



2009-2010
ANNUAL REPORT



MISSION STATEMENT

MISSION STATEMENT

AURORA COLLEGE IS FOCUSED ON STUDENT SUCCESS AND IS COMMITTED TO SUPPORTING THE DEVELOPMENT OF OUR NORTHERN SOCIETY THROUGH EXCELLENCE IN EDUCATION, TRAINING AND RESEARCH THAT ARE CULTURALLY SENSITIVE AND RESPONSIVE TO THE PEOPLE WE SERVE.

2009-2010 ANNUAL REPORT



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AURORA COLLEGE
Board of Governors

October 28, 2010

The Honourable Jackson Lafferty
Minister, Education, Culture and Employment
PO Box 1320
Yellowknife, NT
X1A 2L9

Message from the Board – Aurora College Annual Report 2009-2010

Dear Minister Lafferty:

Enclosed is the 2009-2010 Annual Report for Aurora College. Our Annual Report reflects the College's strengths in providing programs and services to the people of the Northwest Territories.

As residents of this vast region, the Board members are dedicated to ensuring the delivery of quality programming to meet the ever-increasing needs of the people of the North. This college is committed to providing an educated population so that Northerners can enjoy a comprehensive quality of life. We are providing learning opportunities for all people in the region. The Board is proud of its role in delivering responsive post-secondary services and appreciates the support provided from your Ministry. Together, we are shaping the future of the Northwest Territories.

Yours truly,

A handwritten signature in black ink, appearing to read 'John McKee', written in a cursive style.

John McKee
Chairperson, Board of Governors
Aurora College

c. Deputy Minister, Education, Culture & Employment
President, Aurora College

Box 1290, Fort Smith, NT XOE OPO
Tel: (867) 872-7009
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BOARD OF GOVERNORS

AURORA COLLEGE BOARD OF GOVERNORS

John McKee	Chairperson	Dehcho Representative
Ted Blondin	Vice Chairperson	North Slave Representative
Lindsay Ann Cooke	Member	Yellowknife Representative
Sandra Suliman	Member	Beaufort Delta Representative
Ethel Blondin-Andrew	Member	Sahtu Representative
Sydney O’Sullivan	Member	South Slave Representative
Margaret Thom	Member	Elder Representative
Tammy Soanes-White	Staff Representative	Yellowknife/North Slave Campus
TBA	Student Representative	

MESSAGE FROM THE PRESIDENT



AURORA COLLEGE
Office of the President

October 28, 2010

The Honourable Jackson Lafferty
Minister, Education, Culture and Employment
PO Box 1320
Yellowknife, NT
X1A 2L9

Message from the President – Aurora College Annual Report 2009-2010

Dear Minister Lafferty:

Enclosed is a copy of the 2009-2010 Annual Report. It provides an overview of the accomplishments of the students, faculty and staff over the past year. We are proud of the College's achievements and its continued success in providing educational services to the people of the Northwest Territories.

We would also like to take this opportunity to express our gratitude to the Minister and his staff for the support the College has received.

Kinanaskomitin; Mahsi; Máhsi; Masi; Marsi; Merci; Quyanainni; Quyanaq; Quana; Thank you

A handwritten signature in black ink that reads "Sarah Wright Cardinal". The signature is fluid and cursive.

Sarah Wright Cardinal
President, Aurora College

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Fort Smith, NT X0E 0P0
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HIGHLIGHTS

2009/2010 STUDENT SURVEY RESULTS SHOW AURORA COLLEGE HIGHLY RATED IN KEY AREAS

As part of the Annual Review Process, each year all students in certificate, diploma and degree programs are anonymously surveyed on 21 questions. The results of the 2009/2010 survey show students giving Aurora College very high ratings on five key questions:

- 99% of students ranked program content as good, very good or excellent
- 96% of students ranked the quality of instruction as good, very good or excellent
- 99% of students gave their program an overall rating of good, very good or excellent
- 97% of students would recommend their programs to others
- 97% of students would recommend Aurora College to others

This is a continuing source of pride for faculty and staff at Aurora College.

ENROLMENT HIGHLIGHTS

Student enrolment statistics are calculated on an annual basis to look for trends in program demands. The enrolment numbers are collected by program and location for full time students and by total courses for part time students. The enrolment information also identifies whether the program is base funded or third party funded.

All enrolment numbers are converted to “Full Time Equivalent Students” (FTE) to allow for the evaluation of enrolments in a consistent manner. One full time student equals one FTE.

STUDENT ENROLMENT BY LOCATION		
Campus	2010 FTE	2009 FTE
Aurora	442.9	434.8
Thebacha	534.0	518.1
YK/North Slave	474.4	477.0
Total College	1451.3	1429.9

FULL TIME EQUIVALENT STUDENTS BY LOCATION & PROGRAM DIVISION					
Program Division	Aurora	Thebacha	Yellowknife/ North Slave	2010 Totals	2009 Totals
Academic Upgrading	181.8	107.2	84.4	373.4	294.5
University Partnerships	0.1	0.0	0.5	0.6	2.2
Alberta North Distance Learning	1.0	1.7	0.0	2.7	1.1
Credit	58.8	138.5	184.4	322.9	345.2
Trades and Apprenticeships	73.2	296.8	55.8	425.8	396.7
Career Development	118.5	48.6	146.9	314.0	363.2
Personal Development	9.5	0.0	2.4	11.9	27.0
Total	442.9	592.8	474.4	1451.3	1429.9

Part time students are converted to FTEs using a ratio of ten (10) courses to one FTE for all programs except apprenticeship programs where the ratio is four (4) courses to one FTE. A full time student is one who takes at least six (6) courses in a program over an academic year.

Aurora College FTE enrolments increased by 1.49% from 1430 FTEs in 2008/2009 to 1451.3 FTEs in 2009/2010.

AURORA CAMPUS

Aurora Campus in Inuvik introduced two new and exciting programs in the 2009/2010 academic year.

Personal Support Worker

The Personal Support Worker program started February 1, 2010 with ten (10) full time and one (1) part time student. Students attended a Cultural Health and Awareness workshop in February where they were guided on how to provide culturally sensitive care to individuals in their communities. These students will complete their studies and practicum in December 2010.

Community Educator Preparation Program (CEPP)

The Community Educator Preparation Program (CEPP), a specifically designed introductory program to the Aboriginal Culture and Instructor Program (ALCIP) and the Teacher Education Program (TEP) began in September 2009.

New students were first introduced at the Beaufort Delta Teachers professional development days. During the year, they took part in several successful camp experiences, including a Fish Camp and an Ethnobotany Camp. At the Fish Camp students had the opportunity to share the techniques for preparing fish. Instructor and Elder, Sarah Jerome demonstrated the ways to prepare fish and instructor and Elder, Liz Hansen shared Gwich'in words for various fish and fish parts. Students also gathered plants native to the region and discussed their traditional uses with Alestine Andre who shared her Traditional Knowledge of plant gathering, preparation and uses. Nine of the CEPP students went on to enroll in the Aboriginal Language and Cultural Instructor Program and four have gone on to the Teacher Education Access Program in 2010-2011.



Students from the 2009/2010 Community Education Preparation Program

HIGHLIGHTS

THEBACHA CAMPUS

The focus on Apprenticeship and trades training remains a priority at Thebacha Campus.

Apprenticeship and trades training

In May 2010, the Thebacha Campus underwent the re-accreditation process for its Apprenticeship Carpentry programs. As well, in 2009-2010, Thebacha Campus increased its capacity and deliveries in the area of heavy equipment operator training. In addition to the campus-based Heavy Equipment Operator (HEO) Program that has had ongoing delivery since the beginning days of the College, community-based deliveries were added, utilizing equipment funded through the Indian and Northern Affairs Canada (INAC) program, Strategic Investment in Northern Economic Development (SINED). This equipment also enabled the Campus to begin delivery of Class 1 driver training, in concert with the existing HEO Program. Program and salary funding was provided from strategic investment by the Department of Education, Culture and Employment (ECE), the Mine training Society (MTS), and Aurora College. Additionally, Thebacha Campus submitted a proposal to Services Canada that provided funding through the Skills Link Program, to deliver the Camp Cook Program on Campus.



Kjell Hunter and Andrew Hutton

The Mineral Processing Operator Program

In the spring of 2010, Thebacha Campus offered the Mineral Processing Operator Program in partnership with the North Slave Métis, the MTS, and the three Northwest Territories mining companies - BHP Billiton Diamonds Inc., De Beers Canada Inc., and Diavik Diamond Mines Inc. Sixteen students participated in the training on campus and then went on to work-placement experiences at the mines. Some portions of the program were delivered by contract through Northern Alberta Institute of Technology (NAIT) and other portions are delivered by Aurora College instructors. Thebacha Campus will offer the program again starting in October 2010.

YELLOWKNIFE / NORTH SLAVE CAMPUS

Nursing students and faculty participate in an international experience.

Bachelor of Science in Nursing Program

Four students and one faculty member from the Bachelor of Science in Nursing Program travelled to Finnmark University in Hammerfest, Norway, in May 2010, to attend classes. Both the students and faculty member found the experience to be personally rewarding and beneficial to nursing practices and the College community.

The Nursing program area continues to provide outreach community education services, having delivered medication administration courses in Fort Smith, Behchoko and Yellowknife; Medical Terminology in Yellowknife; and specific in-service training for the Yellowknife Health and Social Services Authority. The Nurse Practitioner area will graduate its first Master's student in 2011, and will continue to provide advanced education for Registered Nurses in the Northwest Territories (NWT), Alberta (AB), and British Columbia (BC).



Student and Faculty Exchange
 Left to right: Leanne Niziol, Soura Munroe-Rosen, Pertice Moffit, Gwen Hysert and Candice Manuel

Social Work Program

The Social Work Diploma Program continues to build on its very positive growing reputation and is attracting more students each year. Statistics show that 72% of graduates are pursuing their Bachelor of Social Work (BSW) degree.

HIGHLIGHTS

COMMUNITY PROGRAMS

Reaching out to NWT communities: Each year Aurora College is busy with activities in 25 NWT communities as well as at our three campuses. The 2009-10 Academic Year was no exception. Some highlights follow.

Beaufort – Delta and Sahtu Regions

The Inuvik Learning Centre opened in its new location in September 2009. The grand opening took place on November 13th. A full slate of developmental studies courses were offered including Nursing Access, Social Work Access, TEP Access and Environment and Natural Resources Technology (ENRTP) Access. In addition to the regular Adult Literacy and Basic Education (ALBE) delivery, Aklavik saw the delivery of Building Trades Helper (delivered from the Mobile Trades Training Lab), Kitchen Helper Program, Class 7 Driver Training, Firearms Safety and Small Engine Repair.

Tuktoyaktuk is a busy Learning Centre and in 2009/10, in addition to ALBE, residents of the community had an opportunity to participate in a Heavy Equipment Operator program, Environmental Monitoring program and Class 7 Driver Training. In Ulukhaktok ALBE was delivered, as well as Class 3 and Class 7 Driver Training, Firearms Safety and Introduction to Computers. In Paulatuk, Aurora College contributed funds to assist the high school to offer Sunchild E-Learning program to adult learners. A new Community Learning Centre is currently under construction in Tsiigehtchic. Firearms Safety Training, Class 7 Driver Training, Chainsaw Safety, and Introduction to Recreational Small Engine Repair (delivered from the Mobile Trades Trailer) in addition to ALBE were delivered in Ft McPherson.

In Deline, ALBE was delivered as well as Class 7 Driver Training, First Aid/CPR C and Simply Accounting Levels 1 and 2. Elders worked with a part-time adult educator to complete "Our Story", a pictorial history of Colville Lake in Colville Lake. Additionally, Simply Accounting Levels 1 and 2 were offered. In Fort Good Hope, ALBE delivery was offered, as well as Environmental Monitoring, Introduction to Computers and Class 7 Driver Training. In addition to the ALBE delivery, students in Tulita participated in Traditional Sewing classes, Class 7 Driver Training, Pre-Trades Preparation and Introduction to Barbering. The Sahtu Coordinator assisted with ALBE delivery, Introduction to Computers, Ready to Work North and Pre-Trades Math, Science and English in Norman Wells. Environmental Monitoring was also offered.

South Slave and Dehcho

Community Learning Centres in the South Slave and Dehcho focused primarily on ALBE programming but some additional programs were offered. In Hay River, a Literacy Outreach and Workplace Readiness project provided residents of the community with opportunities to expand their literacy and prepare for the workplace. Trades Access programs were offered in both Fort Simpson and Fort Providence in partnership with the Local Training Authorities in these communities. In smaller communities such as Jean Marie River, Trout Lake, and Wrigley, the College worked with local educators or sent an itinerant instructor in to provide upgrading for local residents. Discussions and planning with the Aboriginal Human Resources Development Agreement (AHRDA) and Aboriginal Skills and Employment Training Strategy (ASETS) groups in the Dehcho primarily focused on how we can support their training needs for the 2010-2011 academic year given the new changes to these programs.

Yellowknife and North Slave Region

The Wekweeti Community Learning Centre hosted the delivery of a six week Ice Road Contractors Training Program and had six (6) successful participants. A refresher course will be offered in the fall of 2010, before the start of ice road construction. In Ndilo the Campus partnered with the Yellowknives Dene First Nation and moved its Dettah Ndilo Community Learning Centre into the old school when the new Kalemi Dene School was completed. The Building Trades Helper Program was delivered at the Behchoko Community Learning Centre and saw seven (7) students employed over the summer working with T'l'icho Construction, The Hamlet and Nishicon. Three (3) students were offered and are currently working towards apprenticeships and full-time work. The Teacher Education Diploma Program was also completed in Behchoko and four students joined the graduating class. Construction is currently underway for a new Community learning Centre in Lutselk'e. Planning for the new centre involved the Divisional Education Authority (DEA) and School as well as Aurora College. The stand alone community learning centre in Gameti was lost and had to be relocated to the old town recreation hall. The adult educator took on the challenge of turning the smaller space into a welcoming functional learning centre. A balanced program of ALBE and skill based courses were offered at the WhaTi Community Learning Centre.

THE AURORA RESEARCH INSTITUTE (ARI)

Research Activity in the NWT

In 2009, a total of 176 research licences were issued for scientific research programs across the Northwest Territories. This indicates that the level of research activity has been consistently above 150 programs for the last eight (8) years. The region with the highest level of research activity continues to be the Inuvialuit Settlement Region followed closely by the North Slave. Research topics continue to encompass a broad range of research sciences with most research focusing on physical, biological and social sciences.

A new Western Arctic Research Centre being built

Over this last year the Aurora Research Institute has seen the Western Arctic Research Centre project progress rapidly from design development through to construction. The staff at the Aurora Research Institute have been working closely with the Departments of Education Culture and Employment (ECE) and Public Works and Services (PW&S) on this infrastructure program. The new facility is on schedule to be complete by March 2011.



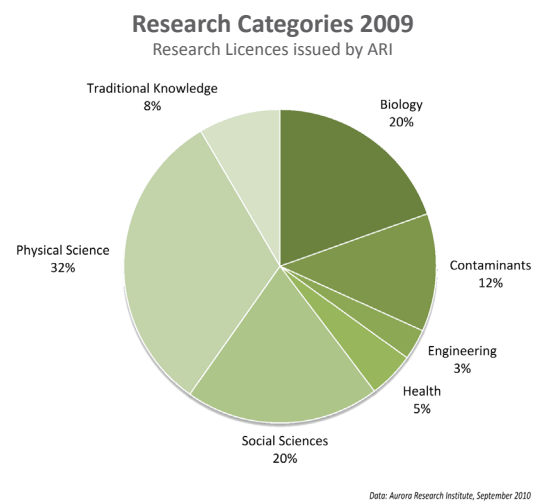
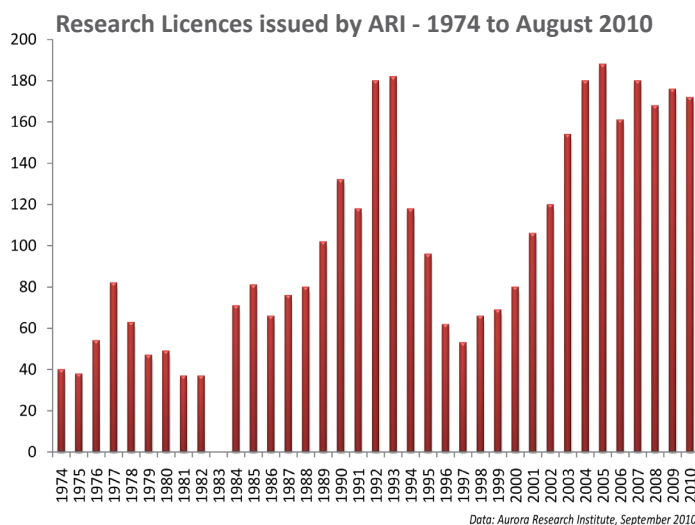
New Aurora Research Institute Building

Inuvik Research Centre

The Inuvik Research Centre has been busy supporting a variety of user groups and research programs. Over the 2009/2010 fiscal year, we provided accommodations, work spaces, lab and field equipment, and technical support in and out of the field to 338 facility users representing 141 research groups.

International Polar Year

The Aurora Research Institute continues to play a crucial role in International Polar Year. In addition to hosting the Northern Coordination Office, ARI has played an integral role in the Canadian Arctic Research Licencing Initiative (CARLI). This included hosting ethics training for community groups involved in research licencing and hosting workshops for physical and social/health researchers.



FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2010

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AURORA COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Aurora College (the "College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Board of Governors. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include some amounts that are necessarily based on management's best estimates and judgment. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

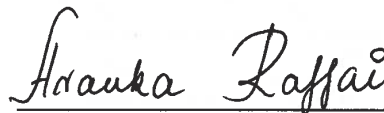
In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized and recorded, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of Members who are not employees of the College. The Finance Committee meets regularly with management and the external auditors have full and free access to the Finance Committee.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues her report thereon to the Minister of Education, Culture and Employment.



Sarah Wright Cardinal
President



Aranka Raffai
Chief Financial Officer

Fort Smith, Canada
October 22, 2010

AUDITOR'S REPORT



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Education, Culture and Employment

I have audited the balance sheet of the Aurora College as at June 30, 2010 and the statements of operations, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College and the financial statements are in agreement therewith. In addition, the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations, the *Aurora College Act* and regulations and the by-laws of the College.

A handwritten signature in black ink, appearing to read 'Guy LeGras'.

Guy LeGras, CA
for the Auditor General of Canada

Vancouver, Canada
October 22, 2010

AUDITOR'S REPORT

AURORA COLLEGE

BALANCE SHEET as at June 30, 2010 (in thousands)

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current assets		
Cash (Note 5)	\$ 5,873	\$ 5,752
Net accounts receivable (Note 6)	2,091	2,478
Prepaid expenses and deposits	<u>400</u>	<u>183</u>
	8,364	8,413
Property and equipment (Note 7)	<u>7,307</u>	<u>7,268</u>
	<u>\$15,671</u>	<u>\$15,681</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued liability	\$ 1,130	\$ 2,533
Employee leave payable	1,643	1,269
Deferred project income	568	395
Due to the Government of the Northwest Territories	<u>843</u>	<u>420</u>
	4,184	4,617
Employee future benefits (Note 8)	1,811	1,772
Professional development fund (Note 9)	1,299	1,243
Deferred capital contributions (Note 10)	<u>5,338</u>	<u>5,342</u>
	12,632	12,974
<u>EQUITY</u>		
Retained earnings (Note 11)	<u>3,039</u>	<u>2,707</u>
	<u>\$15,671</u>	<u>\$15,681</u>
Contingent liabilities and commitments (Notes 17 and 18)		

The accompanying notes are an integral part of the financial statements.

Approved by the Board:



John McKee
Chairperson of the Board



Lani Cooke
Chairperson of the Finance Committee

AUDITOR'S REPORT

AURORA COLLEGE

STATEMENT OF OPERATIONS, COMPREHENSIVE INCOME AND RETAINED EARNINGS

for the year ended June 30, 2010

(in thousands)

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Project income		
Territorial government	\$ 4,482	\$ 3,507
Other third parties	3,520	3,790
Federal government	1,357	1,551
Methane hydrate research project (Note 12)	-	1,529
Tuition fees	2,074	1,818
Other	1,125	1,051
Room and board	801	724
Amortization of non-government capital contributions (Note 10)	675	313
Gain on disposal of equipment	120	-
Interest income	33	134
	<u>14,187</u>	<u>14,417</u>
<u>EXPENSES</u>		
Compensation and benefits	25,901	25,099
Building leases	5,312	5,600
Materials and supplies	2,417	2,208
Contract services	1,737	3,918
Utilities	2,023	2,136
Repairs and maintenance	1,526	1,929
Fees and payments	1,540	1,522
Travel and accommodation	1,380	1,354
Professional services	1,221	1,540
Communication, postage and freight	849	985
Amortization of property and equipment	1,218	1,566
	<u>45,124</u>	<u>47,857</u>
Net loss and comprehensive loss before government contributions	<u>(30,937)</u>	<u>(33,440)</u>
Government contributions (Note 13)	<u>31,269</u>	<u>32,979</u>
Net income (loss) and comprehensive income (loss) after government contributions	<u>332</u>	<u>(461)</u>
Retained earnings at beginning of year	<u>2,707</u>	<u>3,168</u>
Retained earnings at end of year	<u>\$ 3,039</u>	<u>\$ 2,707</u>

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

STATEMENT OF CASH FLOWS for the year ended June 30, 2010 (in thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Cash receipts from students and projects	\$ 13,993	\$ 17,831
Cash receipts from government contributions	28,650	29,882
Cash paid to suppliers and employees	(42,405)	(48,458)
Interest received	<u>33</u>	<u>134</u>
Net cash provided by (used in) operating activities	<u>271</u>	<u>(611)</u>
Cash flows from investing activities		
Acquisition of property and equipment	(1,279)	(2,328)
Proceeds from disposal of equipment	<u>142</u>	<u>-</u>
Net cash used in investing activities	<u>(1,137)</u>	<u>(2,328)</u>
Cash flows from financing activities		
Capital contributions received	<u>987</u>	<u>2,826</u>
Net increase (decrease) in cash	121	(113)
Cash at beginning of year	<u>5,752</u>	<u>5,865</u>
Cash at end of year	<u>\$ 5,873</u>	<u>\$ 5,752</u>

The accompanying notes are an integral part of the financial statements.

AUDITOR'S REPORT

AURORA COLLEGE NOTES TO THE FINANCIAL STATEMENTS June 30, 2010

1. AUTHORITY AND MANDATE

Aurora College (the "College") was established under the *Aurora College Act* and is named as a territorial corporation under the *Financial Administration Act* of the Northwest Territories. The College is also exempt from income taxes.

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities throughout the NWT. Through the work of the Aurora Research Institute, the College is also responsible for the facilitation and preparation of research activity in the NWT.

2. ADOPTION OF ACCOUNTING STANDARDS

Financial instruments disclosures

In June 2009, the Canadian Accounting Standards Board (AcSB) amended CICA Handbook Section 3862, "Financial Instruments – Disclosures", to include additional disclosure requirements regarding fair value measurements of financial instruments and liquidity risk.

The amendments were effective for the College's fiscal year ending June 30th, 2010.

The new disclosure requirements did not have a significant impact on the College's financial statements.

3. FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board (PSAB) establishes generally accepted accounting standards (GAAP) for governments and government organizations, including government business enterprises (GBEs) and government business-type organizations (GBTOs). These organizations have traditionally followed GAAP for profit-oriented enterprises.

The College is currently classified as a GBTO under the Public Sector Accounting (PSA) Handbook and thus required to adhere to the accounting standards in the CICA Handbook - Accounting Handbook for profit-oriented enterprises in preparing its financial statements.

3. FUTURE ACCOUNTING CHANGES (continued)

The Accounting Standards Board (AcSB) has decided to adopt International Financial Reporting Standards (IFRS) for publicly accountable profit-oriented enterprises with an effective date of January 1, 2011. In addition, in September 2009, PSAB approved an amendment to the Introduction to PSA Handbook that eliminates the GBTO category resulting in the need to reclassify these organizations as either government not-for-profit organizations (GNPOs) or other government organizations (OGOs).

OGOs would generally base their financial reporting on the PSA Handbook. However, in certain cases, IFRSs may be a more appropriate basis of accounting. The adoption of IFRSs or the PSA Handbook is effective for fiscal years beginning on or after January 1, 2011.

In early 2009, AcSB and PSAB also jointly issued an Invitation to Comment on the future of financial reporting by not-for-profit organizations. In March 2010, PSAB issued an exposure draft that proposes to incorporate the existing accounting standards in the CICA Handbook - Accounting for not-for-profit organizations into the PSA Handbook. The existing provisions within the Introduction to the PSA Handbook applicable to GNPOs will be retained until the AcSB and the PSAB have completed their deliberations and established timelines for transition.

During the next fiscal year the College will reassess its classification for financial reporting purposes, its applicable primary source of generally accepted accounting standards, and implement a plan for transition in cooperation with the Government of the Northwest Territories.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with GAAP. A summary of significant accounting policies follows:

a) Measurement uncertainty

The preparation of financial statements in accordance with GAAP requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts and employee future benefits.

AUDITOR'S REPORT

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments

The College's financial instruments include accounts receivable, accounts payable and accrued liabilities and due to the Government of the Northwest Territories. The financial instruments are initially recognized at fair value and are subsequently accounted based on their classification as described below.

Accounts receivable are classified as loans and receivables and are accounted for at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities and the due to Government of the Northwest Territories are classified as other financial liabilities and accounted for at amortized cost using the effective interest rate method.

c) Property and equipment

Property and equipment transferred to the College when it was established were recorded at their estimated fair market value. Subsequent acquisitions are recorded at cost. Property and equipment are amortized over their estimated remaining useful lives on a straight-line basis at the following annual rates:

Mobile equipment	3 to 20 years
Building additions and renovations	20 years
Furniture and equipment	2 to 10 Years
Leasehold improvements	over the remaining term of the lease

d) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The College's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The College's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the College. The College is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Employee future benefits (continued)

ii) Employee severance and removal benefits

Employees are entitled to severance benefits and reimbursement of removal costs, as provided under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits is accrued as employees render the services necessary to earn them. Termination benefits are also recorded when employees are identified for lay-off. The cost of the benefits has been determined based on management's best estimates using the expected compensation level and employee leave credits.

e) Government contributions and deferred capital contributions

Under a contribution agreement with the Government of the Northwest Territories (the "Government") dated January 25, 1995 the College receives contributions for its operations and capital requirements for the administration and delivery of its adult and post-secondary education programs. Under the terms of this agreement, the College is allowed to retain all surpluses and is responsible for all deficits.

Contributions from the Government are the amounts set out in the Government's Main Estimates, as adjusted by supplementary appropriations, and represent the majority of the funding for the College to cover its expenses. Contributions received for operating expenses are recognized as revenue in the College academic year which they relate to (i.e. when the related services are provided). Contributions received for the acquisition of depreciable capital assets are deferred and amortized on the same basis and in the same periods as the underlying depreciable capital assets are amortized.

f) Government contributions – services received without charge

The Government provides certain services without charge to the College. The estimated value of these services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the College's operations in its financial statements.

g) Project income and deferred project income

The College provides education and research services to outside third parties through contractual arrangements. Payments received under these contracts for which the development and delivery of projects is not completed are recorded as deferred project income until completion.

AUDITOR'S REPORT

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Contract services

Contract services are acquired by the College through contractual arrangements. They include printing services, software development, food service contracts, instruction contracts, leases and rental agreements. These amounts are recognized as expenses in the year the services are rendered.

i) Contingent liabilities

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

5. CASH

The College's cash balances are pooled with the Government's surplus cash and are invested in a diversified portfolio of high-grade short term income producing assets. The cash can be withdrawn from the bank accounts at any time and is not restricted by maturity dates on investments made by the Government. The Department of Finance approves the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-2 High or better by the Dominion Bond Rating Service Ltd. The College's average annual investment yield for the year ended June 30, 2010 was .38% (2009-1.72%).

6. NET ACCOUNTS RECEIVABLE

	<u>2010</u>			<u>2009</u>
	(in thousands)			
	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net</u>	<u>Net</u>
Project income				
Government	\$ 398	\$ 22	\$ 376	\$ 324
Other	1,713	79	1,634	2,092
Students	224	145	79	60
Advances	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>
	<u>\$ 2,337</u>	<u>\$ 246</u>	<u>\$ 2,091</u>	<u>\$ 2,478</u>

All receivables are currently due and the carrying value of these receivables approximates their fair value.

7. PROPERTY AND EQUIPMENT

	<u>2010</u>		<u>2009</u>	
	(in thousands)			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Mobile equipment	\$ 5,241	\$ 1,891	\$ 3,350	\$ 2,891
Building additions and renovations	1,991	1,245	746	846
Furniture and equipment	6,415	3,575	2,840	3,129
Leasehold improvements	<u>1,806</u>	<u>1,435</u>	<u>371</u>	<u>402</u>
	<u>\$ 15,453</u>	<u>\$ 8,146</u>	<u>\$ 7,307</u>	<u>\$ 7,268</u>

8. EMPLOYEE FUTURE BENEFITS

i) Pension benefits

The College and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index.

The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	<u>2010</u>	<u>2009</u>
	(in thousands)	
College's contributions	\$ 2,307	\$ 2,430
Employees' contributions	<u>1,132</u>	<u>1,050</u>
	<u>\$ 3,439</u>	<u>\$ 3,480</u>

On January 1, 2010 the yearly maximum pension earnings for Canada Pension Plan (CPP) purposes increased to \$ 47,200 from \$ 46,300 in 2009. Employees' contributions are calculated at a rate of 5.5% (2009 – 5.2%) for amounts up to the yearly maximum CPP earnings stated above and at a rate of 8.4% (2009 – 8.4%) for amounts above the yearly maximum CPP earnings. The College's contributions are calculated at an amount of 1.94 (2009 – 1.91) times the amount of employees' contributions.

ii) Severance and removal benefits

The College provides severance benefits to its employees based on years of service and final salary. The College also provides removal assistance to eligible employees, as provided under labour contracts. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations.

AUDITOR'S REPORT

8. EMPLOYEE FUTURE BENEFITS (continued)

Information about the plan, measured as at the balance sheet date, is as follows:

	<u>2010</u>	<u>2009</u>
	(in thousands)	
Accrued benefit obligation, beginning of year	\$ 1,772	\$ 1,370
Cost for the year	98	541
Benefits paid during the year	<u>(59)</u>	<u>(139)</u>
Accrued benefit obligation, end of year	<u>\$ 1,811</u>	<u>\$ 1,772</u>

9. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make available a specific amount of funding, against which approved instructor professional development expenses are charged. The balance represents the accumulated unspent amount of the College's obligation to instructors.

Information about the fund is as follows:

	<u>2010</u>	<u>2009</u>
	(in thousands)	
Professional development fund, beginning of year	\$ 1,243	\$ 1,111
Contributions	389	376
Recovery of funds	19	-
Professional development paid during the year	<u>(352)</u>	<u>(244)</u>
Professional development fund, end of year	<u>\$ 1,299</u>	<u>\$ 1,243</u>

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to funding received from the Government and third parties for the acquisition of depreciable capital assets

	<u>2010</u>	<u>2009</u>
	(in thousands)	
Opening balances	\$ 5,342	\$ 3,894
Restricted contributions received	987	2,990
Unspent contributions returned	-	(164)
Amounts amortized to revenue	<u>(991)</u>	<u>(1,378)</u>
Closing balances	<u>\$ 5,338</u>	<u>\$ 5,342</u>

The amortization of deferred capital contribution is segregated into two components – Amortization of third party deferred capital contributions of \$675,000 (2009 - \$313,000) and amortization of Government deferred capital contributions of \$316,000 (2009 - \$1,065,000) (Note 13).

11. RETAINED EARNINGS

The retained earnings balance includes the net book value of capital assets transferred to the College when it was established and the results of operations since that date. The following appropriations have been made from retained earnings:

(in thousands)					
Appropriated retained Earnings	Balance, opening July 1, 2009	Net results of operations	Appropriated	Used in operations	Balance, ending June 30, 2010
a) Mallik research reserve	\$ 100	\$ -	\$ -	\$ -	\$ 100
b) Northern strategic research reserve	409	-	-	-	409
c) Program delivery	300	-	-	-	300
d) Research & development	67	-	59	-	126
e) HEO replacement & maintenance	179	-	-	-	179
f) Restricted donations	34	-	6	-	40
Appropriated retained earnings	1,089	-	65	-	1,154
Unappropriated retained earnings	1,618	332	(65)	-	1,885
Total retained earnings	\$ 2,707	\$ 332	\$ -	\$ -	\$ 3,039

a) Mallik research reserve

This appropriation was established from the surplus of the Methane Hydrate Research project to set funds aside to complete the scientific publishing.

b) Northern strategic research reserve

This appropriation was established from the surplus of the Methane Hydrate Research project to set funds aside for strategic research conducted in the north which will benefit northerners.

AUDITOR'S REPORT

11. RETAINED EARNINGS (continued)

c) Program delivery

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding has not been approved. Allocations to and from this appropriation must be approved by the Board of Governors.

d) Research & development

This appropriation is established to help fund research and development of the Research Associate and Fellowship programs at the Aurora Research Institute (ARI). Annually all unencumbered ARI administration revenue after fulfillment of third party contracts is transferred to this appropriation. Use of the appropriation must be approved by the Research Advisory Council.

e) HEO (Heavy Equipment Operator) replacement & maintenance

This appropriation is established to help fund replacement and maintenance of the HEO program heavy equipment. Annually net equipment rental fees charged to the third party contractors for HEO courses are transferred to this appropriation. Use of the appropriation must be approved by the Board of Governors.

f) Restricted donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are transferred to restricted donations until the conditions are met.

12. PROJECT INCOME – METHANE HYDRATE RESEARCH PROJECT

In October 2006, the College entered into a three year agreement with Imperial Oil Resources Ltd and Japan Oil, Gas and National Metals Corporation (JOGMEC) to identify ways to extract natural gas from hydrates frozen within the Arctic permafrost and to evaluate possible methods of exploration and extraction.

JOGMEC is the lead proponent of the research project and is responsible for all costs associated with the project. The College also entered into a contract operating agreement with JOGMEC to act as the operator of the project on behalf of JOGMEC. Under the terms of the contract operating agreement, the College is responsible for the awarding of all contracts and the approval of all payment to contractors hired under the research project. The College is paid a fixed fee for its services as the project operator.

During the current year, the College incurred \$ nil (2009 – \$1,507,000) in contract services expenses and other expenses and recognized \$ nil (2009 – \$1,529,000) in revenues as the contract had expired in March 2009.

13. GOVERNMENT CONTRIBUTIONS

	<u>2010</u>	<u>2009</u>
	(in thousands)	
Operating contributions	\$28,724	\$ 29,578
Amortization of deferred capital contributions (Note 10)	316	1,065
Services received without charge (Note 14)	<u>2,229</u>	<u>2,336</u>
	<u>\$31,269</u>	<u>\$32,979</u>

14. RELATED PARTIES

The College is related in terms of common ownership to all Government created departments, territorial corporations and public agencies. The College enters into transactions with these entities in the normal course of business at normal trade terms.

Accounts Receivable and Accounts Payable

The College has Government receivables from tuition revenue, contract revenue and the contribution. The College also owes funds to the Government from administrative agreements for facility operating and utility costs, employee benefits and other expenses.

	<u>2010</u>	<u>2009</u>
	(in thousands)	
Accounts receivable (Note 6)	\$ 398	\$ 324
Amounts due to the Government	\$ 843	\$ 420

Expenses

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government \$1,559,784 (2009 - \$2,379,461) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

Services received without charge

During the year the College received without charge from the Government services including payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services. These services would have cost the College an estimated \$145,000 (2009 - \$154,000) based on the exchange amount confirmed by the related parties.

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centres. The use of these facilities would have cost the College an estimated \$1,738,000 (2009 - \$1,945,000) based on the Government's amortization expense for these assets.

AUDITOR'S REPORT

14. RELATED PARTIES (continued)

The Government also pays for medical travel costs for the College. The medical travel costs paid by the Government on behalf of the College for the period amounted to \$346,000 (2009 - \$237,000).

These services without charge have been recognized as a government contribution – services received without charge (Note 12) and included in the following expenses:

	<u>2010</u>	<u>2009</u>
	(in thousands)	
Contract services	\$ 145	\$ 154
Building leases	1,738	1,945
Medical travel	<u>346</u>	<u>237</u>
	<u>\$2,229</u>	<u>\$2,336</u>

15. FINANCIAL INSTRUMENTS

The College's financial instruments are exposed to the following risk: credit risk and liquidity risk. The College's financial instruments are not exposed to any significant market risks due to fluctuations in interest rates or foreign exchange rates. The College is also not party to any financial derivatives.

Credit risk

Credit risk is the risk of financial loss to the College if a party to a financial instrument fails to meet its obligations.

The carrying amount of cash and accounts receivable represents the maximum credit exposure to the College.

	<u>2010</u>	<u>2009</u>
	(in thousands)	
Cash	\$ 5,873	\$ 5,752
Accounts receivables	<u>2,091</u>	<u>2,478</u>
Total	<u>\$ 7,964</u>	<u>\$ 8,230</u>

The credit risk associated with these financial instruments is considered to be minimal due to the nature of these instruments and the fact that the majority of the accounts receivable are due from federal, territorial and municipal governments.

The credit risk associated with student's accounts receivable is also minimized by the College's policy which does not allow a student to return to the College if he or she has not paid or made arrangement to pay the outstanding balance. In addition, outstanding balances receivable from students can be recovered from the Canada Revenue Agency when such a student files their personal taxes.

15. FINANCIAL INSTRUMENTS (continued)

The College maintains allowances for potential credit losses, and any such losses to date have been within management's expectations. Government and other projects accounts receivable are determined to be doubtful based on actual knowledge of collectability of specific accounts receivable. Students accounts receivable are determined to be doubtful based on historical information and economic conditions.

The following table presents an analysis of the age of customer accounts receivable:

	<u>2010</u>	<u>2009</u>
	(in thousands)	
Current	\$ 1,356	\$ 1,319
30 – 60 days past billing date	79	39
61 – 90 days past billing date	130	92
Over 90 days past billing date	<u>772</u>	<u>1,166</u>
Total	\$ 2,337	\$ 2,616
Less: Allowance for doubtful accounts	<u>246</u>	<u>138</u>
	<u>\$ 2,091</u>	<u>\$ 2,478</u>

Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its obligations as they fall due. The College continually monitors its financial position to ensure that it has sufficient liquidity to discharge its obligations when due. The financial liabilities of the College include accounts payable and accrued liabilities and employee leave payable which have a contractual maturity of less than 1 year.

Fair values

The fair value of accounts receivable, accounts payable and accrued liabilities and employee leave payable approximate their carrying values due to the short-term nature of these instruments.

16. CAPITAL MANAGEMENT

The College's capital is its Retained Earnings.

The College is subject to the financial management and accountability provisions of the *Financial Administration Act* of the Northwest Territories which imposes restrictions in relation to borrowings and the acquisition of investments. During the period ended June 30, 2010, the College has complied with these restrictions.

The College's objective of capital management is to fund its operations and capital asset additions. The College manages its equity as a by-product of managing its revenues, expenses, assets and liabilities as required.

AUDITOR'S REPORT

16. CAPITAL MANAGEMENT (continued)

The College's financial objectives as stated above have remained substantially unchanged over the last two years.

17. CONTINGENT LIABILITIES

The College is subject to claims and lawsuits arising in the ordinary course of operations. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually and in the aggregate, the probable ultimate resolution of such matters will not have a material financial impact on the College's financial position, results of operations or liquidity.

18. COMMITMENTS

In addition to facilities provided by the Government, the College has operating leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments as follows:

	(in thousands)
2011	\$ 3,967
2012	3,562
2013	1,544
2014	1,032
2015	1,119
thereafter	<u>4,093</u>
	<u>\$ 15,317</u>

19. COMPARATIVE INFORMATION

Certain figures have been re-classified to conform to the current year's presentation.





