



Financial Statements

for the year ended March 31, 2022



Northern Lights
College

CONTENTS

Management Report	Page 1
Independent Auditor's Report	Page 2
Statement of Financial Position	Page 4
Statement of Operations and Accumulated Surplus	Page 5
Statement of Change in Net Debt	Page 6
Statement of Cash Flows	Page 7
Notes to the Financial Statements	Page 8

MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with section 23.1 of the Budget Transparency and Accountability Act, which requires Canadian public sector accounting standards (PSAS) modified by B.C. Regulation 198/2011, "Restricted Contributions Regulation" and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

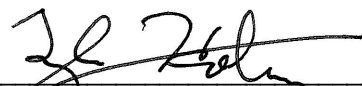
The Board of Governors are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises these responsibilities through regular board meetings. The Board of Governors review the Executive Limitation – 4, Financial Condition and Activities report on a quarterly basis and external audited financial statements yearly.

The external auditors, Sander Rose Bone Grindle LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Northern Lights College and meet when required.

On behalf of the Northern Lights College



Todd Bondaroff
Acting President and CEO



Tylee Holte
Chair

Partners

- * Ben Sander, B. Comm., FCPA, FCA
- * Dale J. Rose, CPA, CA
- * Alan Bone, B. Comm., CPA, CA
- * Jason Grindle, B. Comm., CPA, CA
- * Jaron Neufeld, B. Comm., CPA, CA

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the Northern Lights College, which comprise of the statement of financial position as at March 31, 2022 and the statements of operations and changes in surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Northern Lights College as at March 31, 2022 and the results of its operations and its cash flow for the year then ended in accordance with section 23.1 of the Budget Transparency and Accountability Act, which requires Canadian public sector accounting standards (PSAS) modified by BC Regulation 198/2011, "Restricted Contributions Regulation".

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describe the basis of accounting and the significant differences between such basis of accounting and Canadian Public Sector Accounting Standards. Note 16 to the financial statements discloses the impact of these differences.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with section 23.1 of the Budget Transparency and Accountability Act, which requires Canadian public sector accounting standards (PSAS) modified by BC Regulation 198/2011, "Restricted Contributions Regulation", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College's financial reporting process.

Independent Auditor's Report – (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dawson Creek, BC
May 18, 2022

Sander Rose Bone Grindle LLP
Chartered Professional Accountants

NORTHERN LIGHTS COLLEGE
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

4.

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash	\$ 12,641,735	\$ 11,289,362
Accounts receivable (Note 3)	906,151	863,685
Inventory for resale and other assets held for sale (Note 4)	454,025	413,781
	<u>14,001,911</u>	<u>12,566,828</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	3,864,504	3,628,388
Employee future benefits (Note 6)	358,000	338,000
Deferred revenue (Note 7)	7,323,639	7,195,747
Deferred contributions (Note 8)	810,368	281,668
Deferred capital contributions (Note 9)	71,179,036	72,655,056
	<u>83,535,547</u>	<u>84,098,859</u>
NET DEBT	<u>(69,533,636)</u>	<u>(71,532,031)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	77,024,550	78,563,932
Prepaid expenses	291,523	99,085
	<u>77,316,073</u>	<u>78,663,017</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 7,782,437</u>	<u>\$ 7,130,986</u>

See accompanying notes to the financial statements



Board Chair



Acting President and CEO

**NORTHERN LIGHTS COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FISCAL YEAR ENDED MARCH 31, 2022**

5.

	<u>2022</u>	<u>2022</u>	<u>2021</u>
	<u>Actual</u>	<u>Budget (unaudited)</u>	<u>Actual</u>
REVENUE			
Province of British Columbia grants:			
Ministry of Advanced Education and Skills Training	\$ 21,134,908	\$ 20,133,889	\$ 22,463,963
Industry Training Authority	1,704,566	1,962,509	1,955,265
Tuition and student fees	7,912,411	8,195,339	6,915,804
Revenue recognized from deferred capital contributions (Note 9)	3,704,829	3,688,552	4,263,714
Contract services	770,626	351,000	738,534
Sales of goods and services	2,128,627	1,798,629	1,173,764
Interest	89,916	82,960	85,708
Other	664,315	495,467	647,283
Total Revenue	<u>38,110,198</u>	<u>36,708,345</u>	<u>38,244,035</u>
EXPENDITURES (Note 17)			
Instruction	13,333,282	12,922,243	11,944,824
Academic and Student Support	6,942,737	6,709,358	6,929,929
General Administration	6,503,015	7,473,836	7,344,038
Facility Operations and Maintenance	4,821,599	3,960,173	5,473,018
Ancillary Operations	1,530,015	1,202,455	1,447,833
Amortization	4,328,099	4,611,184	4,620,388
Total Expenditures	<u>37,458,747</u>	<u>36,879,249</u>	<u>37,760,030</u>
ANNUAL SURPLUS (DEFICIT)	<u>651,451</u>	<u>(170,904)</u>	<u>484,005</u>
ACCUMULATED SURPLUS, beginning of year	<u>7,130,986</u>	<u>7,130,986</u>	<u>6,646,981</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 7,782,437</u>	<u>\$ 6,960,082</u>	<u>\$ 7,130,986</u>

See accompanying notes to the financial statements

**NORTHERN LIGHTS COLLEGE
STATEMENT OF CHANGE IN NET DEBT
FISCAL YEAR ENDED MARCH 31, 2022**

6.

	<u>2022</u>	<u>2022</u>	<u>2021</u>
	<u>Actual</u>	<u>Budget (unaudited)</u>	<u>Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 651,451	\$ (170,904)	\$ 484,005
Acquisition of tangible capital assets	(2,788,717)	(2,613,978)	(4,203,987)
Disposal of tangible capital assets	-	-	565,956
Amortization of tangible capital assets	4,328,099	4,611,184	4,620,388
	<u>2,190,833</u>	<u>1,826,302</u>	<u>1,466,362</u>
Acquisition of prepaids and deposits	(264,676)	-	(56,774)
Use of prepaids and deposits	72,238	-	85,638
DECREASE IN NET DEBT	1,998,395	1,826,302	1,495,226
NET DEBT, beginning of year	<u>(71,532,031)</u>	<u>(71,532,031)</u>	<u>(73,027,257)</u>
NET DEBT, end of year	<u>\$ (69,533,636)</u>	<u>\$ (69,705,729)</u>	<u>\$ (71,532,031)</u>

See accompanying notes to the financial statements

**NORTHERN LIGHTS COLLEGE
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED MARCH 31, 2022**

7.

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 651,451	\$ 484,005
Non-cash items:		
Amortization of tangible capital assets	4,328,099	4,620,388
Loss on disposal of tangible capital assets	-	565,956
Revenue recognized from deferred capital contributions	(3,704,829)	(4,263,714)
(Increase) Decrease in receivables	(42,466)	321,200
Increase in inventory	(40,244)	(131,826)
(Increase) Decrease in prepaids and deposits	(192,438)	28,864
Increase (Decrease) in payables and accruals	236,116	(123,217)
Increase in deferred revenue	127,892	1,091,573
	<u>1,363,581</u>	<u>2,593,229</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,788,717)	(4,203,987)
Deferred contributions, net increase	2,777,509	2,191,443
	<u>(11,208)</u>	<u>(2,012,544)</u>
FINANCING ACTIVITIES		
Paydown on long term debt	-	(2,525,000)
	<u>1,352,373</u>	<u>(1,944,315)</u>
INCREASE (DECREASE) IN CASH	1,352,373	(1,944,315)
CASH, beginning of year	<u>11,289,362</u>	<u>13,233,677</u>
CASH, end of year	<u>\$ 12,641,735</u>	<u>\$ 11,289,362</u>

Supplementary cash flow information (Note 13)
See accompanying notes to the financial statements

1. PURPOSE OF ORGANIZATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting:

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, which are consistent with Canadian public sector accounting standards except in regard to the accounting for government transfers set out in Note 2(d).

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

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

The College adopted Public Sector Accounting Standard 3260 – Liability for Contaminated Sites for the year ended March 31, 2016. At that time a review of the College properties was completed. No determinable liability was identified from this review.

b) Financial Instruments

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

c) Use of estimates

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

d) Revenue Recognition

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

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

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

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

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

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

e) Cash and Cash Equivalents

Cash and cash equivalents includes all bank accounts and does not include investments.

f) Fund Accounting

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

These funds are:

Operating Fund

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

Capital Fund

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

g) Inventory for Resale and Other Assets Held for Sale

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

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

h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i) Prepaid Expenses

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

ii) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest is not capitalized whenever external debt is used to finance the construction of tangible capital assets. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the useful life of the assets. Land is not amortized as it is deemed to have a permanent value.

ii) Tangible Capital Assets (continued)

Amortization is provided as follows (in years):

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

Assets under construction are not amortized until the asset is available for productive use.

i) Budget Figures

Budget figures have been provided for comparative purposes and have been derived from the Operating Budget presented to the Board of Governors of the Northern Lights College on March 17, 2021. The budget is reflected in the Statement of Operations and Accumulated Surplus.

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

3. RECEIVABLES

	<u>2022</u>	<u>2021</u>
Receivables		
Student	\$ 496,315	\$ 528,711
Trade	229,803	636,375
Other	509,925	41,408
	<u>1,236,043</u>	<u>1,206,494</u>
Less: allowance for doubtful accounts	<u>(329,892)</u>	<u>(342,809)</u>
	<u>\$ 906,151</u>	<u>\$ 863,685</u>

4. INVENTORY FOR RESALE AND OTHER ASSETS HELD FOR SALE

	<u>2022</u>	<u>2021</u>
Inventories for resale	\$ 188,241	\$ 154,474
Other assets held for sale	<u>265,784</u>	<u>259,307</u>
	<u>\$ 454,025</u>	<u>\$ 413,781</u>

Other assets held for sale comprises of the residential construction home and land to be used for future residential construction homes.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade - Federal	\$ 109,925	\$ 81,819
- Provincial and regional governments	152,031	126,533
- General	2,473,816	2,056,846
Payroll	439,727	663,755
Overtime	50,601	43,186
Vacation	<u>638,404</u>	<u>656,249</u>
	<u>\$ 3,864,504</u>	<u>\$ 3,628,388</u>

6. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2021, the College Pension Plan has about 16,500 active members, and approximately 9,500 retired members. As at December 31, 2020, the Municipal Pension Plan has about 220,000 active members, including approximately 7,000 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2018, indicated a \$303 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Northern Lights College paid \$1,602,072 (2021-\$1,599,380) for employer contributions to the plans in fiscal 2021-2022.

The next valuation for the College Pension Plan will be as at August 31, 2021, with results available in 2022. The next valuation for the Municipal Pension Plan will be December 31, 2021, with results available in 2022.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

6. EMPLOYEE FUTURE BENEFITS (continued)

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

Employees of Northern Lights College are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Employees of Northern Lights College are not entitled to accrue their unused sick leave credits. Retirement benefit payments represent the Northern Lights College share of the cost to provide employees with various benefits upon retirement. The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation completed in March 2020.

	Sick leave	Retirement Benefits Payments	2022	2021
Accrued benefits obligation	<u>\$ -</u>	<u>\$ 358,000</u>	<u>\$ 358,000</u>	<u>\$ 338,000</u>

7. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Tuition	\$ 4,483,337	\$ 4,543,527
Other	<u>2,840,302</u>	<u>2,652,220</u>
	<u>\$ 7,323,639</u>	<u>\$ 7,195,747</u>

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

8. DEFERRED CONTRIBUTIONS

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 281,668	\$ 3,441,860
Funds received:		
Provincial and Federal capital grants	3,029,305	3,577,816
Other capital and fundraising grants	36,000	2,500
Funds used:		
Capital purchases	(2,228,809)	(5,351,635)
Maintenance and related expenses	<u>(307,796)</u>	<u>(1,388,873)</u>
Balance, end of year	<u>\$ 810,368</u>	<u>\$ 281,668</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 72,655,056	\$ 71,567,135
Current year's acquisitions funded by provincial capital contributions	2,192,809	5,351,635
Current year's acquisitions funded by other capital contributions	36,000	-
Revenue recognized from deferred capital contributions	<u>(3,704,829)</u>	<u>(4,263,714)</u>
Balance, end of year	<u>\$ 71,179,036</u>	<u>\$ 72,655,056</u>

10. TANGIBLE CAPITAL ASETS

Cost	Balance at March 31, 2021	Additions	Disposals	Balance at March 31, 2022
Land	\$ 568,977	\$ -	\$ -	\$ 568,977
Buildings - wood	18,811,575	98,708	-	18,910,283
Buildings - concrete	96,926,242	1,710,831	-	98,637,073
Furniture and equipment	23,714,670	286,668	(413,861)	23,587,477
Heavy equipment	200,460	-	-	200,460
Computer equipment	5,982,139	-	-	5,982,139
Computer software	1,284,361	-	-	1,284,361
Site improvements	5,358,614	692,510	-	6,051,124
Books and media	417,199	-	-	417,199
Leasehold improvements	710,284	-	-	710,284
Work in progress	-	-	-	-
Total	\$ 153,974,521	\$ 2,788,717	\$ (413,861)	\$ 156,349,377

Accumulated Amortization	Balance at March 31, 2021	Disposals	Amortization Expense	Balance at March 31, 2022
Buildings - wood	\$ 16,099,887	\$ -	\$ 495,015	\$ 16,594,902
Buildings - concrete	25,942,744	-	2,485,088	28,427,832
Furniture and equipment	22,234,368	413,861	541,449	22,361,956
Heavy equipment	200,460	-	-	200,460
Computer equipment	5,310,551	-	533,607	5,844,158
Computer software	1,275,209	-	9,152	1,284,361
Site improvements	3,224,567	-	259,108	3,483,675
Books and media	412,519	-	4,680	417,199
Leasehold improvements	710,284	-	-	710,284
Work in progress	-	-	-	-
Total	\$ 75,410,589	\$ 413,861	\$ 4,328,099	\$ 79,324,827

10. TANGIBLE CAPITAL ASSETS (continued)

Net Book Value	2022	2021
Land	\$ 568,977	\$ 568,977
Buildings - wood	2,315,381	2,711,688
Buildings - concrete	70,209,241	70,983,498
Furniture and equipment	1,225,521	1,480,302
Heavy equipment	-	-
Computer equipment	137,981	671,588
Computer software	-	9,152
Site improvements	2,567,449	2,134,047
Books and media	-	4,680
Leasehold improvements	-	-
Work in progress	-	-
Total	\$ 77,024,550	\$ 78,563,932

During the fiscal year Northern Lights College did not receive any contributed equipment

11. FINANCIAL RISK MANAGEMENT

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

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

a) Credit Risk

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

11. FINANCIAL RISK MANAGEMENT (continued)

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

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

b) Market risk

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

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

c) Liquidity risk

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

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

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

12. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Operating Fund	\$ 1,981,169	\$ 1,244,814
Capital Fund	5,801,268	5,864,628
Externally Restricted Capital Fund	-	21,544
	<u>\$ 7,782,437</u>	<u>\$ 7,130,986</u>

Externally Restricted Capital Fund:

On April 4, 2014, pursuant to Section 50 (2) of the College and Institute Act, Northern Lights College's request to renew the lease agreement for space known as Mile 0 Farm was approved by the Ministry of Advanced Education. As per the Ministry of Advanced Education, Northern Lights College will set aside the net proceeds of the lease to a capital reserve fund, which would only be expended by seeking consent of the Minister of Advanced Education. These are the net proceeds from April 1, 2014 to October 31, 2016.

13. INTEREST PAID

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

	<u>2022</u>	<u>2021</u>
Interest Paid	<u>\$ -</u>	<u>\$ 18,078</u>

14. INVESTMENT

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

15. CONTINGENT LIABILITIES

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

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

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

March 31, 2021 – increase in accumulated surplus by \$73,764,476, a decrease in deferred revenue by \$879,752, deferred contributions by \$229,668, and deferred capital contributions by \$72,655,056.

March 31, 2022 – increase in accumulated surplus by \$71,908,757, a decrease in deferred revenue by \$500,052, deferred contributions by \$229,668, and deferred capital contributions by \$71,179,037.

17. SEGMENTED INFORMATION

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

Instruction

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

Academic and Student Support

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

17. SEGMENTED INFORMATION (continued)

General Administration

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

Facility Operations and Maintenance

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

Amortization

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

Ancillary Operations

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

NOTE 17 SEGMENTED INFORMATION (CONTINUED)

	2021		2022					
	Total	Total	Instruction	Academic and Student Support	General Administration	Facilities	Amortization	Ancillary Operations
REVENUE								
Province of British Columbia grants	\$ 24,419,228	\$ 22,839,474	\$ 21,424,426	\$ 424,573	\$ 533,328	\$ 354,969	\$ -	\$ 102,178
Tuition and student fees	6,915,804	7,912,411	4,252,472	3,599,358	60,581	-	-	-
Revenue recognized from deferred capital contributions	4,263,714	3,704,829	-	-	-	-	3,704,829	-
Contract services	738,534	770,626	685,881	84,745	-	-	-	-
Sales of goods and services	1,173,764	2,128,627	330,190	93,701	1,560	198,253	-	1,504,923
Interest	85,708	89,916	-	-	89,916	-	-	-
Other	647,283	664,315	494,178	26,096	115,858	21,547	-	6,636
	<u>38,244,035</u>	<u>38,110,198</u>	<u>27,187,147</u>	<u>4,228,473</u>	<u>801,243</u>	<u>574,769</u>	<u>3,704,829</u>	<u>1,613,737</u>
EXPENSES								
Salaries and benefits	22,290,250	23,109,671	11,887,032	4,632,412	4,021,760	2,026,408	-	542,059
Supplies	824,898	1,236,619	845,879	75,308	119,589	117,818	-	78,025
Contract fees	2,385,816	2,575,328	452,878	1,427,312	534,288	124,540	-	36,310
Amortization	4,620,388	4,328,099	-	-	-	-	4,328,099	-
Loss on disposal of assets	565,956	-	-	-	-	-	-	-
Utilities	939,713	1,189,134	-	-	-	960,314	-	228,820
Book purchases	363,318	382,315	3,718	-	22,053	-	-	356,544
Building maintenance	2,171,712	1,119,130	93	-	-	925,985	-	193,052
Publicity	261,568	473,456	33,409	262,446	169,852	-	-	7,749
Training	125,278	188,882	7,610	38,794	142,347	131	-	-
Course program and development	248	11,728	1,998	9,730	-	-	-	-
Ownership linkage	-	4,867	-	-	4,867	-	-	-
Travel - in region	28,295	52,493	13,240	12,897	22,477	2,880	-	999
Conferences and meetings	41,499	71,254	1,300	14,259	55,204	191	-	300
Membership fees	96,841	142,438	21,158	29,144	90,931	289	-	916
Janitorial services	143,287	102,777	-	-	-	102,573	-	204
Interest expense	18,078	-	-	-	-	-	-	-
Travel - out of region	136	34,656	5,876	10,177	18,603	-	-	-
Telephone, fax and internet	782,091	728,414	14,156	12,256	692,673	5,840	-	3,489
Space rental	165,128	163,098	-	1,549	-	161,549	-	-
Bursaries	323,096	272,886	-	272,886	-	-	-	-
Vehicle operations	49,766	69,243	2,833	-	-	66,410	-	-
Equipment maintenance	52,728	81,590	36,615	-	3,902	39,742	-	1,331
Computer maintenance	413,403	234,360	2,308	40,440	187,444	4,168	-	-
Computer lease	-	-	-	-	-	-	-	-
Insurance	156,669	139,360	-	1,267	2,480	58,351	-	77,262
Grounds maintenance	256,127	221,110	-	-	-	221,110	-	-
Relocation expenses	112,071	141,099	-	-	141,099	-	-	-
Legal fees	113,682	104,191	-	10,987	93,204	-	-	-
Courier and postage	62,562	29,134	2,848	4,144	18,792	395	-	2,955
Periodicals	69,144	64,155	-	63,144	-	1,011	-	-
Equipment rental	154,148	2,388	163	-	331	1,894	-	-
Audit fees	37,773	39,382	-	13,715	25,667	-	-	-
Recreation	6,082	11,511	168	10,039	1,304	-	-	-
Bad debts	12,621	6,105	-	-	6,105	-	-	-
Bank and credit card fees	115,658	127,874	-	(169)	128,043	-	-	-
	<u>37,760,030</u>	<u>37,458,747</u>	<u>13,333,282</u>	<u>6,942,737</u>	<u>6,503,015</u>	<u>4,821,599</u>	<u>4,328,099</u>	<u>1,530,015</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 484,005</u>	<u>\$ 651,451</u>	<u>\$ 13,853,865</u>	<u>\$ (2,714,264)</u>	<u>\$ (5,701,772)</u>	<u>\$ (4,246,830)</u>	<u>\$ (623,270)</u>	<u>\$ 83,722</u>