011-12.



#### Penn West Exploration Gives to the Peace River Regional Power Engineering Project

Penn West Exploration donated \$100,000 towards the construction of a power engineering steam lab in Peace River. This project is aimed at raising \$2,000,000 to build a steam lab in Peace River and this donation has brought the college one step closer. This facility will support the college's Power Engineering program, which offers flexible online training suited for students who are already in the workforce, or those who require alternate training options.

# Statement of Operations and Changes in Net Assets

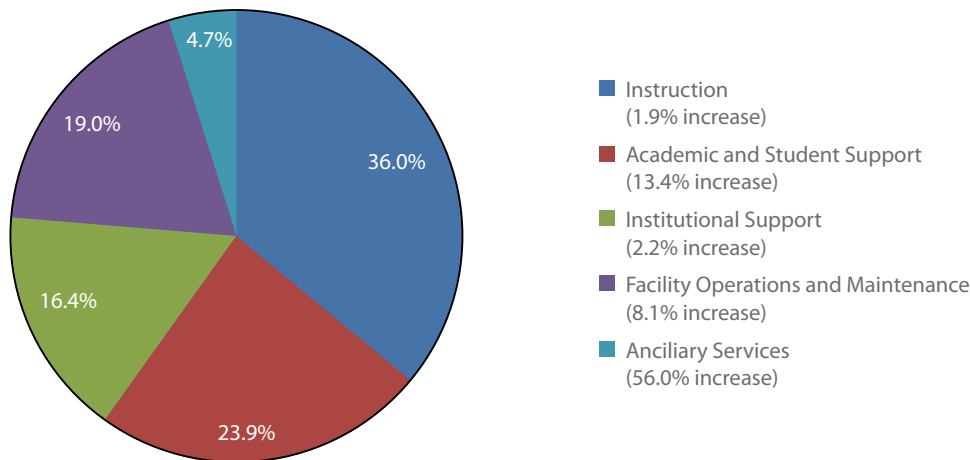
(in thousands)

## 2. Expenses

Total actual expenses increased by \$3,001 (7.5%), from \$40,030 in 2011-12 to \$43,031 in 2012-13.

The distribution of total expenses by objects of expenditure for the 2012-13 fiscal year is presented in the following chart.

### Expense Comparison



### The key expense highlights are:

Areas with greater spending in 2012-13 included costs associated with Dual Credit program, which was not provided in 2011-12. Another significant increase was spending associated with Infrastructure Maintenance.

#### Northern Lakes College announces \$250,000 donation from Shell Canada

Northern Lakes College has received a \$250,000 donation from Shell Canada that will allow the college to support Aboriginal students who are preparing to enter into a career in northern Alberta. The "Shell Canada Aboriginal Education Advancement Fund" will provide funding to students who wish to enter a college or apprenticeship program, but do not yet meet the minimum academic requirements. The fund will support these students as they upgrade their current education.



## Statement of Operations and Changes in Net Assets

(in thousands)

### 3. Accumulated Operating Surplus

The Accumulated Operating Surplus increased by \$1,694 (12.5%), from \$13,522 in 2011-12 to \$15,216 in 2012-13.

### 4. Investment in Capital Assets

The amount of \$31,374 invested in total capital assets are funded in the following manner:

Internally Funded / investment in capital assets)	\$ 8,515
Externally Funded (unamortized deferred capital contributions)	\$ 22,859
<b>Total net book value of capital assets</b>	<b>\$ 31,374</b>

### 5. Endowments

The Endowments balance experienced no change between 2011-12 and 2012-13 with the balance remaining at \$1,614.



#### Northern Lakes College Announces New President

Ann Everatt was selected as the new president of Northern Lakes College, replacing Rick Neidig. President Everatt previously served as Academic Vice President at Ontario's Lambton College and Keyano College in Fort McMurray.



### **High Prairie Regional Training and Development Centre Grand Opening**

The \$5.3 million trades and pre-employment training program designed to develop a strong labour pool for northern Alberta celebrated its grand opening on October 5, 2012 in High Prairie. The program focuses on providing hands-on training to Career and Technology Studies (CTS) students in grades 10 to 12 enrolled in dual-credit high school/college programming for electrician, welder, millwright, process operator, and power engineering. Over 120 high school and Northern Lakes College students from across the region turned out for the celebrations. Students and attendees were invited to participate in tours of the Tolko facilities as well as a Try-A-Trade, where individuals could partake in a millwright and welding project and a carpentry project.

### **Northern Lakes College announces partnership to offer business administration diploma**

NLC and Portage College are collaborating to offer specialized streams of the business administration diploma program. The partnership enhances the ability of each institution to offer the broader streams to their respective communities. Students from both institutions service region benefit from the ability to take one of three streams, human resource management, accounting or management. The accounting stream will be delivered by Portage College and the human resource management stream will be delivered by Northern Lakes College. The management stream will be delivered jointly. Regardless of where the students are located, they can register in any of the specializations.

### **ATEP Student Recognized by ASBA**

The Alberta School Board Association (ASBA) recognized Cindy Lee Auger, a 4th year Aboriginal Teacher Education Program (ATEP) student at Northern Lakes College, by presenting her with the President's award. This award is given to an individual who has made exemplary contributions to education. ATEP is a community based program that is supported by Northern Lakes College. The ATEP program was also a runner up for the ASBA Premier's award, which recognized school boards for their role in launching innovative programs and initiatives that enhance student achievement.

### **Northern Lakes College, first provider of EMR in Alberta to deliver an 8 week program**

Northern Lakes College has been approved by the Alberta College of Paramedics to increase the length of the Emergency Medical Responder (EMR) program to 8 weeks. Northern Lakes College will be the first provider of EMR in Alberta to deliver an 8 week program, more than double the previous delivery time. Redesign of the program aims to give students a stronger foundation of knowledge in readiness for successful completion of their provincial licensing exam. Changes to the program include 16 onsite days, remaining training by distance with guided, independent study. Students will be supported with theoretical learning and hands-on training, as well as a practicum component where students will experience real life work in the field.

### **Northern Lakes College proud recipient of partnership award**

Northern Lakes College was honoured to receive a Portage College Partnership award for the successful collaboration of three business administration diploma programs. At the heart of this award is the acknowledgement of the hard work the respective deans, program coordinators, instructors and registrars who have been outstanding in developing this partnership. Northern Lakes College was presented the award at the Portage College Annual Board of Governors Appreciation Dinner, at the Lac La Biche campus in November.

### **Shell Canada and Northern Lakes College partner for reclamation engagement with First Nations**

Shell Canada donated \$300,000 to create a partnership with Northern Lakes College to conduct a reclamation engagement project in the Fox Creek/Valleyview area, and north to the south shore of Lesser Slave Lake. Shell and Northern Lakes College are keen to engage regional communities to learn and assist with the re-establishment of vegetation on pipelines and well sites. Northern Lakes College is a founding member of the Woodland Operators Learning Foundation (WOLF) and will work with this group to develop the project. This project will help to develop an enduring record of the traditional knowledge of plants, assist with the transfer of knowledge between elders and youth, as well as provide them with a hands-on opportunity to participate in reclamation projects.



<b>26</b>	<b>Independent Auditor's Report</b>
<b>27</b>	<b>Consolidated Statements of Financial Position</b>
<b>28</b>	<b>Consolidated Statement of Operations</b>
<b>29</b>	<b>Consolidated Statement of Cash Flows</b>
<b>30</b>	<b>Consolidated Statement of Remeasurement gains and losses</b>
<b>31</b>	<b>Notes to the Consolidated Financial Statements</b>
<b>51</b>	<b>Schedule to the Consolidatd Financial Statements</b>



### Independent Auditor's Report

To the Board of Governors of Northern Lakes College

#### **Report on the consolidated financial statements**

I have audited the accompanying consolidated financial statements of Northern Lakes College, which comprise the consolidated statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011 and the consolidated statements of operations and cash flows for the years ended June 30, 2013 and June 30, 2012, and the statement of remeasurement gains and losses for the year ended June 30, 2013 and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

#### **Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Northern Lakes College as at June 30, 2013, June 30, 2012 and July 1, 2011 and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012, and its remeasurement gains and losses for the year ended June 30, 2013, in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

February 14, 2014

Edmonton, Alberta

## Consolidated Statements of Financial Position

### NORTHERN LAKES COLLEGE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT

(in thousands)

	June 30 2013	June 30, 2012 (note 2)	July 1, 2011 (note 2)
<b>Assets</b>			
Cash and Cash Equivalents (note 5)	\$ 11,236	\$ 8,825	\$ 7,412
Portfolio Investments (note 6)	8,970	7,932	8,047
Accounts Receivable	2,199	1,345	1,067
Inventories and prepaid expenses	599	644	770
Tangible Capital Assets (note 8)	31,374	32,181	33,472
	<b>\$ 54,378</b>	<b>\$ 50,927</b>	<b>\$ 50,768</b>
<b>Liabilities and Net Assets</b>			
Accounts Payable and Accrued Liabilities	\$ 5,073	\$ 4,416	\$ 3,903
Employee Future Benefit Liability (note 9)	592	571	615
Debt (note 15)	43	-	-
Deferred Revenue (note 10)	31,637	30,648	30,781
Accumulated Surplus			
Accumulated Operating Surplus (note 12)	15,216	13,522	13,643
Accumulated Remeasurement Gains and Losses (note 12)	203	-	-
Accumulated Net Unrealized Gains on Investments	-	156	212
Endowments (note 11)	1,614	1,614	1,614
	<b>\$ 54,378</b>	<b>\$ 50,927</b>	<b>\$ 50,768</b>

#### Contingent liabilities and contractual obligations (note 14 and 16)

#### Approved by the Board of Governors:

[Original signed by  
Archie Cunningham]

**Archie Cunningham**

Chair, Board of Governors

[Original signed by  
Ann Everatt]

**Ann Everatt**

President

-----The accompanying notes are part of these consolidated statements-----

## Consolidated Statement of Operations

**NORTHERN LAKES COLLEGE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEARS ENDED JUNE 30**  
(in thousands)

	<b>Budget 2013</b> (note 23)	<b>2013</b>	<b>2012</b> (note 2)
<b>REVENUE</b>			
Government of Alberta grants (note 20)	\$ 31,548	\$ 33,662	\$ 31,975
Federal and other government grants	350	2,158	656
Student tuition and fees	5,890	5,779	5,116
Sales of services and products	2,018	2,462	1,749
Donations and other contributions	277	282	69
Investment income (note 18)	300	382	344
	<u>40,383</u>	<u>44,725</u>	<u>39,909</u>
<b>EXPENSE</b>			
Instruction	14,382	15,492	15,206
Academic and Student Support	8,911	10,275	9,057
Institutional Support	10,004	7,062	6,908
Facility Operations and Maintenance	5,667	8,173	7,563
Anciliary Services	1,419	2,022	1,296
Sponsored Research	-	7	-
	<u>40,383</u>	<u>43,031</u>	<u>40,030</u>
<b>Operating Surplus / (Deficit)</b>	<u>\$ -</u>	<u>\$ 1,694</u>	<u>\$ (121)</u>
Change in Accumulated Surplus (note 12)		\$ 1,694	\$ (121)
Accumulated Operating Surplus, beginning of year		13,522	13,643
Accumulated Operating Surplus, end of year (note 12)		<u>\$ 15,216</u>	<u>\$ 13,522</u>

-----The accompanying notes are part of these consolidated statements-----

## Consolidated Statement of Cash Flows

**NORTHERN LAKES COLLEGE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30th**  
(in thousands)

	<u>2013</u>	<u>2012</u>
<b>OPERATING TRANSACTIONS</b>		
Operating Surplus / (Deficit)	\$ 1,694	\$ (121)
Add (deduct) non-cash items:		
Amortization of tangible capital assets	2,178	2,131
(Gain) on disposal of tangible capital assets	(38)	(5)
Expended capital recognized as revenue	(1,328)	(1,423)
Change in employee future benefit liabilities	21	(44)
Total non-cash items	833	659
Increase in accounts receivable	(853)	(278)
Decrease in inventories and prepaid expenses	46	126
Increase in accounts payable and accrued liabilities	657	512
Increase in deferred revenue	2,329	1,065
<b>Cash Provided by Operating Transactions</b>	<u>4,706</u>	<u>1,963</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(1,514)	(886)
Proceeds on sale of tangible capital assets	133	51
<b>Cash Applied to Capital Transactions</b>	<u>(1,381)</u>	<u>(835)</u>
<b>INVESTING TRANSACTIONS</b>		
Purchases of portfolio investments, net of sales	(1,023)	222
Endowment investment earnings (loss)	66	63
<b>Cash Provided by (Applied to) Investing Transactions</b>	<u>(957)</u>	<u>285</u>
<b>FINANCING TRANSACTIONS</b>		
Debt - new financing	43	-
<b>Cash Provided by (Applied to) Financing Transactions</b>	<u>43</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,411	1,413
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>8,825</u>	<u>7,412</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (note 5)</b>	<u>\$ 11,236</u>	<u>\$ 8,825</u>

-----The accompanying notes are part of these consolidated statements-----

## Consolidated Statement of Remeasurement gains and losses

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**NORTHERN LAKES COLLEGE**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**YEAR ENDED JUNE 30TH**  
**(in thousands)**

	<u>2013</u>
<b>Accumulated remeasurement gains / (losses) at beginning of year</b>	\$ -
Adjustment for adoption of accounting standard (note 3(a))	156
Unrealized gains (losses) attributable to:	
Portfolio Investments	63
Amounts reclassified to statement of operations:	
Portfolio Investments	<u>(16)</u>
<b>Accumulated remeasurement gains at end of year</b>	<u><u>\$ 203</u></u>

-----The accompanying notes are part of these consolidated statements-----



## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### 1. Authority and Purpose

The Board of Governors of Northern Lakes College is a corporation which manages and operates Northern Lakes College (the College) under the Post-Secondary Learning Act (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Enterprise and Advanced Education, with the exception of the President, who is an ex officio member. Under the Post-secondary Learning Act, Campus Alberta Sector Regulation, the College is a comprehensive community College offering diploma and certificate programs as well as a full range of continuing education programs and activities. The College is a registered charity, and under section 149 of the Income Tax Act (Canada), is exempt from the payment of income tax.

### 2. Conversion to Public Sector Accounting Standards and Restatement of Prior Year

Commencing with the 2012/2013 fiscal year, the College has adopted Canadian Public Sector Accounting Standards ("PSAS") as issued by the Public Sector Accounting Board. These consolidated financial statements are the first (consolidated) financial statements for which the College has applied Canadian PSAS.

The adoption of PSAS is accounted for by retroactive application with a restatement of prior years, except for the accounting standards contained in PS 2601 and PS 3450 as these standards specifically prohibit retroactive application. The impact of the conversion to Canadian PSAS is presented in Schedule 1.

The College has elected to delay application of Section 3255 - Post-Employment Benefits, Compensated Absences and Termination Benefits relative to the discount rate used. A discount rate has been estimated at 2.5% to discount compensated absences as an external actuarial valuation has not been prepared.

Upon review of all employee future benefits for conversion to PSAS the College identified a benefit that was previously expensed on an annual basis only. The College contributes the employee and employer Public Service Pension Plan (PSPP) and Management Employee Pension Plan (MEPP) contributions and the employer contributions for other benefit premiums on behalf of employees on long term disability for the duration of their leave, until retirement age, or until the termination of the benefit, whichever is longer. This liability of future payments was not previously reflected in the consolidated financial statements. As a result the employee future benefit liability has been increased by \$571 – 2012 and \$615 – 2011 with a corresponding decrease in accumulated surplus. This change is disclosed in Schedule 1.

### 3. Adoption of New Accounting Standards

#### (a) Financial Instruments

As of July 1, 2012, the College adopted PSA Handbook Section 3450, Financial Instruments. This new standard provides guidance for recognition, measurement and disclosure of financial instruments. The transitional provisions in the standard state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the College immediately preceding its adoption of PSAS.

Consequently, unrealized gains and losses reported in the Consolidated Statement of Financial Position for July 1, 2011 and June 30, 2012 remain in accumulated surplus.

The College has previously disclosed risks related to financial instruments in Note 2(c) in the June 30, 2012 GAAP financial statements.

## Notes to the Consolidated Financial Statements

---

Northern Lakes College | June 30, 2013  
(in thousands)

### **(b) Portfolio investments**

As of July 1, 2012, the College adopted PSA Handbook Section 3041, Portfolio Investments. This section establishes standards on how to account for and report portfolio investments. This standard is applicable to the fiscal year in which PSA Handbook Sections 2601, Foreign Currency Translation, 3450, Financial Instruments and 1201, Financial Statement Presentation are adopted. The standard refers to 3450, Financial Instruments for recognition and measurement of investments held by the College.

Other than previously stated in this note, there was no significant impact of adopting this standard.

### **(c) Foreign currency**

As of July 1, 2012, the College adopted PSA Handbook Section 2601, Foreign Currency Translation. This revised standard establishes standards on how to account for and report transactions that are denominated in a foreign currency. The transitional provisions in the standard state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the College immediately preceding its adoption of PSAS.

Other than disclosed above in Note 3(a) there was no impact of adopting this standard.

### **(d) Financial statement presentation**

As of July 1, 2012, the College adopted PSA Handbook Section 1201, Financial Statement Presentation. This section establishes general reporting principles and standards for the disclosure of information in financial statements. This standard is applicable to fiscal years that PSA Handbook Sections 2601, Foreign Currency Translation and 3450, Financial Instruments are adopted.

Other than previously stated in this note, there was no significant impact of adopting this standard.

### **(e) Government transfers**

As of July 1, 2012, the College adopted revised PSA Handbook Section 3410, Government Transfers. This revised standard establishes standards on how to account for and report government transfers to individuals, organizations, and other governments from both a transferring government and a recipient government perspective. The College has elected to apply the requirements of the revised standard on a retroactive basis.

As such, the adoption of the revised standard did not have an impact on the comparative figures but required additional disclosures in the note.

## **4. Summary of Significant Accounting Policies and Reporting Practices**

### **(a) General - PSAS and Use of Estimates**

These financial statements have been prepared in accordance with Canadian PSAS. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. College management uses judgment to determine such estimates. Employee future benefit liabilities and amortization of tangible capital assets are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### (b) Non-use of Net Debt Model Format

PSAS require a net debt presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and financial liabilities as net debt or net financial assets as an indicator of future revenues required to pay for past transactions and events. The College operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

### (c) Valuation of Financial Assets and Liabilities

The College's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Fair value
Portfolio investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses except for the restricted portions which is recognized as a liability under deferred revenue. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the College's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities. The College has elected to apply the evaluation of embedded derivatives prospectively, from July 1, 2012.

### (d) Revenue Recognition

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

The College recognizes government grants, donations and other contributions as follows:

## Notes to the Consolidated Financial Statements

---

Northern Lakes College | June 30, 2013  
(in thousands)

### **Government transfers**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the College's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the College complies with its communicated use of the transfer.

Government transfers without terms for the use of the transfer are recorded as revenue when the College is eligible to receive the funds.

### **Donations and non-government contributions**

Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or restricted for operating or capital purposes.

Unrestricted donations and non-government contributions are recorded as revenue in the year received or in the year the funds are committed to the College if the amount can be reasonably estimated and collection is reasonably assured.

Restricted donations, non-government contributions, realized and unrealized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with the College's actions and communications as to the use, create a liability. These amounts are recognized as revenue as the terms are met and, when applicable, the College complies with its communicated use.

In kind donations of services and materials are recorded at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist the College, the value of their service is not recognized as revenue or expenses in the consolidated financial statements because fair value cannot be reasonably determined.

### **Grants and donations related to land**

The College recognizes transfers and donations to buy land as a liability when received and as revenue when the College buys the land. The College recognizes in kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the College cannot determine the fair value, it records such in kind contributions at nominal value.

### **Endowments**

Donations that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received or receivable. Investment income attributable to portfolio investments that also must be maintained in perpetuity are also recognized as a direct increase in endowment net assets when received or receivable. Unrealized gains and losses attributable to portfolio investments are recognized as deferred revenue.

### **Investment Income**

Investment income includes dividends, interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted transfers, donations or contributions are recognized in the Consolidated Statement of Accumulated Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Consolidated Statement of Operations. Investment income from restricted grants and donations are recognized as deferred revenue when the terms for use create a liability, and is recognized as revenue when the terms of the grant or donation are met.

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### (e) Inventories

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method. Inventories held for consumption are valued at cost or net replacement cost.

### (f) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the College's rate for incremental borrowing or the interest rate implicit in the lease.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

Buildings	10 - 40 years
Land Improvements	10 - 40 years
Furniture, equipment and vehicles	5 - 10 years
Computer hardware and software	2 - 10 years
Library	2 - 5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed capital assets are recorded as revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at the carrying value.

Works of art, historical treasures and collections are not recognized in the consolidated financial statements but are disclosed in note 10.

### (g) Employee Future Benefits

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method. Inventories held for consumption are valued at cost or net replacement cost.

### Pension

The College participates with other employers in the Public Service Pension Plan (PSPP) and the Management Employees Pension Plan (MEPP). These pension plans are multi-employer defined benefit pension plans that provide pensions for the College's participating employees based on years of service and earnings.

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

The College does not have sufficient plan information on the PSPP or MEPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the PSPP or MEPP is comprised of employer contributions to the plan that are required for its employees during the year; which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

### Long-term disability

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the College's long-term disability plans is charged to expense in full when the event occurs which obligates the College to provide the benefits. The cost of these benefits is determined using management's best estimate of the discount rate, retirement ages of employees, expected health care costs and the period of employee disability.

### (h) Basis of consolidation

These consolidated financial statements use the line-by-line method to record the accounts of the controlled entity, Council of Community Education Committees Society of Northern Lakes College (the CCEC). The CCEC is incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act.

### (i) Funds and Reserves

Certain amounts, as approved by the Board of Governors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to / from funds and reserves are an adjustment to the respective fund when approved.

## 5. Cash and Cash Equivalents

Cash equivalents include short term investments with a maturity less than three months from the date of acquisition.

	2013	2012	July, 2011
Cash	\$ 8,834	\$ 5,768	\$ 4,669
Money market funds, short-term notes and treasury bills	\$ 2,402	\$ 3,057	\$ 2,743
	<u>\$ 11,236</u>	<u>\$ 8,825</u>	<u>\$ 7,412</u>

## 6. Portfolio Investments

The composition and fair value of portfolio investments are as follows:

2013	Level 1	Level 2	Level 3	Total
Investments at Fair Value:				
Canadian Equities	-	-	-	-
Mutual Funds	2,610	4,261	-	6,871
Others designated to fair value category	-	2,099	-	2,099
Canadian Government and Corporate Bonds	<u>-</u>	<u>2,099</u>	<u>-</u>	<u>2,099</u>
<b>Total Investments</b>	<u>\$ 2,610</u>	<u>\$ 6,360</u>	<u>-</u>	<u>\$ 8,970</u>

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

<b>2012</b> (note 2)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments at Fair Value:				
Canadian Equities	183	-	-	183
Mutual Funds	1,319	3,628	-	4,947
Others designated to fair value category Canadian Government and Corporate Bonds	-	2,802	-	2,802
<b>Total Investments</b>	<u>\$ 1,502</u>	<u>\$ 6,430</u>	<u>-</u>	<u>\$ 7,932</u>

<b>July 1, 2011</b> (note 2)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments at Fair Value:				
Canadian Equities	176	-	-	176
Mutual Funds	1,206	3,315	-	4,521
Others designated to fair value category Canadian Government and Corporate Bonds	-	3,350	-	3,350
<b>Total Investments</b>	<u>\$ 1,382</u>	<u>\$ 6,665</u>	<u>-</u>	<u>\$ 8,047</u>

The above tables provide a categorization of investments that are measured subsequent to initial recognition at fair value grouped in levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

As at June 30, 2013, the average effective yields and the terms to maturity are as follows:

Government of Canada bonds have a weighted average term to maturity of 1.4 years (2012 – 2.4 years) and stated interest rate of 2.00% (2012 – 2.00%). The effective yield on these securities is 1.97% (2012 – 1.95%).

Provincial bonds have a weighted average term to maturity of 2.1 years (2012 – 2.8 years) and stated interest rate of 4.40% (2012 – 4.50%). The effective yield on these securities is 4.12% (2012 – 4.17%).

Corporate bonds have a weighted average term to maturity of 0.8 years (2012 – 1.7 years) and stated interest rate of 4.78% (2012 – 4.82%). The effective yield on these securities is 4.62% (2012 – 4.54%).

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

Unrealized gains and losses on restricted funds	2013	2012
Net unrealized gains / losses, beginning of year	\$ 37	\$ 53
Unrealized gains / losses attributable to: Portfolio investments	\$ 16	\$ (16)
Net unrealized gains / losses, end of year recorded in deferred revenue	<u>\$ 53</u>	<u>\$ 37</u>

### 7. Financial Risk management

The College is exposed to a variety of financial risks, including market risks (price risk, currency risk and interest rate risk), credit risk, and liquidity risk. To manage these risks, the College invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The long term objective of the College's investment policies is to achieve a long term real rate of return in excess of fees and expenses and maintain the real value of the fund.

The College is exposed to the following risks:

#### Market risk

The College is exposed to market risk - the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the College has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits and is designed to achieve a long-term rate of return that in real terms equals or exceeds total expenditures with an acceptable level of risk. The College president has the delegated authority for oversight of the College's investments. The College's management for risk has not changed from prior year.

The College assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total portfolio over a 3-year period. At June 30, 2013, if market prices had a 7.55% (2012 - 11.8%; 2011 - 17.67%) increase or decrease, with all other variables held constant, the increase or decrease in net assets for the year would be \$211,321 (2012 - \$162,769; 2011 - \$229,087).

#### Foreign currency risk

The College is exposed to foreign exchange risk on investments that are denominated in foreign currencies. The College does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes.

The College's exposure to foreign exchange risk is very low due to minimal business activities conducted in foreign currency.

#### Liquidity risk

The College maintains a short-term line of credit that is designed to ensure that funds are available to meet current and forecasted financial requirements in the most cost effective manner. This short-term line of credit has a \$2,000,000 limit with interest paid monthly when used at interest rate of Prime plus 0.3%.

As at June 30th, 2013 no draw has been made from this available line of credit.



## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### Credit risk

The College is exposed to credit risk on investments arising from the potential failure of a counterparty, debtor or issuer to honor its contractual obligations. To manage this risk the College has established an investment policy with required minimum credit quality standards and issuer limits. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors.

The credit risk on investments held are as follows:

<b>Bonds</b>	<b>2013</b>	<b>2012</b>
AAA	18.5%	52.9%
AA	45.6%	26.1%
A	25.1%	12.6%
BBB	9.3%	7.0%
Below BBB	1.5%	0.3%
Not Rated	0%	1.1%
	<u>100%</u>	<u>100%</u>

### Interest rate risk

Interest rate risk is the risk to the College's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the College holds.

The terms to maturity of interest bearing securities are as follows:

	<b>&lt;1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	<b>Average effective market yield</b>
Canadian Corporate Bonds	83%	17%	0%	4.7%
Canadian Government Bonds	14%	86%	0%	3.7%

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### 8. Tangible Capital Assets

2013	Land	Buildings	Land Improvements	Equipment <sup>(1)</sup>	Computer Hardware and Software	Library	Total
<b>Cost<sup>(a)</sup></b>							
Beginning of year	\$ 1,257	\$ 41,063	\$ 810	\$ 4,873	\$ 4,354	\$ 1,711	\$ 54,068
Acquisitions <sup>(b)</sup>		290		1,163	15	46	1,514
Disposals, including write-downs	(3)	(44)	(87)	(358)	(244)	(24)	(760)
	<u>\$ 1,254</u>	<u>\$ 41,309</u>	<u>\$ 723</u>	<u>\$ 5,678</u>	<u>\$ 4,125</u>	<u>\$ 1,733</u>	<u>\$ 54,822</u>
<b>Accumulated Amortization</b>							
Beginning of year	\$ -	\$ 14,146	\$ 351	\$ 2,463	\$ 3,600	\$ 1,327	\$ 21,887
Amortization Expense	-	1,026	22	789	256	85	2,178
Effects on disposals, including write-downs	-	(35)	(79)	(259)	(220)	(24)	(617)
	<u>\$ -</u>	<u>\$ 15,137</u>	<u>\$ 294</u>	<u>\$ 2,993</u>	<u>\$ 3,636</u>	<u>\$ 1,388</u>	<u>\$ 23,448</u>
<b>Net book value at June 30, 2013</b>	<u>\$ 1,254</u>	<u>\$ 26,172</u>	<u>\$ 429</u>	<u>\$ 2,685</u>	<u>\$ 489</u>	<u>\$ 345</u>	<u>\$ 31,374</u>

(a) Cost includes work-in-progress at June 30, 2013 totaling \$678 (2012 - \$150) comprised of buildings \$602 (2012 - \$150) and equipment \$76 (2012 - \$nil), which are not amortized as the assets are not yet in service.

(b) The College holds a collection including works of art, cultural and historical properties. Due to the subjective nature of these assets they are not included in the values shown on the consolidated financial statements.

(1) Equipment includes vehicles, equipment, office equipment and furniture.

No interest was capitalized by the College in 2013 and 2012.

2012	Land	Buildings	Land Improvements	Equipment <sup>(1)</sup>	Computer Hardware and Software	Library	Total
<b>Cost<sup>(a)</sup></b>							
Beginning of year	\$ 1,257	\$ 41,063	\$ 810	\$ 4,202	\$ 4,303	\$ 1,605	\$ 53,240
Acquisitions <sup>(b)</sup>	-	-	-	729	51	106	886
Disposals, including write-downs	-	-	-	(58)	-	-	(58)
	<u>\$ 1,257</u>	<u>\$ 41,063</u>	<u>\$ 810</u>	<u>\$ 4,873</u>	<u>\$ 4,354</u>	<u>\$ 1,711</u>	<u>\$ 54,068</u>
<b>Accumulated Amortization</b>							
Beginning of year	\$ -	\$ 12,856	\$ 331	\$ 2,039	\$ 3,306	\$ 1,236	\$ 19,768
Amortization Expense	-	1,290	20	436	294	91	2,131
Effects on disposals, including write-downs	-	-	-	(12)	-	-	(12)
	<u>\$ -</u>	<u>\$ 14,146</u>	<u>\$ 351</u>	<u>\$ 2,463</u>	<u>\$ 3,600</u>	<u>\$ 1,327</u>	<u>\$ 21,887</u>
<b>Net book value at June 30, 2012</b>	<u>\$ 1,257</u>	<u>\$ 26,917</u>	<u>\$ 459</u>	<u>\$ 2,410</u>	<u>\$ 754</u>	<u>\$ 384</u>	<u>\$ 32,181</u>

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### 9. Employee Future Benefit Liability

The employee future benefit liability is for long term disability.

#### A. Defined benefit accounted for on a defined benefit basis.

##### Long-term disability

The College provides long-term disability defined benefits to its employees. An actuarial valuation has not been done on this plan.

The long-term disability plan provides pension and non-pension benefits after employment, but before the employee's normal retirement date.

The expense and financial position of the long-term disability plan is as follows:

	2013	2012
Expense		
Current service cost	\$ 191	\$ 85
Interest costs	15	15
Total expense	<u>\$ 206</u>	<u>\$ 100</u>
Financial position		
Accrued benefit obligation		
Balance, beginning year	\$ 571	\$ 615
Current service costs	191	85
Interest cost	15	15
benefits paid	(185)	(144)
Balance, end of year	<u>\$ 592</u>	<u>\$ 571</u>

The significant management assumptions used to measure the accrued benefit obligation are as follows:

	2013	2012
Accrued benefit obligation and benefit cost:	Long-term disability	Long-term disability
Discount rate	2.50%	2.50%
Average remaining service life	10	12

#### B. Defined benefit plan accounted for on a defined contribution basis

##### Multi-Employer Pension Plans

##### Management Employees Pension Plan (MEPP)

The MEPP is a multi-employer contributory defined benefit pension plan for managers at the college. As the College does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is \$205 (2012 - \$200).

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

An actuarial valuation of the MEPP was carried out as at December 31, 2012. At December 31, 2012, the MEPP reported an actuarial deficiency of \$303,423 (December 31, 2011 - \$517,726 deficiency). For the year ended December 31, 2012 MEPP reported employer contributions of \$104,685 (2011 - \$97,730) and employee contributions of \$63,397 (2011 - \$58,105). MEPP's deficiency is being discharged through additional contributions from both employees and employers until 2025. Other than the requirement to make increased contributions, the College does not bear any risk related to the MEPP deficiency.

### Public Service Pension Plan (PSPP)

The PSPP is a multi-employer contributory defined benefit pension plan for staff members, excluding management positions. As the College does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is \$2,418 (2012 - \$2,121).

An actuarial valuation of the PSPP was carried out as at December 31, 2012. At December 31, 2012, the PSPP reported an actuarial deficiency of \$1,645,141 (2011 - \$1,790,383 deficiency). For the year ended December 31, 2012 PSPP reported employer contributions of \$257,350 (2011 - \$227,616) and employee contributions of \$259,487 (2011 - 229,344). PSPP's deficiency is being discharged through additional contributions from both employees and employers until 2026 (2011 - 2025). Other than the requirement to make additional contributions, the College does not bear any risk related to the PSPP deficiency.

## 10. Deferred Revenue

Deferred revenue is comprised of restricted grants and donations spent on capital acquisitions (not yet recognized as revenue), unspent restricted grants and donations, unearned tuition and other revenue.

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement:

	2013					
	Restricted					
	Deferred Research and Special Purpose	Unspent capital contributions	Spent capital contributions	Total	Tuition and other fees	Total
Balance, beginning of year	\$ 3,922	\$ 2,222	\$ 24,218	\$ 30,362	\$ 286	\$ 30,648
Grants, tuition, donations received	8,933	-	-	8,933	173	9,106
Investment income	64	27	-	91	-	91
Unearned capital acquisition transfers	-	-	8	8	-	8
Transfer to internally funded capital assets	39	-	(39)	-	-	-
Recognized as revenue	(6,615)	(3)	(1,328)	(7,946)	(286)	(8,232)
Change in unrealized gains/(losses) on investments related to endowments	16	-	-	16	-	16
Balance, end of year	\$ 6,359	\$ 2,246	\$ 22,859	\$ 31,464	\$ 173	\$ 31,637

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

	2012					
	Restricted			Total	Tuition and other fees	Total
	Deferred Research and Special Purpose	Unspent capital contributions	Spent capital contributions			
Balance, beginning of year	\$ 3,018	\$ 2,289	\$ 25,334	\$ 30,641	\$ 140	\$ 30,781
Grants, tuition, donations received	4,563	-	-	4,563	286	4,849
Investment income	58	-	-	58	-	58
Unearned capital acquisition transfers	(240)	(67)	307	-	-	-
Recognized as revenue	(3,461)	-	(1,423)	(4,884)	(140)	(5,024)
Change in unrealized gains/(loses) on investments related to endowments	(16)	-	-	(16)	-	(16)
Balance, end of year	\$ 3,922	\$ 2,222	\$ 24,218	\$ 30,362	\$ 286	\$ 30,648

### 11. Endowments

Endowments consist of externally restricted donations received by the College and internal allocations by the College's Board of Governors, the principal of which is required to be maintained intact in perpetuity.

Investment income earned on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as College policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

Under the Post-secondary Learning Act, the College has the authority to alter the terms and conditions of endowments to enable:

- income earned by the endowment to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.
- encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits the College and does not impair the long-term value of the fund.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from any prior years investment income withheld for future spending.

The composition of endowments is as follows:

	2013	2012
Balance, beginning of year	\$ 1,614	\$ 1,614
Endowment contributions	-	-
Balance, end of year	\$ 1,614	\$ 1,614

During the 2013 year there was no change in the endowment balance.

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### 12. Accumulated Surplus

Accumulated surplus is comprised of the following:

	Accumulated Operating Surplus	Internal Restricted Surplus	Investment in Tangible Capital Assets	Accumulated Operating Surplus
Balance as at July 1, 2011	\$ 3,866	\$ 1,637	\$ 8,140	\$ 13,643
Acquisition of capital assets	(579)	-	579	-
Net book value of asset disposals	71	-	(71)	-
Amortization of capital assets	684	-	(684)	-
Operating Surplus / (Deficit)	(121)	-	-	(121)
Balance as at June 30, 2012	3,921	1,637	7,964	13,522
Acquisition of capital assets	(1,545)	-	1,545	-
Net book value of asset disposals	94	-	(94)	-
Amortization of capital assets	900	-	(900)	-
Operating Surplus / (Deficit)	1,694	-	-	1,694
Balance as at June 30, 2013	5,064	1,637	8,515	15,216
Remeasurement gain/losses	203	-	-	203
Total Accumulated Surplus	\$ 5,267	\$ -	\$ 8,515	\$ 15,419

Investment in tangible capital assets represents the amount of the college's accumulated surplus that has been invested in the college's capital assets.

### 13. Internally Restricted Surplus

Internally restricted surpluses represent amounts set aside by the College's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Internally restricted surpluses is summarized as follows:

	Balance at beginning of year	Appropriations from unrestricted net assets	Spent during year	Balance at end of year
Appropriations for Capital Activities Trout/Peerless Campus	\$ 1,000	\$ -	\$ -	\$ 1,000
Appropriations for Operating Activities Scholarships / Bursaries	12	-	-	12
Alberta Blue Cross	125	-	-	125
Peace River/High Level Region Projects	500	-	-	500
	\$ 1,637	\$ -	\$ -	\$ 1,637

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### 14. Contingent Liabilities

The College, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the College believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the College. Management has concluded that none of the claims meet the criteria for being recorded under PSAS.

The College has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the College may be required to take appropriate remediation procedures to remove the asbestos. As the College has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligations for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

### 15. Capital Lease Obligations

Repayments are due as follows:

2014	\$	30
2015		15
Total minimum lease payments		45
Less amounts representing interest (at 3.25-4.25%)		(2)
Present value of net minimum capital lease payments	\$	43

Total interest on leases for the year is \$2 (2012 - \$4)

### 16. Contractual Obligations

The College has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

	2013	2012
Service contracts	\$ 29	\$ 48
Information systems and technology	524	654
Long-term leases	121	295
	<u>\$ 674</u>	<u>\$ 997</u>

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts	Information Systems and Technology	Long-term Leases	Total
2014	\$ 19	\$ 190	\$ 114	\$ 323
2015	10	200	7	217
2016	-	134	-	134
	<u>\$ 29</u>	<u>\$ 524</u>	<u>\$ 121</u>	<u>\$ 674</u>

### 17. Expense by Function

The College uses the following categories of functions on its statement of operations:

#### Instruction

Expenses relating to all programming and/or training within the college, whether for credit or non-credit.

#### Academic and Student Support

Includes expenses related to activities directly supporting the academic functions of the College, including centralized functions that support individual students, records and admissions, counseling or career services, social development and recreation, financial aid administration, centralized scholarship awards and any other centralized student support group.

#### Facility operations and maintenance

Expenses relating to maintenance and renewal of facilities that house the teaching, research and administrative activities within the college. These include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, as well as major repairs and renovations.

#### Institutional Support

Includes expenses for executive management, public relations, alumni relations/development, insurance premiums, finance, human resources and any other centralized institution wide administrative services.

#### Ancillary Services

This includes expenses for operating outside of the normal functions of instruction such as bookstore, food services, residences and housing.

#### Sponsored research

Expenses for all sponsored research activities specifically funded by restricted grants and donations.



## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### 18. Investment Income

	2013	2012
Income on investments held for endowments	\$ 66	\$ 63
Income on other investments	407	339
	473	402
Amounts deferred (Note 10)	(91)	(58)
Investment Income	<u>\$ 382</u>	<u>\$ 344</u>

### 19. Expense by Object

The following is a summary of expense by object.

	2013		2012
	Budget	Actual	Actual
	(note 23)		(note 2)
Salaries and benefits	\$ 26,758	\$ 28,026	\$ 26,831
Materials, supplies and services	8,866	9,912	8,962
Utilities	1,301	1,302	1,134
Maintenance and repairs	341	276	120
Cost of goods sold	761	1,255	780
Scholarships and bursaries	71	82	72
Amortization of capital assets	2,285	2,178	2,131
	<u>\$ 40,383</u>	<u>\$ 43,031</u>	<u>\$ 40,030</u>

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### 20. Related Party Transactions and Balances

The College operates under the authority and statutes of the Province of Alberta. Transactions and balances between the College and the Government of Alberta (GOA) are measured at the exchange amount and summarized below.

	2013	2012
Grants from GOA		
Enterprise and Advanced Education:		
Operating	\$ 29,065	\$ 28,373
Access to the Future Fund (matching grants)	-	-
Other	3,708	2,179
Total Enterprise and Advanced Education	<u>32,773</u>	<u>30,552</u>
Other Post-secondary Institutions	<u>499</u>	<u>-</u>
Other GOA departments and agencies:		
Alberta Human Services	107	221
Alberta Culture	12	13
Alberta Education	35	-
Other	31	335
Total other GOA departments and agencies	<u>185</u>	<u>569</u>
Total grants received	33,457	31,121
Less: deferred revenue	(1,126)	(569)
Restricted expended capital recongnized as revenue	1,331	1,423
	<u>\$ 33,662</u>	<u>\$ 31,975</u>
Accounts receivable		
Enterprise and Advanced Education	\$ 1	\$ -
Other GOA departments and agencies	13	121
	<u>\$ 14</u>	<u>\$ 121</u>
Accounts payable		
Other GOA departments and agencies	9	63
	<u>\$ 9</u>	<u>\$ 63</u>

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

The College also works with the following organizations to increase access to post-secondary learning opportunities:

- Increase access to online courses, programs and services across member institutions
- Develop awareness of online learning opportunities to ensure all Albertans have access to flexible learning opportunities that enable them to reach their full potential
- Build provincial, community and institutional capacity by increasing the quantity and workforce applicability of online courses, credentials and student services
- Enable collaboration between institutions in ways that engage members and strengthen the consortium
- Improve quality across course offerings and learner support services in support of best practices in online learning

The eCampus annual report is available online at <http://www.ecampusalberta.ca/members/member-resources/annual-reports>.

Northern Lakes College paid an annual membership fee to eCampusAlberta of \$28. Business, legal and financial risks are minimal.

### **Alberta Association in Higher Education for Information Technology (AHEIT)**

The College has membership in a consortium of institutions for the purpose of saving money on software licenses. Annual payment is determined by the menu of software licenses participating institutions utilize. For 2012-13 the cost was \$4. Business, legal and financial risks are minimal.

### **Alberta Association of Colleges and Technical Institutes (AACTI)**

The College is a member of the Alberta Association of Colleges and Technical Institutes. The annual membership fee for 2012-13 was \$19. Business, legal and financial risks are minimal.

### **Apply Alberta**

The province funded the creation of a common application system known as Apply Alberta with the understanding that institutions (collectively) would own and manage the system created. This was accomplished through the formation of a society (Alberta Post-Secondary Application System Society). The annual fee in 2012-13 was \$26 and for future years the fee is based on the number of applications received. In addition to the central project, each institution was responsible (with some Government funding) for changing internal IT systems to facilitate the receipt of online applications from students.

## **21. Funds Held on Behalf of Others**

The College holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	2013	2012
Northern Alberta Development Council	\$ 40	\$ 46
Others	6	-
	<u>\$ 46</u>	<u>\$ 46</u>

## Notes to the Consolidated Financial Statements

Northern Lakes College | June 30, 2013  
(in thousands)

### 22. Salary and Employee Benefits

Treasury Board Directive 12-98 under the Financial Administration Act of the Province of Alberta requires the disclosure of certain salary and employee benefits information.

	2013			2012
	Base salary <sup>(2)</sup>	Other cash benefits <sup>(3)</sup>	Other non-cash benefits <sup>(4)</sup>	Total
<b>Governance <sup>(1)</sup></b>				
Chairperson of the Board of Governors	\$0	\$8	\$0	\$8
Members of the Board of Governors	0	23	1	24
<b>Executive</b>				
President <sup>(5)(6)</sup>	172	53	18	243
Vice-Presidents:				
Vice-President Academic	147	28	31	206
Vice-President College Services	150	17	33	200
Deans				
Academic and Community Learning <sup>(6)</sup>	141	44	8	193
Health Career and Program Development	130	1	32	163
Business, Industry & Human Service Careers	120	1	30	151
Student Services	123	1	29	153
Senior Directors				
Finance Services, CFO	128	6	34	168
External Relations	130	1	32	163

- (1) The Chairperson and Members of Board of Governor receive no remuneration for their participation on the Board.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include wellness pay-outs, health spending accounts, vacation payments and lump sum payments.
- (4) Other non-cash benefits include the College's share of all employee benefits including Canada Pension Plan, Employment Insurance, pensions, supplementary health care, dental plan, group life insurance, accidental death and dismemberment insurance and LTD plan.
- (5) The President has been provided with an automobile by the College for which no amount is included in the other non-cash benefits.
- (6) Both outgoing and new president overlapped employment in month of June. Dean Academic and Community Learning left college October, 2012 and has not been replaced.

### 23. Budget Figures

Budgeted figures have been provided for comparison purposes and have been derived from the College's 2012-2015 Comprehensive Institutional Plan as approved by the Board of Governors.

### 24. Approval of Financial Statements

The financial statements were approved by the Board of Governors of Northern Lakes College.

## Schedule to the Financial Statements

### Schedule 1

**NORTHERN LAKES COLLEGE**  
**SCHEDULE OF TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS**  
**FOR THE YEAR ENDED June 30, 2013**

a) Reconciliation of July 1, 2011 Consolidated Statement of Financial Position

	July 1, 2011							July 1, 2011
	CGAAP		CGAAP	Tangible Capital assets		Reclassification	PSAS	
		Restatement of Employee Future Benefit	Restated	Collections	Other			
	(in thousands)							
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,669	\$ -	\$ 4,669	\$ -	\$ -	\$ 2,743 <sup>(4)</sup>	\$ 7,412	
Short-Term investments	6,172	-	6,172	-	-	1,875 <sup>(4)(5)</sup>	8,047	
Accounts receivable	1,067	-	1,067	-	-	-	1,067	
Inventories and prepaid expenses	770	-	770	-	-	-	770	
Long-term investments	4,618	-	4,618	-	-	(4,618) <sup>(5)</sup>	-	
Tangible Capital assets	33,591	-	33,591	(119) <sup>(2)</sup>	-	-	33,472	
	<u>\$ 50,887</u>	<u>\$ -</u>	<u>\$ 50,887</u>	<u>(119)</u>	<u>-</u>	<u>-</u>	<u>\$ 50,768</u>	
<b>LIABILITIES AND NET ASSETS</b>								
Accounts payable and accrued liabilities	\$ 3,904	\$ -	\$ 3,904	\$ -	\$ -	(1)	\$ 3,903	
Employee future benefit liabilities	-	615 <sup>(1)</sup>	615	-	-	-	615	
Debt	-	-	-	-	-	-	-	
Deferred contributions Short Term	1,159	-	1,159	-	-	(1,159) <sup>(6)</sup>	-	
Deferred revenue	140	-	140	(2) <sup>(2)</sup>	-	30,643 <sup>(6)</sup>	30,781	
Deferred contributions Long Term	1,859	-	1,859	-	-	(1,859) <sup>(6)</sup>	-	
Deferred capital contribution	2,289	-	2,289	-	-	(2,289) <sup>(6)</sup>	-	
Unamortized Deferred Capital Contribution	25,343	-	25,343	-	(8) <sup>(3)</sup>	(25,335) <sup>(6)</sup>	-	
	<u>34,694</u>	<u>615</u>	<u>35,309</u>	<u>(2)</u>	<u>(8)</u>	<u>-</u>	<u>35,299</u>	
<b>Net Assets</b>								
Accumulated surplus	\$ -	\$ -	\$ -	\$ -	\$ -	13,855 <sup>(7)</sup>	\$ 13,855	
Unrestricted	4,694	(615) <sup>(1)</sup>	4,079	(117) <sup>(2)</sup>	8	(3,970) <sup>(7)</sup>	-	
Internally restricted	1,637	-	1,637	-	-	(1,637) <sup>(7)</sup>	-	
Invested in capital Assets	8,248	-	8,248	-	-	(8,248) <sup>(7)</sup>	-	
Endowments	1,614	-	1,614	-	-	-	1,614	
	<u>\$ 50,887</u>	<u>\$ -</u>	<u>\$ 50,887</u>	<u>\$ (119)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,768</u>	

(1) Restatement of Employee Future Benefit

(2) Elimination of non-tangible assets

(3) Transfer from externally funded capital assets

(4) Reclassification of investments with maturity less than three months to cash equivalents

(5) Reclassification of long term investments to investments

(6) Reclassification deferred contributions to deferred revenue

(7) Condensing of unrestricted, internally restricted and invested in capital assets to accumulated surplus

## Schedule to the Financial Statements

Schedule 1

**NORTHERN LAKES COLLEGE**  
**SCHEDULE OF TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS**  
**FOR THE YEAR ENDED June 30, 2013**

b) Reconciliation of June 30, 2012 Statement of Financial position

	June 30, 2012							June 30, 2012
	CGAAP		CGAAP	Tangible Capital assets			Reclassification	PSAS
		Restatement of Employee Future Benefit	Restated	Collections	Other			
	(in thousands)							
<b>ASSETS</b>								
Cash and cash equivalents	\$ 5,768	\$ -	\$ 5,768	\$ -	\$ -	\$ 3,057 <sup>(3)</sup>		\$ 8,825
Short-Term investments	6,688	-	6,688	-	-	1,244 <sup>(3)(4)</sup>		7,932
Accounts receivable	1,345	-	1,345	-	-	-		1,345
Inventories and prepaid expenses	644	-	644	-	-	-		644
Long-term investments	4,301	-	4,301	-	-	(4,301) <sup>(4)</sup>		-
Tangible Capital assets	32,292	-	32,292	(111) <sup>(2)</sup>	-	-		32,181
	<u>\$ 51,038</u>	<u>\$ -</u>	<u>\$ 51,038</u>	<u>\$ (111)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 50,927</u>
<b>LIABILITIES AND NET ASSETS</b>								
Accounts payable and accrued liabilities	\$ 4,416	\$ -	\$ 4,416	\$ -	\$ -	\$ -		\$ 4,416
Employee future benefit liabilities	-	571 <sup>(1)</sup>	571	-	-	-		571
Debt	-	-	-	-	-	-		-
Deferred contributions	1,408	-	1,408	(1) <sup>(2)</sup>	-	(1,407) <sup>(5)</sup>		-
Deferred revenue	287	-	287	-	-	30,361 <sup>(5)</sup>		30,648
Deferred contributions Long Term	2,514	-	2,514	-	-	(2,514) <sup>(5)</sup>		-
Deferred capital contribution	2,222	-	2,222	-	-	(2,222) <sup>(5)</sup>		-
Unamortized Deferred Capital Contribution	24,218	-	24,218	-	-	(24,218) <sup>(5)</sup>		-
	<u>\$ 35,065</u>	<u>\$ 571</u>	<u>\$ 35,636</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 35,635</u>
<b>Net Assets</b>								
Accumulated surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,678 <sup>(6)</sup>		\$ 13,678
Unrestricted	4,648	(571) <sup>(1)</sup>	4,077	(110) <sup>(2)</sup>	-	(3,967) <sup>(6)</sup>		-
Internally restricted	1,637	-	1,637	-	-	(1,637) <sup>(6)</sup>		-
Invested in capital Assets	8,074	-	8,074	-	-	(8,074) <sup>(6)</sup>		-
Endowments	1,614	-	1,614	-	-	-		1,614
	<u>\$ 51,038</u>	<u>\$ -</u>	<u>\$ 51,038</u>	<u>\$ (111)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 50,927</u>

(1) Restatement of Employee Future Benefit

(2) Elimination of non-tangible assets

(3) Reclassification of investments with maturity less than three months to cash equivalents

(4) Reclassification of long term investments to investments

(5) Reclassification deferred contributions to deferred revenue

(6) Condensing of unrestricted, internally restricted and invested in capital assets to accumulated surplus

## Schedule to the Financial Statements

Schedule 1

**NORTHERN LAKES COLLEGE**  
**SCHEDULE OF TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS**  
**FOR THE YEAR ENDED June 30, 2012**

c) Reconciliation of June 30, 2012 consolidated statement of operations

	June 30, 2012						June 30, 2012		
	CGAAP		CGAAP	Tangible Capital assets		Reclassification	Total Adjustments	PSAS	
		Restatement of Employee Future Benefits	Restated	Collections	Other				
	(in thousands)								
REVENUE									
Government of Alberta grants (note 19)	\$ 30,580	\$ -	\$ 30,580	\$ -	\$ -	\$ 1,395 <sup>(3)</sup>	\$ 1,395	\$ 31,975	
Federal and other government grants	656	-	656	-	-	-	-	656	
Student tuition and fees	5,116	-	5,116	-	-	-	-	5,116	
Sales of services and products	1,749	-	1,749	-	-	-	-	1,749	
Donations and other grants	41	-	41	-	-	28 <sup>(3)</sup>	28	69	
Investment income (note 17)	344	-	344	-	-	-	-	344	
Amortization of deferred capital contributions (note 12)	1,423	-	1,423	-	-	(1,423) <sup>(3)</sup>	(1,423)	-	
	<u>\$ 39,909</u>	<u>\$ -</u>	<u>\$ 39,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,909</u>	
EXPENSE									
Instruction and institutional support	\$ 15,225	\$ (19) <sup>(1)</sup>	\$ 15,206	\$ -	\$ -	\$ -	\$ -	\$ 15,206	
Academic and Student Support	9,062	(5) <sup>(1)</sup>	9,057	-	-	-	-	9,057	
Institutional support	6,928	(20) <sup>(1)</sup>	6,908	-	-	-	-	6,908	
Facility operations and maintenance	7,571	-	7,571	(8) <sup>(2)</sup>	-	-	(8)	7,563	
Ancillary services	1,296	-	1,296	-	-	-	-	1,296	
	<u>40,082</u>	<u>(44)</u>	<u>40,038</u>	<u>(8)</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>40,030</u>	
Excess revenue over expense	(173)	44	(129)	8	-	-	8	(121)	
Change in net unrealized gains on investments	(56)	-	(56)	-	-	-	-	(56)	
Transfer from externally funded capital assets	9	-	9	-	-	(9) <sup>(4)</sup>	(9)	-	
Change in operating surplus	(220)	44	(176)	8	-	(9)	(1)	(177)	
Accumulated surplus (deficit) from operations, beginning of year	14,579	(615)	13,964	-	-	(109)	(109)	13,855	
Accumulated surplus (deficit) from operations, end of year	\$ 14,359	\$ (571)	\$ 13,788	\$ 8	\$ -	\$ (118)	\$ (110)	\$ 13,678	

(1) Adjust for current employee future benefit expense.

(2) Eliminate depreciation expense for non-tangible assets.

(3) Allocate amortization revenue from externally funded assets to respective source

(4) Transfer from externally funded capital assets

## Schedule to the Financial Statements

Schedule 1

**NORTHERN LAKES COLLEGE**  
**SCHEDULE OF TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS**  
**FOR THE YEAR ENDED June 30, 2012**

d) Reconciliation of June 30, 2012

June 30, 2012		Adjustments (in thousands)			June 30, 2012	
CGAAP		CGAAP			Total Adjustments	PSAS
	Restatement of Employee Future Benefit	Restated		Reclassification		
(in thousands)						
<b>Operations Transactions:</b>						
Operating deficit	\$ (173)	\$ 44 <sup>(1)</sup>	\$ (129)	\$ 8 <sup>(2)</sup>	\$ 8	\$ (121)
Add (deduct) non-cash items						
Amortization of capital assets	2,139		2,139	(8)	(8)	2,131
Amortization of deferred capital contributions	(1,423)		(1,423)			(1,423)
Change in employee future benefit liability	-	(44) <sup>(1)</sup>	(44)			(44)
Loss on disposal of capital assets	(5)		(5)			(5)
Total non-cash items	711	(44)	667	(8)	(8)	659
Decrease (increase) in short-term investments	(516)		(516)	516	516	
Decrease (increase) in accounts receivable	(278)		(278)			(278)
Decrease (increase) in inventories and prepaid expenses	126		126			126
(Decrease) increase in accounts payable and accrue liabilities	512		512			512
(Decrease) increase in deferred contributions	1,129		1,129	(1,129)	(1,129)	
Increase in deferred revenue	147		147	918	918	1,065
	1,120		1,120	305	305	1,425
	1,658		1,658	305	305	1,963
<b>Capital Transactions:</b>						
Purchase of capital assets and collections, net of proceeds from disposals	(844)		(844)	(42)	(42)	(886)
Proceeds on sale of tangible capital assets	-		-	51	51	51
	(844)		(844)	9	9	(835)
<b>Investing Transactions:</b>						
Sale (Purchase) of long-term investments, net of purchases (sales)	222		222			222
Endowment Investment earnings	63		63			63
	285		285			285
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,099		1,099	314	314	1,413
CASH, BEGINNING OF YEAR	4,669		4,669	2,743	2,743	7,412
CASH, END OF YEAR	\$ 5,768	\$ -	\$ 5,768	\$ 3,057	\$ 3,057	\$ 8,825

(1) Adjust for Employee Future Benefits.

(2) Eliminate depreciation expense for non-tangible assets.

(3) Reclassification of investments with maturity less than three months to cash equivalents



#### NORTHERN LAKES COLLEGE SCHEDULE OF TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONT'D)

e) Reconciliation of the June 30, 2012 Schedules of Expenses by Object

	June 30, 2012 CGAAP	Adjustment (in thousands)	June 30, 2012 PSAS
Salaries and benefits	\$ 26,875	\$ (44) <sup>(1)</sup>	\$ 26,831
Materials, supplies and services	8,962	-	8,962
Utilities	1,134	-	1,134
Maintenance and repairs	120	-	120
Cost of goods sold	780	-	780
Scholarships and bursaries	72	-	72
Amortization of capital assets	2,139	(8) <sup>(2)</sup>	2,131
	<u>\$ 40,082</u>	<u>\$ (52)</u>	<u>\$ 40,030</u>

(1) Adjustment to employee future benefits liability for long term disability accrual

(2) Adjustment to amortization due to removal of net book value of non-tangible assets

**Northern Lakes College**

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