

NORTHLANDS COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
Year ended June 30, 2014

Independent Auditors' Report

To the Board of Directors of Northlands College:

We have audited the accompanying consolidated financial statements of Northlands College, which comprise the consolidated statement of financial position as at June 30, 2014 and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and supporting schedules for the year ended June 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Northlands College as at June 30, 2014 and the consolidated results of its operations, changes in net financial assets and its cash flows for the year ended June 30, 2014 in accordance with Canadian public sector accounting standards.

October 17, 2014

Prince Albert, SK

MNP LLP

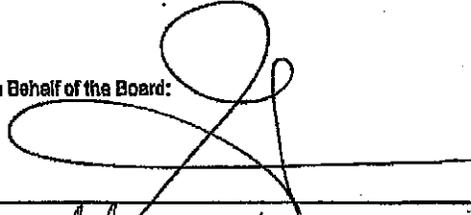
Chartered Accountants

Statement 1

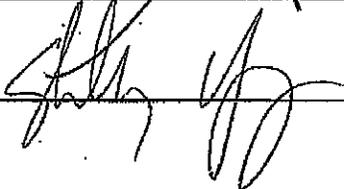
Northlands College
Consolidated Statement of Financial Position
as at June 30, 2014

	June 30 2014	June 30 2013
	<u> </u>	<u> </u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 7,471,574	\$ 5,897,448
Accounts receivable (Note 4)	1,823,404	1,046,206
Total Financial Assets	<u>9,294,978</u>	<u>6,943,654</u>
Liabilities		
Accrued salaries and benefits (Note 6)	737,415	721,487
Accounts payable and accrued liabilities (Note 7)	3,047,868	1,589,736
Deferred revenue (Note 8)	368,196	560,415
Liability for employee future benefits (Note 9)	262,900	245,800
Long-term debt (Note 10)	243,035	297,826
Total Financial Liabilities	<u>4,659,414</u>	<u>3,415,264</u>
Net Financial Assets	<u>4,635,564</u>	<u>3,528,390</u>
Non-Financial Assets		
Tangible capital assets (Note 11)	3,452,140	2,763,923
Inventory of supplies for consumption	94,733	65,913
Prepaid expenses (Note 12)	97,453	92,631
Total Non-Financial Assets	<u>3,644,326</u>	<u>2,922,467</u>
Accumulated Surplus	<u>\$ 8,279,894</u>	<u>\$ 6,450,857</u>
Accumulated Surplus is comprised of:		
Accumulated surplus from operations	\$ 8,279,894	\$ 6,450,857
Total Accumulated Surplus	<u>\$ 8,279,894</u>	<u>\$ 6,450,857</u>

On Behalf of the Board:



 _____ Director



 _____ Director/CFO

Statement 2

Northlands College
Consolidated Statement of Operations and Accumulated Surplus (Deficit)
for the year ended June 30, 2014

	2013/14 Actual	2013/14 Budget <i>(Note 15)</i>	2012/13 Actual
Revenues (Schedule 2)			
Provincial government			
Grants	\$ 14,647,553	\$ 13,853,626	\$ 12,779,124
Other	1,036,550	397,785	335,681
Federal government			
Grants	851,761	-	-
Other revenue			
Administrative recoveries	412,266	401,567	392,628
Contracts	2,557,025	3,945,401	2,589,556
Interest	76,336	62,000	69,558
Rents	176,199	202,124	160,146
Resale items	262,914	300,000	173,985
Tuitions	867,884	980,055	796,128
Donations	22,911	45,750	126,958
Other	957,967	575,135	678,565
Total revenues	<u>21,869,366</u>	<u>20,763,443</u>	<u>18,102,329</u>
Expenses (Schedule 3)			
General	7,651,072	6,572,062	6,034,358
Skills training	5,675,679	6,690,573	4,579,524
Basic education	2,800,766	3,708,934	3,997,497
University	1,639,805	1,923,041	1,295,709
Services	1,038,912	1,486,268	1,477,670
Scholarships	121,664	136,950	21,114
Development	-	95,996	-
Student housing	1,112,436	826,155	850,703
Total expenses	<u>20,040,334</u>	<u>21,439,979</u>	<u>18,256,575</u>
Surplus (Deficit) for the Year from Operations	<u>1,829,032</u>	<u>(676,536)</u>	<u>(154,246)</u>
Accumulated Surplus (Deficit), Beginning of Year	<u>6,450,857</u>	<u>6,450,857</u>	<u>6,605,106</u>
Accumulated Surplus (Deficit), End of Year	<u>\$ 8,279,894</u>	<u>\$ 5,774,321</u>	<u>\$ 6,450,857</u>

See accompanying notes to financial statements

Statement 3

Northlands College
Consolidated Statement of Changes in Net Financial Assets (Net Debt)
as at June 30, 2014

	2013/14 Actual	2013/14 Budget (Note 15)	2012/13 Actual
Net Financial Assets, Beginning of Year	\$ 3,528,390	\$ 3,528,390	\$ 3,286,318
Surplus (Deficit) for the Year from Operations	1,829,032	(676,536)	(154,246)
Acquisition of tangible capital assets	(1,311,358)	(400,000)	(148,931)
Amortization of tangible capital assets	623,142	517,755	509,271
Acquisition of inventory of supplies for consumption	(94,733)	-	-
Acquisition of prepaid expenses	(97,453)	(128,610)	(92,631)
Consumption of supplies inventory	65,913	-	-
Use of prepaid expenses	92,631	66,425	128,613
	<u>1,107,174</u>	<u>(620,966)</u>	<u>242,076</u>
Change in Net Financial Assets (Net Debt)	<u>1,107,174</u>	<u>(620,966)</u>	<u>242,072</u>
Net Financial Assets, End of Year	<u>\$ 4,635,564</u>	<u>\$ 2,907,424</u>	<u>\$ 3,528,390</u>

See accompanying notes to financial statements

Statement 4

Northlands College
Consolidated Statement of Cash Flows
for the year ended June 30, 2014

	<u>Actual 2013/14</u>	<u>Actual 2012/13</u>
Operating Activities		
Surplus (Deficit) for the year from operations	\$ 1,829,032	\$ (154,246)
Non-cash items included in surplus (deficit)		
Amortization of tangible capital assets	623,142	509,271
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(777,198)	314,405
Increase (decrease) in accrued salaries and benefits	15,928	(181,055)
Increase (decrease) in accounts payable and accrued liabilities	1,458,132	(489,188)
Increase in deferred revenue	(192,219)	19,015
Increase in employee future benefits	17,100	11,300
(Increase) in inventory of supplies for consumption	(28,820)	-
(Increase) decrease in prepaid expenses	(4,822)	35,982
Cash Provided (Used) by Operating Activities	<u>2,940,275</u>	<u>65,484</u>
Capital Activities		
Cash used to acquire tangible capital assets	(1,311,358)	(148,931)
Cash Provided (Used) by Capital Activities	<u>(1,311,358)</u>	<u>(148,931)</u>
Financing Activities		
Repayment of long-term debt	(54,791)	(50,421)
Cash Provided (Used) by Financing Activities	<u>(54,791)</u>	<u>(50,421)</u>
Increase (Decrease) in Cash and Cash equivalents	1,574,126	(133,868)
Cash and Cash Equivalents, Beginning of Year	<u>5,897,448</u>	<u>6,031,320</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,471,574</u>	<u>\$ 5,897,448</u>
Represented on the Financial Statements as:		
Cash and cash equivalents	\$ 7,471,574	\$ 5,897,448
Cash and Cash Equivalents, End of Year	<u>\$ 7,471,574</u>	<u>\$ 5,897,448</u>

See accompanying notes to financial statements

Schedule 1

Northlands College
Consolidated Schedule of Revenues and Expenses by Function
for the year ended June 30, 2014

	2013/14 Revenues and Expenses								2013/14	2013/14	2012/13			
	General	Skills Training		Basic Education		Services		University	Scholarships	Development	Student Housing			
		Credit	Non-credit	Credit	Non-credit	Leamer Support	Counsel	Credit				Actual	Budget	Actual
Revenues (Schedule 2)														
Provincial government	\$ 7,140,738	\$ 3,813,399	\$ 563,883	\$ 1,741,876	\$ 1,386,018	\$ 90,985	\$ -	\$ 724,772	\$ 222,432	\$ -	\$ -	\$ 15,684,103	\$ 14,251,411	\$ 13,114,805
Federal government	851,761	-	-	-	-	-	-	-	-	-	-	851,761	-	-
Other	1,419,390	1,599,287	982,176	103,522	98,274	4,034	-	937,480	26,683	-	182,656	5,333,502	6,512,032	4,987,524
Total Revenues	9,411,889	5,412,686	1,546,059	1,845,398	1,484,292	95,019	-	1,662,252	249,115	-	182,656	21,869,366	20,763,443	18,102,329
Expenses (Schedule 3)														
Agency contracts	281,504	1,503,989	630,978	164,049	137,823	-	1,696	471,696	-	-	233,712	3,425,447	3,723,417	3,510,733
Amortization	566,395	-	-	-	-	-	-	-	-	-	56,747	623,142	517,755	509,271
Equipment	310,891	65,505	62,657	4,748	16,200	-	19,580	6,432	-	-	8,368	494,381	694,229	537,349
Facilities	747,477	233,657	68,962	65,423	60,739	-	300	45,198	-	-	377,887	1,599,643	1,627,219	1,479,318
Information technology	284,658	32,265	17,894	38,449	91,590	-	-	26,028	-	-	-	490,884	229,075	89,505
Operating	1,332,701	789,301	285,521	126,038	86,244	25,417	61,054	187,564	121,664	-	55,041	3,070,545	2,974,633	2,265,951
Personal services	4,127,446	1,619,490	385,460	923,404	1,086,059	125,220	805,645	902,887	-	-	380,681	10,336,292	11,673,651	9,864,448
Total Expenses	7,651,072	4,244,207	1,431,472	1,322,111	1,478,655	150,637	886,275	1,639,805	121,664	-	1,112,436	20,040,334	21,439,979	18,258,575
Surplus (Deficit) for the year	\$ 1,760,817	\$ 1,168,479	\$ 114,587	\$ 523,287	\$ 5,637	\$ (55,618)	\$ (888,275)	\$ 22,447	\$ 127,451	\$ -	\$ (949,780)	\$ 1,829,032	\$ (676,536)	\$ (154,246)

See accompanying notes to financial statements

Schedule 2

Northlands College
Consolidated Schedule of Revenues by Function
for the year ended June 30, 2014

	2013/14 Revenues										2013/14	2013/14	2012/13	
	General	Skills Training		Basic Education		Services		University	Scholarships	Development	Student Housing	Total Revenues Actual	Total Revenues Budget	Total Revenues Actual
		Credit	Non-credit	Credit	Non-credit	Learner Support	Counsel							
Provincial Government														
Advanced Education/ Economy														
Operating grants	\$ 6,120,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,889	\$ -	\$ -	\$ -	\$ 6,402,800	\$ 6,370,400	\$ 6,325,200
Program grants	715,201	3,287,609	380,809	1,741,876	1,086,018	78,451	-	442,883	-	-	-	7,732,847	6,849,757	5,912,107
Capital grants	20,000	-	-	-	-	-	-	-	-	-	-	20,000	-	200,000
	6,856,112	3,287,609	380,809	1,741,876	1,086,018	78,451	-	724,772	-	-	-	14,155,647	13,220,157	12,437,307
Contracts	269,474	-	-	-	-	-	-	-	-	-	-	269,474	-	-
Other	-	-	-	-	-	-	-	-	222,432	-	-	222,432	633,469	341,817
	7,125,586	3,287,609	380,809	1,741,876	1,086,018	78,451	-	724,772	222,432	-	-	14,647,553	13,853,626	12,779,124
Other provincial	15,152	525,790	183,074	-	300,000	12,534	-	-	-	-	-	1,036,550	397,785	335,681
Total Provincial	7,140,738	3,813,399	563,883	1,741,876	1,386,018	90,985	-	724,772	222,432	-	-	15,684,103	14,251,411	13,114,805
Federal Government														
Operating grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital grants	851,761	-	-	-	-	-	-	-	-	-	-	851,761	-	-
	851,761	-	-	-	-	-	-	-	-	-	-	851,761	-	-
Other Federal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Federal	851,761	-	-	-	-	-	-	-	-	-	-	851,761	-	-
Other Revenue														
Admin recovery	389,816	-	-	-	-	-	-	22,450	-	-	-	412,266	401,567	392,628
Contracts	-	1,039,152	975,409	102,218	98,245	-	-	341,991	-	-	-	2,557,025	3,945,401	2,569,556
Interest	72,564	-	-	-	-	-	-	-	3,772	-	-	76,336	62,000	69,558
Rents	3,644	6,646	5,191	923	-	-	-	3,210	-	-	156,585	176,199	202,124	160,146
Resale items	28,734	149,654	-	381	29	4,034	-	80,082	-	-	-	262,914	300,000	173,985
Tuitions	(2,536)	401,160	1,576	-	-	-	-	467,684	-	-	-	867,884	980,055	796,128
Donations	-	-	-	-	-	-	-	-	22,911	-	-	22,911	45,750	126,958
Other	927,168	2,665	-	-	-	-	-	22,063	-	-	6,071	957,967	575,135	678,565
Total Other	1,419,390	1,599,287	982,176	103,522	98,274	4,034	-	937,480	26,683	-	162,656	5,333,502	6,512,032	4,987,524
Total Revenues	\$ 9,411,889	\$ 5,412,686	\$ 1,546,059	\$ 1,845,398	\$ 1,484,292	\$ 95,019	\$ -	\$ 1,662,252	\$ 249,115	\$ -	\$ 162,656	\$ 21,869,366	\$ 20,763,443	\$ 18,102,329

See accompanying notes to financial statements

Northlands College
Consolidated Schedule of General Expenses by Functional Area
for the year ended June 30, 2014

	2013/14 General				2014	2013/14	2013
	Governance	Operating and Administration	Facilities and Equipment	Information Technology	Total General Actual	Total General Budget	Total General Actual
Agency Contracts							
Contracts	\$ -	\$ 109,996	\$ 105,999	\$ 65,509	\$ 281,504	\$ 188,000	\$ 182,617
Instructors	-	-	-	-	-	-	-
	-	109,996	105,999	65,509	281,504	188,000	182,617
Amortization	-	-	566,395	-	566,395	461,009	452,525
Equipment							
Equipment (non-capital)	-	9,657	73,238	26,618	109,513	135,700	131,516
Rental	-	21,209	128,105	48,590	197,904	147,310	161,008
Repairs and maintenance	-	154	1,237	2,083	3,474	11,750	4,046
	-	31,020	202,580	77,291	310,891	294,760	296,570
Facilities							
Building supplies	-	791	38,099	-	38,890	15,375	10,792
Grounds	-	216	38,717	-	38,933	19,820	34,262
Janitorial	-	-	104,925	-	104,925	82,431	93,561
Rental	-	1,848	309,124	-	310,972	288,000	305,649
Repairs & maintenance buildings	-	2,938	93,106	-	96,044	72,000	60,414
Utilities	-	-	157,713	-	157,713	151,056	125,323
	-	5,793	741,684	-	747,477	628,682	630,001
Information Technology							
Computer services	-	2,525	-	15,602	18,127	19,000	12,828
Data communications	-	-	-	15,640	15,640	14,000	12,198
Equipment (non-capital)	-	401	-	129,878	130,279	3,000	6,066
Materials & supplies	-	137	-	18,874	19,011	-	442
Rental	-	14,180	-	-	14,180	-	-
Repairs & maintenance buildings	-	-	-	1,498	1,498	-	-
Software (non-capital)	-	39,591	-	46,332	85,923	112,975	20,164
	-	56,834	-	227,824	284,658	148,975	51,698
Operating							
Advertising	-	69,734	-	3,672	73,406	94,725	41,637
Association fees & dues	37,981	2,514	-	-	40,495	3,000	38,546
Bad debts	-	37,640	-	-	37,640	15,000	(10,175)
Financial services	-	15,568	-	-	15,568	17,505	20,864
In-service (includes PD)	4,868	69,827	1,909	4,895	81,499	105,806	50,722
Insurance	789	1,659	77,267	1,433	81,148	94,464	82,973
Materials & supplies	-	52,216	9,611	15	61,842	55,700	37,811
Postage, freight & courier	-	23,747	230	15	23,992	26,100	20,560
Printing & copying	4,341	44,500	4,976	-	53,817	46,150	18,941
Professional services	4,134	159,330	-	-	163,464	69,948	49,014
Resale items	-	32,425	-	-	32,425	-	1,285
Subscriptions	-	4,565	-	-	4,565	3,650	2,543
Telephone & fax	3,024	120,489	-	-	123,513	113,124	82,389
Travel	34,387	373,550	815	6,341	415,093	296,938	321,909
Other	(2,944)	127,122	-	56	124,234	78,485	71,780
	86,580	1,134,886	94,808	16,427	1,332,701	1,020,595	830,799
Personal Services							
Salaries	-	3,042,104	157,759	181,119	3,380,982	3,217,129	2,982,777
Other	-	33,276	14,731	7,189	55,196	9,500	40,469
Honoraria	28,063	-	-	-	28,063	50,589	42,761
Employee Benefits	776	588,528	33,033	40,868	663,205	552,823	524,141
	28,839	3,663,908	205,523	229,176	4,127,446	3,830,041	3,590,148
Total General Expenses	\$ 115,419	\$ 5,002,437	\$ 1,916,989	\$ 616,227	\$ 7,651,072	\$ 6,572,062	\$ 6,034,358

See accompanying notes to financial statements

NORTHLANDS COLLEGE
Notes to the Consolidated Financial Statements
for the year ended June 30, 2014

1. PURPOSE AND AUTHORITY

Northlands College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*.

The Board of Northlands College is responsible for administering and managing the educational affairs of the College in accordance with the intent of *The Regional Colleges Act* and its regulations.

The College's objectives are to promote the social, economic and cultural development of the northern region of Saskatchewan by facilitating learning options and participating in community groups.

Northlands College is exempt from the payment of income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

As a government not-for-profit organization, the College prepared these financial statements in accordance with CPA Canada Public Sector Accounting (PSA) Handbook.

(a) College Reporting Entity and Consolidation

Significant aspects of the accounting policies adopted by the College are as follows:

College Reporting Entity:

The consolidated financial statements include all of the assets, liabilities, revenues and expenses of the College reporting entity. The College reporting entity is comprised of all the organizations that are controlled by the College.

Consolidation:

All controlled organizations are consolidated on a line-by-line basis.

Consolidation Method:

All inter-organizational balances and transactions are eliminated.

Controlled organizations that have been included using the full consolidation method:

- Northlands College Scholarship Foundation Inc.

(b) Measurement Uncertainty and the Use of Estimates

The preparation of financial statements in conformity with PSA standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Uncertainty in the determination of the amount at which an item is recognized or disclosed in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Measurement uncertainty that may be material to these financial statements exists for:

- the liability for employee future benefits of \$ 262,900 (June 30, 2013 - \$245,800) because actual experience may differ significantly from actuarial or historical estimations and assumptions;
- useful lives of tangible capital assets and related amortization is done on a straight-line basis

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require a material changes in the amounts recognized or disclosed.

(c) Financial Instruments

Financial instruments create rights and obligations to receive or deliver economic benefits. Financial instruments include cash and cash equivalents, accounts receivable, accrued salaries and benefits, accounts payable and accrued liabilities and long term debt.

Financial instruments are assigned to one of two measurement categories: fair value, or cost or amortized cost.

i) Fair Value

Fair value measurement applies to portfolio investments in equity instruments that are quoted in an active market.

ii) Cost or Amortized Cost

All other financial assets and financial liabilities are measured at cost or amortized cost. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Loans and receivables are measured at amortized cost. Due to their short-term nature, the amortized cost of these instruments approximates their fair value.

(d) Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Valuation allowances are used where considered necessary to reduce the amounts reported for financial assets to their net realizable value.

Cash and Cash Equivalents consist of cash, bank deposits and highly liquid investments with initial maturity terms of three months or less and held for the purpose of meeting short-term operating cash commitments rather than for investing purposes.

Accounts Receivable are shown net of allowance for doubtful accounts to reflect their expected net recoverable value. Valuation allowances are recorded where recovery is considered uncertain. Changes in valuation allowances are recorded in the statement of operations.

(e) Liabilities

Liabilities are present obligations arising from transactions and events occurring prior to year end, which will be satisfied in the future through the use of assets or another form of economic settlement.

Bank indebtedness is comprised of bank overdraft and short-term loans with initial maturities of one year or less, incurred for the purpose of financing current expenses.

Accrued Salaries and Benefits represents salaries and benefits owing to or on behalf of work performed by employees, but not yet paid, at the end of the fiscal period. Amounts are payable within one year.

Accounts Payable and Accrued Liabilities include accounts payable and accrued liabilities owing to third parties for goods supplied and services rendered, but not yet paid, at the end of the fiscal period. Amounts are payable within one year.

Deferred revenue from government transfers represents restricted grants with stipulations that give rise to a liability. The revenue is recognized as the stipulation liabilities are settled. Deferred revenue from non-government sources represents revenue related to fees or services received in advance of the fee being earned or the services being performed, and other contributions for which the contributor has placed restrictions on the use of the resources. Tuition and fee revenue is recognized as the course is delivered, revenue from contractual services is recognized as the services are delivered, and revenue from other contributions is recognized in the fiscal year in which the resources are used for the purpose specified.

Liability for Employee Future Benefits represents non-vesting sick leave benefits that accrue to the College's employees. The cost of these benefits is recorded as the benefits are earned by employees. The liability relating to these benefits is actuarially

determined using the projected benefit method pro-rated on service and management's best estimate of expected sick leave usage, discount rate, inflation, salary escalation, termination and retirement rates and mortality. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups. Actuarial valuations are performed periodically. Extrapolations of these valuations are made when a valuation is not done in the current fiscal year.

Long-Term Debt is comprised of capital loans and other long-term debt with initial maturities of more than one year.

(f) Non-Financial Assets

Non-financial assets are assets held for consumption in the provision of services. These assets do not normally provide resources to discharge the liabilities of the College unless they are sold.

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the College to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at cost and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. The College does capitalize interest incurred while a tangible capital asset is under construction. Contributed tangible capital assets are recorded at their fair value at the date of receipt.

The cost of depreciable tangible capital assets, net of any residual value, is amortized on a straight line basis over their estimated useful lives as follows:

Buildings	20 years
Furniture and equipment	3 to 10 years
Computer hardware	3 years
Vehicles	5 years
Leasehold improvements	Term of lease or useful life
Leased capital assets	Term of lease or useful life

Write-downs are accounted for as expenses in the statement of operations.

Inventory of Supplies for Consumption consists of supplies held for consumption by the College in the course of normal operations and are recorded at the lower of cost and replacement cost.

Prepaid Expenses are prepaid amounts for goods or services such as advertising for future year programs and insurance which will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.

(g) Employee Pension Plans

Employees of the College participate in the following pension plans:

Multi-Employer Defined Benefit Plans

The College's employees participate in one of the following multi-employer defined benefit plans:

- i) Teachers and other employees holding a teaching certificate participate in either the retirement plan of the Saskatchewan Teachers' Retirement Plan (STRP) or Saskatchewan Teachers' Superannuation Plan (STSP). The College's obligation for these plans is limited to collecting and remitting contributions of the employees at rates determined by the plans.
- ii) Other employees participate in the Municipal Employees' Pension Plan (MEPP). In accordance with PSAB standards, the plan is accounted for as a defined contribution plan whereby the College's contributions are expensed when due.

(h) Revenue Recognition

Revenues are recorded on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

The College's major sources of revenue include the following:

- i) **Government Transfers (Grants)**
Grants from governments are considered to be government transfers. Government transfers are recognized as revenues when the transfer is authorized, all eligibility criteria have been met, the amount can be estimated and collection is reasonably assured except when, and to the extent, stipulations by the transferor give rise to an obligation that meets the definition of a liability.
- ii) **Fees and Services**
Revenues from tuition fees and other services are recognized in the year they are earned. Amounts that are restricted pursuant to legislation, regulation or agreements with external parties that may only be used in the conduct of certain programs or in the delivery of specific services and transactions are initially recorded as deferred revenue and subsequently recognized as revenue in the fiscal year the related expenses are incurred or services are performed.
- iii) **Interest Income**
Interest is recognized on an accrual basis when it is earned.

iv) Other (Non-Government Transfer) Contributions

Unrestricted contributions are recognized 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. Externally restricted contributions are contributions for which the contributor has placed restrictions on the use of the resources. Externally restricted contributions that are to be held in perpetuity are recognized as revenue in the year in which they are received or committed if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions that are not held in perpetuity are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. In-kind contributions are recorded at their fair value when they are received.

(i) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

(j) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

3. CASH AND CASH EQUIVALENTS

Due to the short-term nature of the investments, market value of cash and cash equivalents approximates cost.

	June 30 2014	June 30 2013
Cash and bank deposits	\$ 7,471,573	\$ 5,897,448
Cash and cash equivalents	\$ 7,471,573	\$ 5,897,448

4. ACCOUNTS RECEIVABLE

All accounts receivable presented on the statement of financial position are net of any valuation allowances for doubtful accounts.

	June 30 2014	June 30 2013
Provincial government		
Advanced Education/Economy	\$ 77,924	\$ 12,520
Other	47,234	12,632
Federal government	257,017	156,274
Other receivables	1,507,626	893,537
	1,889,801	1,074,963
Less: Allowance for doubtful accounts	(66,397)	(28,757)
Accounts receivable, net of allowances	\$ 1,823,404	\$ 1,046,206

5. BANK INDEBTEDNESS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$500,000 that bears interest at prime. This line of credit is authorized by a borrowing resolution by the Board and is secured by a general security agreement. This line of credit was approved by the Minister of Advanced Education on June 25, 2001. The balance drawn on the line of credit at June 30, 2014 was \$ 0 (June 30, 2013 - \$ 0).

6. ACCRUED SALARIES AND BENEFITS

	June 30 2014	June 30 2013
Accrued salaries	\$ 58,382	\$ 77,750
Accrued employee benefits	679,033	643,737
Accrued salaries and benefits	\$ 737,415	\$ 721,487

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30 2014	June 30 2013
Provincial Government	\$ 1,137,579	\$ 68,331
Federal Government	217,092	127,186
Other	1,693,197	1,394,219
Accounts payable and accrued liabilities	\$ 3,047,868	\$ 1,589,736

8. DEFERRED REVENUE

	June 30 2013	Addition during the year	Revenue recognized in the year	June 30 2014
Other deferred revenue:				
Other Funders	212,730	357,757	(220,341)	350,146
Ministry of Advanced Education SK Innovation and Opportunities Scholarships	58,739	-	(58,739)	-
Manawatin Churchill River Health Region	270,896	-	(270,896)	-
Northern Inter-tribal Health Authority/Aboriginal Health Human Resources Initiative	18,050	122,000	(122,000)	18,050
	560,415	479,757	(671,976)	368,196

9. LIABILITY FOR EMPLOYEE FUTURE BENEFITS

The College provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include accumulating non-vested sick leave. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service and is recorded as Liability for Employee Future Benefits in the statement of financial position.

Details of the employee future benefits are as follows:

	June 30 2014	June 30 2013
Actuarial valuation date	June 30, 2012	June 30, 2012
Long-term assumptions used:		
Salary escalation rate (percentage)	1.50%	2.00%
Discount rate (percentage)	2.80%	2.40%
Expected average remaining service life (years)	11	11

	June 30 2014	June 30 2013
Liability for Employee Future Benefits		
Accrued Benefit Obligation - beginning of year	\$ 248,900	\$ 243,500
Current period benefit cost	57,300	56,500
Interest cost	7,100	5,900
Benefit payments	(47,600)	(51,900)
Actuarial gains / losses	-	(5,100)
Accrued Benefit Obligation - end of year	265,700	248,900
Unamortized Net Actuarial Gains / Losses	(2,800)	(3,100)
Liability for Employee Future Benefits	\$ 262,900	\$ 245,800

	June 30 2014	June 30 2013
Employee Future Benefits Expense		
Current period benefit cost	\$ 57,300	\$ 56,500
Amortization of net actuarial gain / loss	300	800
Benefit cost	57,600	57,300
Interest cost on unfunded employee future benefits obligation	7,100	5,900
Total Employee Future Benefits Expense	\$ 64,700	\$ 63,200

10. LONG-TERM DEBT

Details of Long-Term Debt:		June 30 2014	June 30 2013
Capital Loans:	RBC Loan - interest rate is fixed at 3.84% per annum, monthly repayment terms of \$5,718, maturing February 25, 2019.	243,035	297,826
		243,035	297,826
Total Long Term Debt		\$ 243,035	\$ 297,826

Principal repayments over the next 5 years are estimated as follows:

	Capital Loans	Capital Leases	Other LT Debt	Total
2015	\$ 60,330	\$ -	\$ -	\$ 60,330
2016	62,659	-	-	62,659
2017	65,189	-	-	65,189
2018	54,857	-	-	54,857
2019	-	-	-	-
Thereafter	-	-	-	-
Total	\$ 243,035	\$ -	\$ -	\$ 243,035

11. TANGIBLE CAPITAL ASSETS

	Land	Buildings	Furniture and Equipment	Computer Hardware	Computer Software	Vehicles	Leasehold Improv	Work in Progress	2014	2013
Tangible Capital Assets - at Cost:										
Opening Balance at Start of Year	\$ 42,859	\$ 6,011,184	\$ 2,741,951	\$ 641,239	\$ 156,039	\$ 50,213	\$ 291,613	\$ 56,344	\$ 9,991,442	\$ 9,842,512
Additions/Purchases	158,324	261,344	870,856	20,833	-	-	-	-	1,311,357	148,930
Disposals	-	-	-	-	-	-	-	-	-	-
Write-Downs	-	-	-	-	-	-	-	-	-	-
Transfers to (from)	-	56,344	-	-	-	-	-	(56,344)	-	-
Closing Balance at End of Year	201,183	6,328,872	3,612,807	662,072	156,039	50,213	291,613	-	11,302,799	9,991,442
Tangible Capital Assets - Amortization:										
Opening Balance at Start of Year	-	4,491,667	1,819,164	598,801	29,332	30,128	258,426	-	7,227,518	6,718,248
Amortization of the Period	-	324,096	233,592	28,744	15,604	10,043	11,062	-	623,141	509,270
Disposals	-	-	-	-	-	-	-	-	-	-
Write-Downs	-	-	-	-	-	-	-	-	-	-
Closing Balance at End of Year	-	4,815,763	2,052,756	627,545	44,936	40,171	269,488	-	7,850,659	7,227,518
Net Book Value:										
Opening Balance at Start of Year	42,859	1,519,517	922,787	42,438	126,707	20,085	33,187	56,344	2,763,924	3,124,264
Closing Balance at End of Year	201,183	1,513,109	1,560,051	34,527	111,103	10,042	22,125	-	3,452,140	2,763,924
Change in Net Book Value	158,324	(6,408)	637,264	(7,911)	(15,604)	(10,043)	(11,062)	(56,344)	688,216	(360,340)

12. PREPAID EXPENSES

	June 30 2014	June 30 2013
Prepaid Expenses	\$ 1,117	\$ -
Prepaid Program Costs and Advertising	\$ 26,470	\$ 32,032
Prepaid Insurance	69,866	60,599
Prepaid expenses	\$ 97,453	\$ 92,631

13. EMPLOYEE PENSION PLANS

Multi-Employer Defined Benefit Plans

Information on the multi-employer pension plans to which the College contributes is as follows:

- i) Saskatchewan Teachers' Retirement Plan (STRP) or Saskatchewan Teachers' Superannuation Plan (STSP):

The STRP and STSP provide retirement benefits based on length of service and pensionable earnings.

The STRP and STSP are funded by contributions by the participating employee members and the Government of Saskatchewan. The College's obligation to the STRP and STSP is limited to collecting and remitting contributions of the employees at rates determined by the plans. Accordingly, these financial statements do not include any expense for employer contributions to these plans. Net pension assets or liabilities for these plans are not reflected in these financial statements as ultimate responsibility for retirement benefits rests with the Saskatchewan Teachers' Federation for the STRP and with the Government of Saskatchewan for the STSP.

Details of the contributions to these plans for the College's employees are as follows:

These figures are based on the salaries and are at a flat rate as per Payroll	2014			2013
	STRP	STSP	TOTAL	TOTAL
Number of active College members	41	6	47	41
Member contribution rate (percentage of salary)	7.80%	6.05%		7.8% / 6.05 %
Member contributions for the year	\$ 181,107	\$ 16,164	\$ 197,271	\$ 178,163

ii) Municipal Employees' Pension Plan (MEPP)

The MEPP provides retirement benefits based on length of service and pensionable earnings.

The MEPP is funded by employer and employee contributions at rates set by the Municipal Employees' Pension Commission.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. Any actuarially determined deficiency is the responsibility of the participating employers and employees which could affect future contribution rates and/or benefits.

The contributions to the MEPP by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. As a result, individual employers are not able to identify their share of the underlying assets and liabilities, and the net pension assets or liabilities for this plan are not recognized in these financial statements. In accordance with PSA standards, the plan is accounted for as a defined contribution plan whereby the College's contributions are expensed when due.

Details of the MEPP are as follows:

	2014	2013
Number of active College members	154	131
Member contribution rate (percentage of salary)	8.15%	8.15%
College contribution rate (percentage of salary)	8.15%	8.15%
Member contributions for the year	\$ 464,091	\$ 405,837
College contributions for the year	\$ 464,091	\$ 405,837
		31- Dec-12
Actuarial valuation date December 31, 2012	31-Dec-13	restated
Plan Assets	\$ 1,685,167	\$ 1,560,967
Plan Liabilities	\$ 1,498,853	\$ 1,420,319
Plan Surplus (Deficit)	\$ 186,314	\$ 140,648

14. RISK MANAGEMENT

The College is exposed to financial risks from its financial assets and liabilities. These risks include credit risk, liquidity risk and market risk (consisting of interest rate risk and foreign exchange risk).

i) Credit Risk

Credit risk is the risk to the College from potential non-payment of accounts receivable. The credit risk related to the College's receivables from the provincial government, federal government and their agencies are considered to be minimal. For other receivables, the College has adopted credit policies which include reviewing the outstanding accounts receivable for the College on a regular basis and denying further service until outstanding balances at year-end are paid. The College does not have a significant exposure to any individual customer. Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect impairment in collectability.

The aging of accounts receivable at June 30, 2014 and June 30, 2013 was:

	June 30, 2014		June 30, 2013	
	Accounts Receivable	Allowance of Doubtful Accounts	Accounts Receivable	Allowance of Doubtful Accounts
Current	\$ 489,154	\$ -	\$ 24,063	\$ -
0-30 days	180,569	-	353,011	-
30-60 days	250,531	-	213,375	-
60-90 days	140,627	-	38,535	-
Over 90 days	828,920	66,397	445,979	28,757
Total	\$ 1,889,801	\$ 66,397	\$ 1,074,963	\$ 28,757
Net		\$ 1,823,404		\$ 1,046,206

ii) Liquidity Risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they come due. The College manages liquidity risk by maintaining a reasonable amount of unappropriated surplus at approximately 3% as suggested by the Ministries.

The following table sets out the contractual maturities of the College's financial liabilities:

	June 30, 2014			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accrued salaries and benefits	\$ 737,415	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	\$ 3,047,868	\$ -	\$ -	\$ -
Long-term debt	\$ 30,165	\$ 30,165	\$ 182,705	\$ -
Total	\$ 3,815,448	\$ 30,165	\$ 182,705	\$ -

iii) Market Risk

The College is exposed to market risks with respect to interest rates and foreign currency exchange rates, as follows:

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The College's interest rate exposure relates to long-term debt. The College also has an authorized bank line of credit of \$500,000 with interest payable monthly at a rate of prime. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no balance outstanding on this credit facility as of June 30, 2014.

The College minimizes these risks by:

- holding cash in an account at a Canadian bank, denominated in Canadian currency
- managing cash flows to minimize utilization of its bank line of credit
- managing its interest rate risk on long-term debt through the exclusive use of fixed rate terms for its long-term debt

15. BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board on June 18, 2013 and the Minister of Advanced Education on June 27, 2013.

16. RELATED PARTIES

These financial statements include transactions with related parties. The College is related to all Government of Saskatchewan ministries, agencies, boards, school divisions, health authorities, colleges and crown corporations under the common control of the Government of Saskatchewan. The College is also related to non-Crown enterprises that the Government jointly controls or significantly influences. In addition, the College is related to other non-Government organizations by virtue of its economic interest in these organizations.

(a) Related Party Transactions:

Transactions with these related parties are in the normal course of operations. Amounts due to or from and the recorded amounts of transactions resulting from these transactions are included in the financial statements and the table below on the next page.

	June 30, 2014	June 30, 2013
Revenues:		
Ministry of Advanced Education/Economy	\$ 12,678,515	\$ 12,285,162
Ministry of Central Services	10,685	-
Manawatin Churchill River Health District	236,483	-
Keewatin Yatthe Regional Health Authority	1,460	2,195
Ministry of Justice	8,887	-
Saskatchewan Institute of Applied Science and Technology	1,845	25,163
Saskatchewan Regional Colleges	7,780	210
University of Regina	12,339	2,987
University of Saskatchewan	326,628	-
	\$ 13,284,682	\$ 12,315,717
Expenses:		
Ministry of Central Services	654,755	472,130
SaskTel	128,940	133,251
SaskPower and SaskEnergy	124,331	124,852
Saskatchewan Apprenticeship and Trade Certification Commission	7,410	-
Saskatchewan Institute of Applied Science and Technology	599,349	1,941,973
Saskatchewan Municipal Superannuation	915,208	897,835
Saskatchewan Regional Colleges	73,546	6,892
Saskatchewan Teachers' Federation	178,492	161,950
Saskatchewan Teachers' Superannuation	19,676	43,135
Saskatchewan Workers' Compensation Board	28,577	43,877
University of Regina	156,944	182,023
University of Saskatchewan	396,817	712,027
	\$ 3,284,045	\$ 4,719,945
Accounts Receivable:		
Ministry of Advanced Education/Economy	\$ 57,712	\$ 17,520
Ministry of Central Services	10,685	-
Keewatin Yatthe Regional Health Authority	-	160
Saskatchewan Apprenticeship and Trade Certification Commission	-	7,632
Saskatchewan Regional Colleges	7,780	-
Saskatchewan Institute of Applied Science and Technology	1,845	135
University of Regina	1,164	1,535
University of Saskatchewan	326,628	201,370
	\$ 405,834	\$ 228,352
Accounts Payable and Accrued Liabilities:		
Ministry of Advanced Education/Economy	\$ -	\$ 47,891
Ministry of Central Services	47,702	19,801
SaskPower and SaskEnergy	3,894	7,122
SaskTel	9,089	11,166
Saskatchewan Institute of Applied Science and Technology	2,632	5,044
Saskatchewan Municipal Superannuation	72,628	70,872
Saskatchewan Regional Colleges	4,340	1,813
Saskatchewan Teachers' Federation	17,766	14,843
Saskatchewan Teachers' Superannuation	1,633	2,926
University of Regina	181	539
University of Saskatchewan	1,339	218
	\$ 161,204	\$ 182,235
Deferred Revenue:		
Ministry of Advanced Education/Economy	\$ -	\$ 58,738
	\$ -	\$ 58,738

In addition, the College pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases and customer sales on items that are deemed taxable. Taxes paid are recorded as part of the cost of those purchases.

The College receives long distance telephone services between major centers from SaskTel, a related party, at reduced rates available to Government agencies.

17. ACCUMULATED SURPLUS

Accumulated surplus represents the financial assets and non-financial assets of the College less liabilities. This represents the accumulated balance of net surplus arising from the operations of the College and accumulated net remeasurement gains and losses.

Certain amounts of the accumulated operating surplus, as approved by the Board, have been designated for specific future purposes. These internally restricted amounts are included in the accumulated surplus presented in the statement of financial position. Accumulated surplus from operations also includes externally restricted contributions for which the contributor has placed restrictions that the resources be held in perpetuity.

The College does not maintain separate bank accounts for the internally restricted amounts and/or externally restricted resources to be held in perpetuity.

Details of accumulated surplus are as follows on the next page.

	June 30 2013	Addition during the year	Reductions during the year	June 30 2014
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 2,763,924	\$ 1,311,358	\$ 623,142	\$ 3,452,140
Less: Debtowing on Tangible Capital Assets	297,826	-	54,791	243,035
	2,466,098	1,311,358	568,351	3,209,105
External Contributions to be Held in Perpetuity				
	-	-	-	-
Internally Restricted Operating Surplus:				
Capital projects:				
Capital Purchase	45,524	200,000	142,500	103,024
Building Capital	618,656	-	76,377	542,279
Building /Equipment Maintenance	595,027	-	76,632	518,395
Information Technology	201,859	-	10,729	191,130
Training and Education	319,659	-	300,000	19,659
	1,780,725	200,000	606,238	1,374,487
Other: Externally Appropriated Surplus				
Various Other Appropriations from Ministries	289,584	323,395	116,943	496,036
Skill Training Allocation	(193,530)	806,924	-	613,394
Institutional Skills	513,434	-	232,790	280,644
Sector Partnerships	27,017	-	11,666	15,351
Adult Basic Education	(273,199)	1,995,506	1,251,162	471,145
On-Reserve Training	3,695	97,674	12,664	88,705
Adult Basic Education - Literacy Contracts	215,054	134,436	115,314	234,176
Multi-party Training Plan	198,532	600,000	460,217	338,315
Northern Training Program	47,911	802,250	481,851	368,310
Northern Health Strategy	625,860	450,000	305,295	770,565
	1,454,358	5,210,185	2,987,902	3,676,641
Unrestricted Operating Surplus	544,179	-	857,466	(313,287)
Total Accumulated Surplus from Operations	6,245,360	6,721,543	5,019,957	7,946,946
Accumulated Surplus - Northlands College Scholarship Foundation, Inc.	205,498	249,115	121,665	332,948
Total Accumulated Surplus	\$ 6,450,858	\$ 6,970,658	\$ 5,141,622	\$ 8,279,894

The purpose and nature of each Internally Restricted Surplus amount is as follows:

Capital Purchase Appropriation - \$ 103,024 – is intended for the purchase of any equipment or real property required for sustaining programming activity at the College.

Building Capital Appropriation - \$542,279 – is intended to purchase/renovate buildings to sustain programming at the College. The goal has become more specific to renovate the shop into a usable Mine Training and Research Centre; as well as, to expand the facility with the intention of increasing student numbers.

Building/Equipment Maintenance Appropriation - \$518,395 - is intended to maintain the aged buildings and equipment owned by the College. This may also require the purchase of new equipment where necessary.

Information Technology Appropriation - \$191,130 – is to ensure the College can maintain an IT infrastructure that operates to effectively help students through their programs. It could be used to purchase software or hard equipment depending on the dynamic and ever-changing needs of our students and the College.

Training and Education Appropriation - \$19,659 – is intended for use toward specific programming initiatives with Board approval.

18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Significant contractual obligations and commitments of the College are as follows:

	Operating Leases				
	Classroom Rental	Copier Leases	Residences Leases	Vehicle Lease	Total Operating
Future minimum lease payments:					
2015	\$ 56,760	\$ -	\$ 298,707	\$ 30,240	\$ 385,707
2016	34,920	45,295	288,000		368,215
2017	26,844	95,645	288,000		410,489
2018			24,000		24,000
2019					-
Thereafter					-
	118,524	140,940	898,707	30,240	1,188,411
Interest and executory costs	-	-	-	-	-

19. CONTINGENT LIABILITIES

A union representing employees of an employer unrelated to the College has applied by Notice of Motion for an order quashing purported decisions of the municipal Employees Pension Plan relating to the application of actuarial surplus in the fund, as well as other relief. Several participating employers, including the College have been named. It is not possible to estimate the potential effect of the claim at this stage of the proceedings. The College's share of settlement, if any, will be charged to expenses in the year in which the related litigation is settled.

20. SUBSEQUENT EVENT

Subsequent to year-end, the College entered into negotiations with the Ministry of Government services for the acquisition of land in the Village of Air Ronge for a nominal fee of \$1. In accordance to accounting standards, the purchase price of the property should be recorded based on fair market value. The fair market value of the property has yet to be determined.