

Consolidated Financial Statements of

**THE BOARD OF EDUCATION
OF THE SASKATOON
SCHOOL DIVISION NO. 13 OF
SASKATCHEWAN**

Year ended August 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Trustees of the Board of Education of the Saskatoon School Division No. 13 of Saskatchewan

We have audited the accompanying consolidated financial statements of The Board of Education of the Saskatoon School Division No. 13 of Saskatchewan, which comprise the consolidated statement of financial position as at August 31, 2014, the consolidated statements of operations and accumulated surplus from operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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 consolidated 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board of Education of the Saskatoon School Division No. 13 of Saskatchewan as at August 31, 2014, and its consolidated results of operations and the changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

Saskatoon, Canada
November 25, 2014

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THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Consolidated Statement of Financial Position

As at August 31, 2014, with comparative figures for 2013

	2014	2013
Financial Assets		
Cash and cash equivalents	\$ 18,895,840	\$ 11,539,315
Accounts receivable (note 8)	5,937,341	3,219,922
Portfolio investments (note 4)	20,000,000	28,000,000
Total Financial Assets	44,833,181	42,759,237
Liabilities		
Accounts payable and accrued liabilities (note 9)	10,153,024	6,995,732
Long-term debt (note 10)	17,087,875	21,992,565
Liability for employee future benefits (note 6)	4,986,300	4,765,600
Deferred revenue (note 11)	8,504,914	4,247,416
Total Liabilities	40,732,113	38,001,313
Net Financial Assets	4,101,068	4,757,924
Non-Financial Assets		
Tangible capital assets (schedule C)	180,501,761	175,510,024
Inventory of supplies for consumption	-	99,629
Prepaid expenses	542,260	433,549
Total Non-Financial Assets	181,044,021	176,043,202
Accumulated Surplus (note 14)	\$ 185,145,089	\$ 180,801,126
Contractual Obligations and Commitments (Note 17)		

The accompanying notes and schedules are an integral part of these statements.

Approved by the Board:



Board Chair



Chief Financial Officer

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Consolidated Statement of Operations and Accumulated Surplus from Operations
Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget (note 15)	2014 Actual	2013 Actual
Revenues:			
Property taxation	\$ 101,680,000	\$ 102,584,277	\$ 98,901,263
Grants	114,479,823	116,060,848	114,221,888
Tuition and related fees	1,553,900	2,660,200	1,825,408
School generated funds	4,955,000	5,236,637	4,809,190
Complementary services (note 12)	3,090,400	2,898,475	3,113,356
External services (note 13)	6,281,100	7,570,493	6,272,287
Other income	1,212,000	1,279,360	1,292,555
Total Revenues (Schedule A)	233,252,223	238,290,290	230,435,947
Expenses:			
Governance	803,566	714,228	851,453
Administration	7,662,168	6,368,303	6,053,702
Instruction	169,274,051	171,250,929	163,443,524
Plant	33,708,668	33,594,461	31,671,441
Transportation	6,184,160	5,899,580	4,894,040
Tuition and related fees	263,450	277,285	246,880
School generated funds	4,955,000	5,412,610	5,330,566
Complementary services (note 12)	3,241,236	2,893,680	3,064,528
External services (note 13)	5,796,954	6,659,398	5,313,436
Other expenses	973,000	875,853	902,281
Total Expenses (Schedule B)	232,862,253	233,946,327	221,771,851
Operating surplus for the year	389,970	4,343,963	8,664,096
Accumulated surplus from operations, beginning of year	180,801,126	180,801,126	172,137,030
Accumulated surplus from operations, end of year	\$ 181,191,096	\$ 185,145,089	\$ 180,801,126

The accompanying notes and schedules are an integral part of these statements.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Consolidated Statement of Changes in Net Financial Assets

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget (note 15)	2014 Actual	2013 Actual
Net financial assets, beginning of year	\$ 4,757,924	\$ 4,757,924	\$ 247,789
Changes during the year:			
Operating surplus for the year	389,970	4,343,963	8,664,096
Acquisition of tangible capital assets (schedule C)	(12,508,709)	(16,895,046)	(15,145,317)
Amortization of tangible capital assets (schedule C)	11,772,000	11,903,309	10,877,542
Net consumption of inventory supplies	-	99,629	83,488
Net acquisition of prepaid expenses	-	(108,711)	30,326
Change in net financial assets	(346,739)	(656,856)	4,510,135
Net financial assets, end of year	\$ 4,411,185	\$ 4,101,068	\$ 4,757,924

The accompanying notes and schedules are an integral part of these statements.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Consolidated Statement of Cash Flows

Year ended August 31, 2014, with comparative figures for 2013

	2014	2013
Operating activities:		
Operating surplus for the year	\$ 4,343,963	\$ 8,664,096
Add non-cash items included in surplus (schedule D)	11,903,309	10,877,542
Net change in non-cash operating activities (schedule E)	4,908,989	504,821
Cash provided by operating activities	21,156,261	20,046,459
Capital activities:		
Cash used to acquire tangible capital assets	(16,895,046)	(15,145,317)
Cash used by capital activities	(16,895,046)	(15,145,317)
Investing activities:		
Cash (used) to acquire investments	(20,000,000)	(28,000,000)
Proceeds on disposal of investments	28,000,000	23,000,000
Cash provided (used) by investing activities	8,000,000	(5,000,000)
Financing activities:		
Proceeds from issuance of long term debt	-	7,142,650
Repayment of long term debt	(4,904,690)	(4,623,795)
Cash provided (used) by financing activities	(4,904,690)	2,518,855
Increase in cash and cash equivalents	7,356,525	2,419,997
Cash and cash equivalents, beginning of year	11,539,315	9,119,318
Cash and cash equivalents, end of year	\$ 18,895,840	\$ 11,539,315

The accompanying notes and schedules are an integral part of these statements.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements

Year ended August 31, 2014

1. Authority and Purpose:

The School Division operates under the authority of *The Education Act, 1995 of Saskatchewan* as a corporation under the name of "The Board of Education of the Saskatoon School Division No.13 of Saskatchewan" (the "School Division") and operates as "Saskatoon Public Schools." The School Division provides education services to residents within its geographic region and is governed by an elected board of trustees.

The School Division is funded mainly by grants from the Government of Saskatchewan and a levy on the property assessment included in the School Division's boundaries at mill rates determined by the provincial government. The School Division is exempt from income tax and is a registered charity under the *Income Tax Act*.

2. Significant Accounting Policies:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for other government organizations as established by the Public Sector Accounting Board (PSAB) and as published by the Chartered Professional Accountants of Canada (CPA Canada).

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

a) Adoption of New Public Sector Accounting (PSA) Standards

In 2014, the School Division adopted the new PSA standard PS3260 Liability for Contaminated Sites.

Detailed information on the impact of the adoption of this new PSA standard is provided in Note 18 Accounting Changes.

b) Reporting Entity and Consolidation:

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

Control is defined as the power to govern the financial and operating policies of another organization with the expected benefits or risk of loss to the School Division. Control exists so long as the School Division has the power to govern, regardless of whether the School Division chooses to exercise this power.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Significant Accounting Policies – continued:

b) Reporting Entity and Consolidation – continued:

All of the assets, liabilities, revenues and expenses of controlled organizations are consolidated line-by-line after adjusting the accounting policies to a basis consistent with the accounting policies of the School Division. Inter-organizational transactions and balances have been eliminated.

Controlled entities:

- Saskatoon Public Schools Foundation Corp. (the "Foundation") is incorporated under the *Saskatchewan Non-Profit Corporations Act, 1995* and was established to carry on activities which are for the charitable purpose of the advancement of education and enhancement of the quality of education offered by the School Division. The Foundation has registered charity status.
- Board of Education of the Saskatoon Division No. 13 Trust Fund (the "Charity") has registered charity status. A separate trust fund is maintained to manage the related charitable activities. The mandate of the registered charity is to support educational initiatives.

c) Basis of Accounting:

The consolidated financial statements are prepared using the accrual basis of accounting.

d) Measurement Uncertainty and the Use of Estimates:

Canadian public sector accounting 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.

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

- the liability for employee future benefits of \$4,986,300 (2013 – \$4,765,600) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$102,584,277 (2013 – \$98,901,263) because final tax assessments may differ from initial estimates.
- useful lives of capital assets and related amortization of \$11,903,309 (2013 – \$10,877,542) because actual useful lives of assets may differ from estimates.
- the liability for employee pensions of \$2,608,000 (2013 – \$1,652,000) because actual experience may differ significantly from actuarial estimations.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Significant Accounting Policies – continued:

d) Measurement Uncertainty and the Use of Estimates – continued:

- The estimated accrued retroactive pay included in accrued salaries and benefits related to the 2013-14 year of the Provincial Collective Bargaining Agreement of \$1,903,283 because the final settlement may differ from initial estimates.

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 material changes in the amounts recognized or disclosed.

e) Financial Instruments:

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity. A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The School Division recognizes a financial instrument when it becomes a party to a financial instrument. The financial assets and financial liabilities portray these rights and obligations in the consolidated financial statements. Financial instruments of the School Division include cash and cash equivalents, portfolio investments, accounts receivable, accounts payable and accrued liabilities and long-term debt.

All financial instruments are measured at cost or amortized cost.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Impairment losses such as write-downs or write-offs are reported in the consolidated statement of operations and accumulated surplus from operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the consolidated statement of operations and accumulated surplus from operations in the period the gain or loss occurs.

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the financial statement date.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Significant Accounting Policies – continued:

f) 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.

Portfolio investments consist of GICs and term deposits made to obtain a return on a temporary basis with maturity terms between three months and one year. The School Division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (e).

Accounts receivable include provincial grants receivable and other receivables. Provincial grants receivable represent operating, capital and other grants earned but not received at the end of the fiscal year, provided reasonable estimates of the amounts can be made. Grants are earned when the events giving rise to the grant have occurred, the grant is authorized and any eligibility criteria have been met. Other receivables are recorded at cost less valuation allowances. These allowances are recorded where collectability is considered doubtful.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Significant Accounting Policies – continued:

g) 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 School Division unless they are sold.

Tangible capital assets have useful lives extending beyond the accounting period, are used by the School Division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets include land, land improvements, buildings, buildings short term, other vehicles, furniture and equipment, computer hardware and software, audio equipment and assets under construction. 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 School Division does not capitalize interest incurred while a tangible capital asset is under construction.

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:

Land improvements	20 years
Buildings	50 years
Buildings - short-term	20 years
Other vehicles - passenger	5 years
Other vehicles - heavy	10 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years

Assets under construction are not amortized until completed and placed into service for use.

Assets that have a historical or cultural significance, such as works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with these properties cannot be made.

Inventory of supplies for consumption consists of supplies held for consumption by the School Division 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 which will provide economic benefits in one or more future periods. Prepaid expenses include: insurance premiums, Saskatchewan School Boards Association membership fees and Workers' Compensation premiums.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Significant Accounting Policies – continued:

h) 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.

Accounts payable and accrued liabilities include accounts payable and accrued liabilities owing to third parties and employees for work performed, goods supplied and services rendered, but not yet paid, at the end of the fiscal period.

Long-term debt is comprised of capital loans with initial maturities of more than one year and are incurred for the purpose of financing capital expenses in accordance with the provisions of The Education Act, 1995.

Liability for employee future benefits represent post-employment and compensated absence benefits that accrue to the School Division'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. Actuarial valuations are performed periodically using assumptions including discount rate, inflation, salary escalation, termination and retirement rates and mortality. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups.

Deferred revenue:

Deferred revenue from government transfers represents restricted grants with stipulations that give rise to a liability for which the stipulations have not yet been fulfilled. The revenue is recognized as the stipulations giving rise to the liabilities are settled.

Deferred revenue from non-government sources represents fees or payments for 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. Revenue from tuition and related fees 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 by the contributor.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Significant Accounting Policies – continued:

i) Employee Pension Plans:

Employees of the School Division participate in the following pension plans:

Multi-Employer Defined Benefit Plans

Teachers participate in the Saskatchewan Teachers' Retirement Plan (STRP) or the Saskatchewan Teachers' Superannuation Plan (STSP). The School Division's obligation for these plans is limited to collecting and remitting contributions of the employees at rates determined by the plans.

Defined Benefit Plan Administered by the School Division

The School Division administers the Board of Education of the Saskatoon School Division No. 13 of Saskatchewan Pension Plan for non-teaching employees. The plan is a defined benefit plan to employees who are not eligible to participate in the teachers' pension plans described above. The net pension liability is the difference between the value of the accrued benefit obligation and the market value of related pension plan assets, net of unamortized actuarial gains and losses, and is reflected in these consolidated financial statements in accounts payable and accrued liabilities.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and using assumptions including the pension plan's expected investment yields, discount rates, inflation, salary escalations, mortality of members, terminations and the ages at which members will retire. Actuarial gains and losses are changes in the value of the accrued benefit obligation and the pension fund assets resulting from the difference between the actual and expected results or resulting from changes in actuarial assumptions. Actuarial gains and losses are deferred and amortized over the expected average remaining service life of the related employee groups.

j) 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 BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Significant Accounting Policies – continued:

j) Revenue Recognition – continued:

The School Division's sources of revenues include the following:

i) Government Transfers (Grants):

Grants from governments are considered to be government transfers. In accordance with PS3410, 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. For transfers with stipulations, revenue is recognized in the statement of operations and accumulated surplus from operations as the stipulation liabilities are settled.

ii) Property Taxation:

Property tax is levied and collected on a calendar year basis. Uniform education property tax mill rates are set by the Government of Saskatchewan. Tax revenues are recognized on the basis of time with 1/12th of estimated total tax revenue recorded in each month of the School Division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the City of Saskatoon for the calendar taxation year. For the January to August portion of the fiscal year, the School Division estimates tax revenue based on estimate information provided by the City of Saskatoon who levies and collects the property tax on behalf of the School Division. The final annual taxation amounts are reported to the School Division by the City of Saskatoon following the conclusion of each calendar taxation year, and any difference between final amounts and the School Division's estimates is recorded as an adjustment to revenue in the next fiscal year.

iii) Fees and Services:

Revenues from tuition fees and other fees and 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.

iv) Interest Income:

Interest is recognized on an accrual basis when it is earned.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Significant Accounting Policies – continued:

v) 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 School Division 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 not held in perpetuity are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. If fair value can be determined, in-kind contributions are recorded at their fair value when they are received.

k) Statement of Remeasurement Gains and Losses:

The School Division has not presented a statement of remeasurement gains and losses because it does not have financial instruments that give rise to remeasurement gains or losses.

3. Short-Term Borrowings:

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$23.0 million (2013 - \$23.0 million) that bears interest at Scotiabank prime rate minus one percent (2013 – Scotiabank prime rate). This line of credit is authorized by a borrowing resolution by the Board of Education and is secured by operating revenue of the School Division. The line of credit was approved up to a maximum of \$35.0 million by the Minister of Education on January 21, 2013. There was no balance drawn on this line of credit at August 31, 2014 or August 31, 2013.

4. Portfolio Investments:

Portfolio investments are comprised of the following:

	2014	2013
Portfolio investments in the cost and amortized cost category:		
GICS	\$ 20,000,000	\$ 22,000,000
Term deposits	-	6,000,000
Total portfolio investments reported at cost and amortized cost	\$ 20,000,000	\$ 28,000,000

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

5. Expenses by Function and Economic Classification:

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2014 Budget	2014 Actual	2013 Actual
Governance	\$ 299,009	\$ 415,219	\$ -	\$ -	\$ 803,566	\$ 714,228	\$ 851,453
Administration	5,418,909	770,237	-	179,57	7,662,188	6,368,303	6,053,702
Instruction	155,273,616	13,594,625	-	2,382,688	169,274,051	171,250,929	163,443,524
Plant	12,233,527	12,019,470	-	9,341,464	33,708,668	33,594,461	31,671,441
Transportation	-	5,899,580	-	-	6,184,160	5,899,580	4,894,040
Tuition and Related Fees	-	277,285	-	-	263,450	277,285	246,880
School Generated Funds	-	5,412,610	-	-	4,955,000	5,412,610	5,330,566
Complementary Services	2,548,124	345,556	-	-	3,241,236	2,893,680	3,064,528
External Services	3,884,560	2,974,838	-	-	5,796,954	6,859,398	5,313,436
Other	-	-	875,853	-	973,000	875,853	902,281
Total	\$ 179,457,745	\$ 41,709,420	\$ 875,853	\$ 11,903,309	\$ 232,862,253	\$ 233,946,327	\$ 221,771,851

6. Employee Future Benefits:

The School Division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include accumulating non-vested sick leave, severance benefits, retirement gratuity, and vacation banks. Significant assumptions include discount rate, inflation rate and salary scale. 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 Consolidated Statement of Financial Position.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

6. Employee Future Benefits – continued:

Details of the employee future benefits are as follows:

	2014	2013
Actuarial valuation (or extrapolation) date	(August 31, 2014)	(August 31, 2013)
Long-term assumptions used:		
Discount rate	2.80%	3.50%
Salary escalation rate	3.25%	3.25%
Inflation rate	2.25%	2.25%
Expected average remaining service life	15 years	15 years
Liability for employee future benefits	2014	2013
Accrued benefit obligation, beginning of year	\$ 3,571,800	\$ 3,922,600
Current period benefit cost	309,400	325,000
Interest cost	133,400	107,100
Benefit payments	(142,300)	(562,100)
Actuarial (gains)/losses	279,900	(309,800)
Plan amendments	-	89,000
Accrued benefit obligation, end of year	4,152,200	3,571,800
Unamortized net actuarial gains (losses)	834,100	1,193,800
Liability for employee future benefits	\$ 4,986,300	\$ 4,765,600
Employee future benefits expense	2014	2013
Current period benefit cost	\$ 309,400	\$ 325,000
Amortization of net actuarial (gain)/loss	(79,800)	(65,500)
Benefit cost	229,600	259,500
Interest cost on unfunded employee future benefits obligation	133,400	107,100
Total employee future benefits expense	\$ 363,000	\$ 366,600

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

7. Pension Plans:

Multi-Employer Defined Benefit Plans

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

Saskatchewan Teachers' Retirement Plan (STRP) and 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 School Division'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 consolidated 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 consolidated 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 School Division's employees are as follows:

	STRP	STSP	2014 Total	2013 Total
Number of active School Division members	1,712	424	2,136	2,092
Member contribution rate (percentage of salary)	7.8 - 10%	6.05-7.85%	6.05-10%	6.05-10%
Member contributions for the year	\$ 10,005,007	\$ 311,903	\$ 10,316,910	\$ 10,022,105

Defined Benefit Plan Administered by the School Division

The School Division administers a defined benefit plan to non-teaching employees of the Board of Education of the Saskatoon School Division No. 13 of Saskatchewan which provides benefits based on length of service and pensionable earnings. The net pension liability represents accrued pension benefits less the fair value of related pension assets and the balance of unamortized experience gains and losses and is reflected in these consolidated financial statements as accounts payable as the School Division is ultimately responsible for the funding of these pension obligations.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

7. Pension Plans – continued:

Actuarial valuations for accounting purposes are performed at least triennially using the projected accrued benefit actuarial cost method. The accrued benefit obligation shown for August 31, 2014 is based on the extrapolation of the accounting valuation results as at December 31, 2013.

Details of the plan are as follows:

	2014	2013
Number of active School Division members	919	899
Number of former members, superannuates and surviving spouses	409	395
Member contribution rate (percentage of salary)	6.6	6.6
School Division contribution rate (percentage of salary)	9.2	9.2
Member contributions	\$ 2,350,000	\$ 2,157,000
School Division contributions	\$ 3,271,000	\$ 3,151,000
Benefits paid	\$ (4,075,000)	\$ (5,557,000)
Actuarial extrapolation date	August 31, 2014	August 31, 2013
Long-term assumptions used:		
Salary escalation rate	3.50%	3.50%
Expected rate of return on plan assets	6.35%	5.95%
Discount rate	6.35%	5.95%
Inflation rate	2.50%	2.50%
Expected average remaining service life	12 years	12 years

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

7. Pension Plans – continued:

	2014	2013
Net pension (liability)		
Accrued benefit obligation, beginning of year	\$ 96,140,000	\$ 91,568,000
Current period benefit cost	4,985,000	4,706,000
Interest cost	5,747,000	5,423,000
Expected benefit payments	(4,075,000)	(5,557,000)
Experience loss	3,837,000	-
Accrued benefit obligation, end of year	\$ 106,634,000	\$ 96,140,000
Pension plan assets		
	2014	2013
Pension plan assets, beginning of year (actual)	\$ 84,898,000	\$ 80,097,000
Employer contributions	3,271,000	3,151,000
Employee contributions	2,350,000	2,157,000
Expected return on plan assets	5,097,000	4,758,000
Benefit payments	(4,075,000)	(5,557,000)
Experience gain on plan assets	2,919,000	292,000
Pension plan assets, end of year (estimated) (1)	\$ 94,460,000	\$ 84,898,000
Funded status - pension plan deficit	\$ (12,174,000)	\$ (11,242,000)
Unamortized net actuarial losses	9,566,000	9,590,000
Net pension (liability) (note 9)	\$ (2,608,000)	\$ (1,652,000)
(1) Pension plan assets consist of:		
	2014	2013
Fixed income securities	24.90%	34.00%
Equity investments	57.00%	46.80%
Mortgage	10.00%	10.40%
Real estate	8.10%	8.80%
	100.00%	100.00%
Other disclosure items		
Market value of assets at September 1	\$ 85,862,000	\$ 77,358,000
Market value of assets at August 31	\$ 101,716,000	\$ 85,862,000

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

7. Pension plans – continued:

	2014	2013
Pension expense:		
Current period benefit cost	\$ 4,985,000	\$ 4,706,000
Amortization of net actuarial loss	942,000	966,000
Employee contributions	(2,350,000)	(2,157,000)
Pension cost	3,577,000	3,515,000
Interest cost on the average accrued benefit obligation	5,747,000	5,423,000
Expected return on average pension plan assets	(5,097,000)	(4,758,000)
Net interest cost	650,000	665,000
Total pension expense	\$ 4,227,000	\$ 4,180,000

As at the date of these consolidated financial statements, the required tri-annual funding actuarial valuation as at December 31, 2013 has not yet been filed with the Superintendent of Pensions. The Board has requested and received approval to extend the filing deadline from September 30, 2014 to December 31, 2014 in order to allow the Board additional time to determine the appropriate strategy to address the shortfall in the funded status of the plan revealed at December 31, 2013. Subsequent to August 31, 2014, the Board approved certain changes to Plan benefits and asset mix which are intended to address the current shortfall. The impact of these changes is currently being assessed.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

8. Accounts receivable:

All accounts receivable presented on the consolidated statement of financial position are net of any valuation allowances for doubtful accounts. Details of account receivable balances are as follows:

	2014		2013	
Provincial grants receivable - operating	\$	1,903,283	\$	57,000
Provincial grants receivable - capital		1,935,018		1,732,987
Other receivables		2,099,040		1,429,935
Total accounts receivable	\$	5,937,341	\$	3,219,922

9. Accounts payable and accrued liabilities:

Details of account payable and accrued liabilities are as follows:

	2014		2013	
Accrued salaries and benefits	\$	4,154,280	\$	2,233,853
Accounts payable - operating		1,912,004		1,647,809
Accounts payable - capital		1,478,740		1,462,070
Accrued pension liability (note 7)		2,608,000		1,652,000
Total accounts payable and accrued liabilities	\$	10,153,024	\$	6,995,732

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

10. Long-term debt:

Details of long-term debt are as follows:

	2014	2013
(a) Monthly payments of principal and interest combined of \$42,044, interest rate of 3.68%; due on the last day of each month from June 30, 2013 through to May 30, 2033 (TD Willowgrove Construction Loan)	\$ 6,826,272	\$ 7,074,616
(b) Monthly payments of principal and interest combined of \$53,322, interest rate of 4.64%; due on the last day of each month through to June 30, 2018 (CIBC Energy Efficiency #2)	2,243,103	2,765,663
(c) Monthly payments of principal and interest combined of \$51,691, interest rate of 5.09%; due on the last day of each month through to November 30, 2017 (BMO Energy Efficiency #1)	1,855,778	2,367,442
(d) Monthly payments of principal and interest combined of \$133,147, interest rate of 5.07%; due on the last day of each month through to November 30, 2016 (BMO Tommy Douglas Construction Loan)	3,393,754	4,781,166
(e) Monthly payments of principal and interest combined of \$95,513, interest rate of 4.75%; due on the last day of each month through to November 30, 2016 (TD Centennial Construction Loan)	2,440,166	3,444,455
(f) Monthly payments of principal and interest combined of \$45,000, interest rate of 2.88% due on the last day of each month through to February 28, 2015 (TD Technology Loan)	266,590	790,782
(g) Monthly payments of principal and interest combined of \$15,714, interest rate of 4.94%; due on the last day of each month through to December 30, 2014 (BMO Centennial Collegiate Land)	62,212	242,832
(h) Monthly payments of principal and interest combined of \$53,334, interest rate of 3.20%; due on the last day of each month through to June 30, 2014 (BMO Technology Loan)	-	525,609
Total long-term debt	\$ 17,087,875	\$ 21,992,565

Capital loans are in the form of promissory notes.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

10. Long-term debt – continued:

Future principal repayments over the next 5 years are estimated as follows:

2015	\$	4,184,555
2016		4,045,178
2017		2,155,981
2018		965,058
2019		298,406
Thereafter		5,438,697
	\$	17,087,875

Principal and interest payments on the long-term debt are as follows:

	2014		2013	
Principal	\$	4,904,690	\$	4,623,795
Interest		865,433		894,576
Total	\$	5,770,123	\$	5,518,371

11. Deferred revenue:

Details of deferred revenues are as follows:

	Balance as at August 31, 2013	Additions during the year	Revenue recognized in the year	Balance as at August 31, 2014
Capital projects:				
Federal capital tuition	\$ 83,663	\$ 24,111	-	\$ 107,774
Ministry of Education capital transfers	-	640,165	-	640,165
Total capital project deferred revenue	83,663	664,276	-	747,939
Other deferred revenue:				
Property taxes	2,548,595	5,104,281	2,548,595	5,104,281
Foreign student tuition	1,473,565	2,014,321	1,473,565	2,014,321
Foundation deferred donations	141,593	345,412	43,632	443,373
PotashCorp nutrition grant	-	195,000	-	195,000
Total other deferred revenue	4,163,753	7,659,014	4,065,792	7,756,975
Total deferred revenue	\$ 4,247,416	\$ 8,323,290	\$ 4,065,792	\$ 8,504,914

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

12. Complementary services:

Complementary services represent those services and programs where the primary purpose is other than K-12 learning/learning support, but which have the specific objective of enhancing the School Division's ability to successfully deliver its K-12 curriculum/learning programs.

Following is a summary of the revenue and expenses of the Complementary Services programs operated by the School Division in 2014 and 2013:

	Literacy for Life	Pre K	Uplift	Youth in Custody	Other Programs	2014	2013
Revenues:							
Operating grants	\$ -	\$ 2,354,788	\$ 136,918	\$ 122,272	\$ 48,901	\$ 2,662,879	\$ 2,878,200
Fees and other revenue	113,536	-	21,243	-	10,817	235,596	235,156
Total revenue	113,536	2,354,788	158,161	122,272	149,718	2,898,475	3,113,356
Expenses:							
Other related fees	-	-	-	60,107	-	60,107	55,135
Instructional salaries and benefits	-	1,353,546	-	-	69,961	1,423,507	1,648,865
Program support salaries and benefits	89,926	775,470	61,888	-	197,333	1,124,617	973,633
Instructional aids	-	35,246	1,146	-	77,726	114,118	154,062
Supplies and service	-	32,337	10,867	-	48,088	91,292	85,018
Non-capital furniture and equipment	-	5,616	-	-	-	5,616	-
Communications	-	-	1,311	-	-	1,311	5,678
Travel	-	-	266	-	-	266	5,240
Professional development	-	16,030	-	-	-	16,030	29,218
Student related expenses	49,342	-	2,275	-	5,199	56,816	107,879
Total expenses	139,268	2,212,245	77,753	60,107	398,307	2,893,680	3,064,528
Excess (deficiency) of revenues over expenses	\$ (25,732)	\$ 136,543	\$ 80,408	\$ 62,165	\$ (248,589)	\$ 4,795	\$ 48,828

The purpose and nature of each Complementary Services program is as follows:

- Early learning and literacy was identified by the Board of Education as a strategic priority; the School Division is committed to the goal of all students, K-8, reading and writing at or above grade level in multiple subject areas.
- The Pre-K program provides educational services to students aged 3 and 4.
- The Uplift program (previously the Youth Launch program) helps students develop employment skills to ensure they can operate successfully in the workplace.
- The Youth in Custody program provides educational services to young offenders.
- Other programs consists of numerous programs that enhance the learning objectives of the School Division.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

12. External services:

External services represent those services and programs that are outside of the School Division's learning/learning support and complementary programs. These services have no direct link to the delivery of the School Division's K-12 programs nor do they directly enhance the School Division's ability to deliver its K-12 programs.

Following is a summary of the revenue and expenses of the External Services programs operated by the School Division in 2014 and 2013:

	Associate Schools*	Cafeteria	Charity	Whitecap School	Other Programs	2014	2013
Revenues:							
Operating grants	\$ 4,771,737	\$ -	\$ -	\$ 461,512	\$ 100,000	\$ 5,333,249	\$ 4,620,516
Capital grants	-	-	-	-	337,752	337,752	295,693
Fees and other revenue	-	256,447	337,786	-	1,305,259	1,899,492	1,356,078
Total revenues	4,771,737	256,447	337,786	461,512	1,743,011	7,570,493	6,272,287
Expenses:							
Other related fees	1,793,039	-	-	55,995	1,999	1,851,033	1,699,484
Administration salaries and benefits	-	-	-	-	117,315	117,315	260
Instructional salaries and benefits	2,978,698	-	-	405,481	-	3,384,179	2,846,032
Program salaries and benefits	-	182,338	-	36	692	183,066	171,186
Instructional aids	-	-	405,248	-	25,1487	656,735	144,757
Supplies and service	-	248,890	17,824	-	125,609	392,123	411,198
Non-capital equipment	-	-	2,252	-	-	2,252	5,505
Building operating expenses	-	-	-	-	24,580	24,580	23,943
Communication	-	-	-	-	34,140	34,140	1,259
Student related expenses	-	-	13,975	-	-	13,975	9,812
Total expenses	4,771,737	431,228	439,099	461,512	555,822	6,659,398	5,313,436
Excess (deficiency) of revenues over expenses	\$ -	\$ (174,781)	\$ (101,313)	\$ -	\$ 1,187,189	\$ 911,095	\$ 958,851

*Associate Schools – see table below for details of revenues and expenses by school.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

13. External services (continued):

Summary of Associate School Revenues and Expenses, Details by School	Saskatoon Christian School	Saskatoon Misbah School	2014	2013
Revenues:				
Operating grants	\$ 3,265,311	\$ 1,506,426	\$ 4,771,737	\$ 4,545,516
Total revenue	3,265,311	1,506,426	4,771,737	4,545,516
Expenses:				
Other related fees	1,051,210	741,829	1,793,039	1,699,484
Instructional salaries and benefits	2,214,101	764,597	2,978,698	2,846,032
Total expenses	3,265,311	1,506,426	4,771,737	4,545,516
Excess (deficiency) of revenues over expenses	\$ -	\$ -	\$ -	\$ -

The purpose and nature of each External Services program is as follows:

- The School Division supports the operations of the Saskatoon Christian School and the Saskatoon Misbah School as Associate Schools. Associate Schools require a religious affiliation and approvals from both the School Division and the Ministry of Education to operate as Associate Schools.
- Cafeteria operations provide nutritious meals for students and staff.
- The School Division operates its own registered charity. The purpose of the charity is to receive funding to enhance educational programming.
- Through federal funding, the School Division supports the operations of the Whitecap Dakota Elementary School.
- Other programs consists of numerous programs that are outside of the learning objectives of the School Division

14. Accumulated surplus:

Accumulated surplus represents the financial assets and non-financial assets of the School Division less liabilities. This represents the accumulated balance of net surplus arising from the operations of the School Division including school generated funds.

Certain amounts of the accumulated surplus from operations, as approved by the Board of Education, have been designated for specific future purposes. These internally restricted amounts are included in the accumulated surplus from operations presented in the consolidated statement of financial position. The School Division does not maintain separate bank accounts for the internally restricted amounts.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

14. Accumulated surplus – continued:

Details of accumulated surplus from operations are as follows:

	August 31, 2013	Additions during the year	Reductions during the year	August 31, 2014
Invested in tangible capital assets:				
Net book value of tangible capital assets	\$ 175,510,024	\$ 16,895,046	\$ 11,903,309	\$ 180,501,761
Less: debt owing on tangible capital assets	(21,992,565)	-	4,904,690	(17,087,875)
	153,517,459	16,895,046	6,998,619	163,413,886
PMR maintenance project allocations	-	2,696,198	111,465	2,584,733
	-	2,696,198	111,465	2,584,733
Internally restricted surplus:				
Capital projects:				
Designated for tangible capital asset expenditures	12,276,655	-	6,798,746	5,477,909
Other:				
School generated funds	2,171,693	344,402	-	2,516,095
School budget carryovers	1,433,845	148,658	-	1,582,503
Specialized school equipment	1,400,000	-	-	1,400,000
Curriculum renewal	1,460,000	-	-	1,460,000
Staff professional development	800,000	-	-	800,000
Technology replacement reserve	2,400,000	-	2,350,000	50,000
System application	1,125,000	-	-	1,125,000
Civic elections	15,139	60,000	-	75,139
Facility repairs related to rentals	201,953	15,000	-	216,953
Trustee education	43,000	-	-	43,000
Facility operating reserve	332,201	-	-	332,201
Security camera	50,000	-	-	50,000
Contingency	102,932	1,237	-	104,169
Mbunt Royal facility partnership	84,486	85,000	-	169,486
Alternate funds	357,486	-	131,481	226,005
	24,254,390	654,297	9,280,227	15,628,460
Other:				
Foundation	183,800	6,586	-	190,386
Charity	413,200	-	101,312	311,888
	597,000	6,586	101,312	502,274
Unrestricted	2,432,277	583,459	-	3,015,736
Total accumulated surplus from operations	\$ 180,801,126	\$ 20,835,586	\$ 16,491,623	\$ 185,145,089

Preventative Maintenance and Renewal (PMR) project allocations represent transfers received from the Ministry of Education as funding support for maintenance projects on the School Division's approved 3 year capital maintenance plans. Unspent funds at the end of a fiscal year are designated for future approved capital plan maintenance project expenditures.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

14. Accumulated surplus – continued:

The purpose and nature of each internally restricted surplus amount is as follows:

Internally restricted surplus

Capital projects represent funds allocated by the Board for capital construction.

School generated funds primarily represents fees collected from students participating in a variety of co-curricular activities including school clubs, music groups and sports teams. Each of these initiatives is treated as a unique program and the identity of program balances are maintained year over year.

School budget carryovers represent the unspent portion of budgets allocated to individual schools.

Specialized school equipment represents funds to be used for practical and applied arts programs.

Curriculum renewal represents funds to be used to purchase student resources for curricular programming and implementation.

Staff professional development represents funds to be used for staff professional development initiatives based on the School Division's strategic direction.

Technology replacement reserve represents funds to be used for purchases of computers, digital overhead projectors, smart boards and other related technology software.

System application represents funds to be used to assist in addressing the major system software needs of the School Division.

Civic elections represents funds set aside to cover the cost of civic elections which are held every four years.

Facility repairs related to rentals represents funds to be used to cover repairs to school property resulting from public rental of facilities.

Trustee education represents funds to be used to support members of the Board of Trustees' education.

Facility operating reserve represents funds available to the facilities department to assist with operational activities.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

14. Accumulated surplus – continued:

Security camera represents funds to be directed toward the replacement or addition of security cameras in School Division facilities.

Contingency reserve represents funds available to be used by the School Division for emergency purposes.

Mount Royal facility partnership reserve represents the component part of the tenant agreements with Saskatoon Trades and Skills Centre and Saskatchewan Polytechnic designated for major maintenance and capital items at the expanded Mount Royal Collegiate.

Alternate funds represent funds received from external parties for specific projects.

Other

Saskatoon Public Schools Foundation Corp (the "Foundation") is incorporated under the *Saskatchewan Non-Profit Corporations Act, 1995* and was established to carry on activities which are for the charitable purpose of the advancement of education and enhancement of the quality of education offered by the School Division.

The Charity fund has registered charity status. A separate trust fund is maintained to manage the related charitable activities. The mandate of the registered charity is to support educational initiatives.

15. Budget figures:

Budget figures included in the consolidated financial statements were approved by the Board of Education on June 4th, 2013 and submitted to the Ministry of Education. Correspondence issued by the Ministry of Education dated August 30, 2013, indicates that they are not able to approve the budget due to a difference in position regarding the recording of ownership of Willowgrove School.

16. Related party transactions:

These consolidated financial statements include transactions with related parties. The School Division 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 School Division is also related to non-Crown enterprises that the Government jointly controls or significantly influences. In addition, the School Division is related to other non-Government organizations by virtue of its economic interest in these organizations.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

16. Related party transactions – continued:

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 consolidated financial statements and the table below. They are recorded at exchange amounts which approximate prevailing market rates charged by these organizations and are settled on normal trade terms.

	2014	2013
Revenues:		
Ministry of Education - operating	\$ 114,698,579	\$ 108,392,051
Ministry of Education - capital	6,933,303	11,305,552
Ministry of Education - other	793,696	849,632
Ministry of Health	136,918	58,022
Ministry of Social Services	23,217	22,956
Saskatchewan Government Insurance	1,000,031	863,516
Saskatchewan Polytechnic	258,047	163,183
	\$ 123,843,791	\$ 121,654,912
Expenses:		
SaskPower	\$ 764,761	\$ 662,832
SaskTel	368,108	612,335
SaskEnergy	1,740,125	1,750,175
Saskatchewan Worker's Compensation Board	585,185	424,726
Other	15,088	172,575
	\$ 3,473,267	\$ 3,622,643
Accounts receivable:		
Ministry of Education	\$ 3,899,157	\$ 1,789,987
Saskatchewan Polytechnic	36,990	221,183
	\$ 3,936,147	\$ 2,011,170

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

16. Related party transactions – continued:

	2014	2013
Capital expenditures:		
SaskTel	\$ -	\$ 280,221
	\$ -	\$ 280,221
Accounts payable and accrued liabilities:		
SaskEnergy	\$ 5,638	\$ 53,241
SaskPower	61,770	55,915
SaskTel	7,133	157,934
Saskatchewan Government Insurance	57,377	-
	\$ 131,918	\$ 267,090
Deferred revenues:		
Ministry of Education - capital	\$ 640,165	\$ -
	\$ 640,165	\$ -

A portion of the revenue from the Ministry of Education includes funding allocated to principal and interest repayments on some School Division long-term debt.

In addition, the School Division 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.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements or notes thereto.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

17. Contractual obligations and commitments:

Significant contractual obligations and commitments of the School Division are as follows:

	Estimated completion date	Amount
Willowgrove Elementary School	2015	\$ 2,760,000
Roofing - Pleasant Hill School	2015	170,000
Roofing - Greystone Heights School	2015	485,000
Communications	2016	270,000
		\$ 3,685,000

The School Division has ongoing service commitments for transportation, energy, school/office equipment and a property lease. Other contracts and commitments are as follows:

	Busing	Taxis	Energy	Copiers	Property Lease	Total
2015	\$ 5,871,000	\$ 447,600	\$ 1,171,800	\$ 273,335	\$ 220,000	\$ 7,983,735
2016	6,080,000	-	602,350	273,335	220,000	7,175,685
2017	1,860,200	-	81,025	273,335	220,000	2,434,560
2018	1,916,000	-	-	-	220,000	2,136,000
2019	1,973,500	-	-	-	110,000	2,083,500
	\$ 17,700,700	\$ 447,600	\$ 1,855,175	\$ 820,005	\$ 990,000	\$ 21,813,480

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

18. Accounting changes:

PS 3260 Liability for Contaminated Sites

On September 1, 2013, the School Division adopted the new PS3260 Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- The School Division;
 - Is directly responsible; or
 - Accepts responsibility
- The School Division expects that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made

The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the School Division's 2014 consolidated financial statements.

19. Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation.

20. Risk management:

The School Division 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 School Division from potential non-payment of accounts receivable. The credit risk related to the School Division's receivables from the provincial government, federal government and their agencies are considered to be minimal. For other receivables, the School Division has adopted credit policies which include implementation of credit limits and close monitoring of overdue accounts. The School Division 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 BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

20. Risk management (continued):

The aging of other receivables included in accounts receivable at August 31, 2014 and August 31, 2013 was:

	2014	2013
Current (0-30 days)	\$ 1,861,433	\$ 1,277,987
31-60 days	97,457	49,388
61-90 days	534	98,128
91+ days	139,616	4,432
Total	\$ 2,099,040	\$ 1,429,935

ii) Liquidity risk:

Liquidity risk is the risk that the School Division will not be able to meet its financial obligations as they come due. The School Division manages liquidity risk by maintaining adequate cash balances, budget practices and monitoring and cash flow forecasts. The following table sets out the contractual maturities of the School Division's financial liabilities as at August 31, 2014:

	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities (excludes accrued pension liability)	\$ 5,516,965	\$ 1,953,246	\$ 74,813	\$ -
Long-term debt	2,092,277	2,092,278	7,464,623	5,438,697
Total	\$ 7,609,242	\$ 4,045,524	\$ 7,539,436	\$ 5,438,697

iii) Market risk;

The School Division 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 School Division's interest rate exposure relates to cash and cash equivalents and portfolio investments. The School Division also has an authorized bank line of credit of \$23 million with interest payable monthly at Scotiabank prime rate minus one percent. 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 August 31, 2014.

The School Division minimizes these risks by:

- holding cash in an account at a Canadian bank, denominated in Canadian currency
- investing in GICs and term deposits for short terms at fixed interest rates
- 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

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2014

20. Risk management (continued):

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The School Division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, this risk is minimal as the School Division does not make a significant amount of purchases denominated in a foreign currency. The School Division did not have any financial instruments denominated in foreign currency outstanding at August 31, 2014 or August 31, 2013.

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Revenue

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Property taxation revenue:			
Tax levy revenue:			
Property tax levy revenue	\$ 100,215,000	\$ 98,664,131	\$ 95,043,073
Revenue from supplemental levies	-	2,115,555	2,152,070
Total property tax revenue	100,215,000	100,779,686	97,195,143
Grants in lieu of taxes:			
Federal government	2,900,000	2,834,402	2,820,251
Total grants in lieu of taxes	2,900,000	2,834,402	2,820,251
Other tax revenues:			
House trailer fees	65,000	59,185	52,311
Total other tax revenues	65,000	59,185	52,311
Deletions from levy:			
Other deletions	(1,500,000)	(1,088,996)	(1,166,442)
Total deletions from levy	(1,500,000)	(1,088,996)	(1,166,442)
Total property taxation revenue	\$ 101,680,000	\$ 102,584,277	\$ 98,901,263

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Revenue

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Grants:			
Operating grants			
Ministry of Education grants:			
Operating grant	\$ 107,166,209	\$ 107,572,054	\$ 101,633,414
Other ministry grants	487,971	555,460	256,223
	107,654,180	108,127,514	101,889,637
Other Provincial Grants	975,000	1,000,031	863,516
Total operating grants	108,629,180	109,127,545	102,753,153
Capital grants:			
Ministry of Education capital grants	5,850,643	6,933,303	11,305,552
Other provincial grants	-	-	163,183
Total capital grants	5,850,643	6,933,303	11,468,735
Total grants	\$ 114,479,823	\$ 116,060,848	\$ 114,221,888

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Revenue

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Tuition and related fee revenue:			
Operating fees:			
Tuition fees:			
Federal Government and First Nations	\$ 275,000	\$ 615,182	\$ 445,460
Individuals and other	1,278,900	2,041,493	1,376,828
Total tuition fees	1,553,900	2,656,675	1,822,288
Other related fees	-	3,525	3,120
Total tuition and related fee revenue	1,553,900	2,660,200	1,825,408
School generated funds revenue:			
Curricular fees:			
Student fees	-	1,121,725	1,084,522
Total curricular fees	-	1,121,725	1,084,522
Non-curricular fees:			
Curricular sales - GST	-	2,372	9,041
Fundraising	-	1,167	-
Grants and partnerships	-	41,256	137,823
Student fees	-	605,083	622,647
Other	4,955,000	3,465,034	2,955,157
Total non-curricular fees	4,955,000	4,114,912	3,724,668
Total school generated funds revenue	\$ 4,955,000	\$ 5,236,637	\$ 4,809,190

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Revenue

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Complementary services:			
Operating grants:			
Ministry of Education operating grants:			
Ministry of Education operating grants	\$ 2,340,400	\$ 2,354,788	\$ 2,213,121
Ministry of Education grants - other	750,000	138,236	518,409
Other provincial grants	-	160,135	80,978
Federal grants	-	2,370	-
Other	-	7,350	65,692
Total operating grants	3,090,400	2,662,879	2,878,200
Fees and other revenue:			
Tuition and related fees	-	-	13,600
Other revenue	-	235,596	221,556
Total fees and other revenue	-	235,596	235,156
Total complementary services revenue	\$ 3,090,400	\$ 2,898,475	\$ 3,113,356

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Revenue

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
External services:			
Operating grants:			
Ministry of Education grants:			
Ministry of Education operating grants	\$ 5,143,100	\$ 4,771,737	\$ 4,545,516
Ministry of Education grants - other	240,000	100,000	75,000
Other grants	-	461,512	-
Total operating grants	5,383,100	5,333,249	4,620,516
Capital grants:			
Other capital grants	-	337,752	295,693
Total capital grants	-	337,752	295,693
Fees and other revenue:			
Tuition and related fees	648,000	191,420	730,930
Other revenue	250,000	1,708,072	625,148
Total fees and other revenue	898,000	1,899,492	1,356,078
Total external services revenue	6,281,100	7,570,493	6,272,287
Other revenue:			
Miscellaneous revenue	186,000	120,792	127,153
Sales and rentals	806,000	861,518	867,521
Investments	220,000	297,050	297,881
Total other revenue	1,212,000	1,279,360	1,292,555
Total revenue for the year	\$ 233,252,223	\$ 238,290,290	\$ 230,435,947

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Expense

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Governance expense:			
Board Members expense	\$ 320,379	\$ 299,009	\$ 302,354
Professional development	47,186	20,402	18,115
Elections	-	-	178,260
Other governance expenses	436,001	394,817	352,724
Total governance expenses	803,566	714,228	851,453
Administration expense:			
Salaries	5,611,235	4,453,886	4,339,816
Benefits	1,108,100	965,023	756,573
Supplies and services	329,580	336,323	297,143
Non-capital furniture and equipment	40,358	16,382	14,736
Building operating expense	193,146	262,994	369,505
Communications	101,057	73,927	70,096
Professional development	106,692	80,611	38,391
Amortization of tangible capital assets	172,000	179,157	167,442
Total administration expense	7,662,168	6,368,303	6,053,702
Instructional expense:			
Instructional (Teacher Contract) salaries	117,501,438	118,654,802	112,881,995
Instructional (Teacher Contract) benefits	6,515,352	6,571,260	6,018,655
Program support (Non-Teacher Contract) salaries	24,203,787	25,340,606	23,985,124
Program support (Non-Teacher Contract) benefits	4,498,575	4,706,948	4,837,441
Instruction aids	5,536,211	5,475,473	5,902,398
Supplies and service	4,097,773	4,007,481	3,650,490
Non-capital furniture and equipment	1,468,595	1,344,906	1,418,148
Communication	420,840	355,607	319,005
Travel	349,862	285,201	269,020
Professional development	928,217	824,073	708,840
Student related expense	1,253,401	1,301,884	1,216,206
Amortization of tangible capital assets	2,500,000	2,382,688	2,236,202
Total instructional expenses	\$ 169,274,051	\$ 171,250,929	\$ 163,443,524

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Expense

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Plant operations and maintenance expense:			
Salaries	\$ 9,893,000	\$ 9,555,031	\$ 9,367,344
Benefits	2,696,500	2,678,496	2,506,960
Supplies and services	-	18,932	-
Non-capital furniture and equipment	201,212	130,839	114,815
Building operating expenses	11,588,486	11,644,285	10,937,117
Communications	22,000	15,448	9,709
Travel	158,226	189,763	212,386
Professional development	49,244	20,203	49,212
Amortization of tangible capital assets	9,100,000	9,341,464	8,473,898
Total plant operations and maintenance expense	33,708,668	33,594,461	31,671,441
Student transportation expense:			
Supplies and services	10,000	38,728	6,455
Contracted transportation	6,174,160	5,860,852	4,887,585
Total student transportation expense	6,184,160	5,899,580	4,894,040
Tuition and related fees expense:			
Tuition fees	30,000	30,885	20,580
Other fees	233,450	246,400	226,300
Total tuition and related fees expense	263,450	277,285	246,880
School generated funds expense:			
Supplies and services	-	1,104,668	1,038,830
Cost of sales	-	1,515	10,733
Non-Capital Furniture & Equipment	500,000	-	-
School fund expenses	4,455,000	4,306,427	4,281,003
Total school generated funds expense	\$ 4,955,000	\$ 5,412,610	\$ 5,330,566

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Expense

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Complementary services expense:			
Other fees	\$ -	\$ 60,107	\$ 55,135
Instructional (Teacher Contract) salaries and benefits	1,470,000	1,423,507	1,648,665
Program support (Non-Teacher Contracts) salaries and benefits	804,000	1,124,617	973,633
Instructional aids	43,400	114,118	154,062
Supplies and services	750,000	91,292	85,018
Non-Capital furniture & equipment	-	5,616	-
Communications	-	1,311	5,678
Travel	-	266	5,240
Professional development	25,000	16,030	29,218
Student related expenses	148,836	56,816	107,879
Total complementary services expense	3,241,236	2,893,680	3,064,528
External services expense:			
Other fees	2,323,500	1,851,033	1,699,484
Administration salaries and benefits	-	117,315	260
Instructional (Teacher Contract) salaries and benefits	2,850,000	3,384,179	2,846,031
Program support (Non-Teacher Contract) salaries and benefits	159,150	183,066	171,185
Instructional aids	243,358	656,735	144,757
Supplies and services	199,889	392,123	411,200
Non-capital furniture and equipment	-	2,252	5,505
Building operating expenses	21,057	24,580	23,943
Communications	-	34,140	1,259
Student related expenses	-	13,975	9,812
Total external services expense	\$ 5,796,954	\$ 6,659,398	\$ 5,313,436

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Expense

Year ended August 31, 2014, with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Other expense:			
Interest and bank charges:			
Current interest and bank charges	\$ 11,000	\$ 10,420	\$ 7,705
Interest on long term debt			
School facilities	962,000	865,433	894,576
Total interest and bank charges	973,000	875,853	902,281
Total other expense	973,000	875,853	902,281
Total expenses for the year	\$ 232,862,253	\$ 233,946,327	\$ 221,771,851

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Supplementary Details of Consolidated Tangible Capital Assets

Year ended August 31, 2014, with comparative figures for 2013

	Land	Land improvements	Buildings	Buildings short-term	Other vehicles	Furniture and equipment	Computer hardware and audio equipment	Computer software	Assets under construction	2014	2013
Tangible capital assets - at cost:											
Balance, beginning of year	\$ 12,521,311	\$ 417,286	\$ 257,039,810	\$ 4,794,732	\$ 361,870	\$ 3,132,122	\$ 5,379,619	\$ 4,295,001	\$ 13,577,930	\$ 301,519,681	\$ 287,497,330
Additions/purchases	-	-	-	3,207,086	-	417,712	2,677,115	114,551	10,478,582	16,895,046	15,115,317
Disposals	-	-	-	-	(114,278)	-	(1,906,717)	(302,778)	-	(2,323,773)	(1,122,966)
Transfer to (from)	-	-	5,080,893	15,866,649	-	-	-	-	(6,667,542)	-	-
Balance, end of year	12,521,311	417,286	262,120,703	9,588,467	247,592	3,549,834	6,150,017	4,106,774	17,388,970	315,090,954	301,519,681
Tangible capital assets - amortization:											
Balance, beginning of year	-	29,557	116,076,388	1,169,266	233,923	1,835,758	3,544,204	3,120,561	-	126,009,657	116,255,081
Amortization for the period	-	20,864	8,955,469	479,424	412,111	354,983	1,230,003	821,355	-	11,903,309	10,877,542
Disposals	-	-	-	-	(114,278)	-	(1,906,717)	(302,778)	-	(2,323,773)	(1,122,966)
Transfer to (from)	-	-	-	-	-	-	84,935	(84,935)	-	-	-
Balance, end of year	-	50,421	125,031,857	1,648,690	119,645	2,190,741	2,952,425	3,554,203	-	135,589,193	126,009,657
Net book value:											
Balance, beginning of year	12,521,311	387,729	140,963,422	3,625,466	127,947	1,296,364	1,835,415	1,174,440	13,577,930	175,510,024	171,242,249
Balance, end of year	12,521,311	366,865	137,088,846	7,939,777	86,736	1,359,093	3,197,592	552,571	17,388,970	180,501,761	175,510,024
Change in net book value	-	(20,864)	(3,874,576)	4,314,311	(41,211)	62,729	1,362,177	(621,869)	3,811,040	4,991,737	4,267,775
Disposals											
Historical cost	-	-	-	-	114,278	-	1,906,717	302,778	-	2,323,773	1,122,966
Accumulated amortization	-	-	-	-	114,278	-	1,906,717	302,778	-	2,323,773	1,122,966
Net cost	-	-	-	-	-	-	-	-	-	-	-
Price of sale	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal	-	-	-	-	-	-	-	-	-	-	-

**THE BOARD OF EDUCATION OF THE SASKATOON
SCHOOL DIVISION NO. 13 OF SASKATCHEWAN**

Schedule of Non-Cash Items Included in Consolidated Surplus

Year ended August 31, 2014, with comparative figures for 2013

	2014	2013
Non-cash items included in surplus		
Amortization of tangible capital assets (schedule C)	\$ 11,903,309	\$ 10,877,542
Total non-cash items included in surplus	\$ 11,903,309	\$ 10,877,542

THE BOARD OF EDUCATION OF THE SASKATOON SCHOOL DIVISION NO. 13 OF SASKATCHEWAN

Schedule of Net Change in Consolidated Non-Cash Operating Activities

Year ended August 31, 2014, with comparative figures for 2013

	2014	2013
Net change in non-cash operating activities:		
Decrease (increase) in Accounts receivable	\$ (2,717,419)	\$ 2,107,696
(Decrease) in Provincial grant overpayment	-	(2,677,543)
Increase in Accounts payable and accrued liabilities	3,157,292	3,175,819
Increase (decrease) in Liability for employee future benefits	220,700	(195,500)
Increase (decrease) in Deferred revenue	4,257,498	(2,019,465)
Decrease in Inventory of supplies for consumption	99,629	83,488
Decrease (increase) in Prepaid expenses	(108,711)	30,326
Total net change in non-cash operating activities	\$ 4,908,989	\$ 504,821