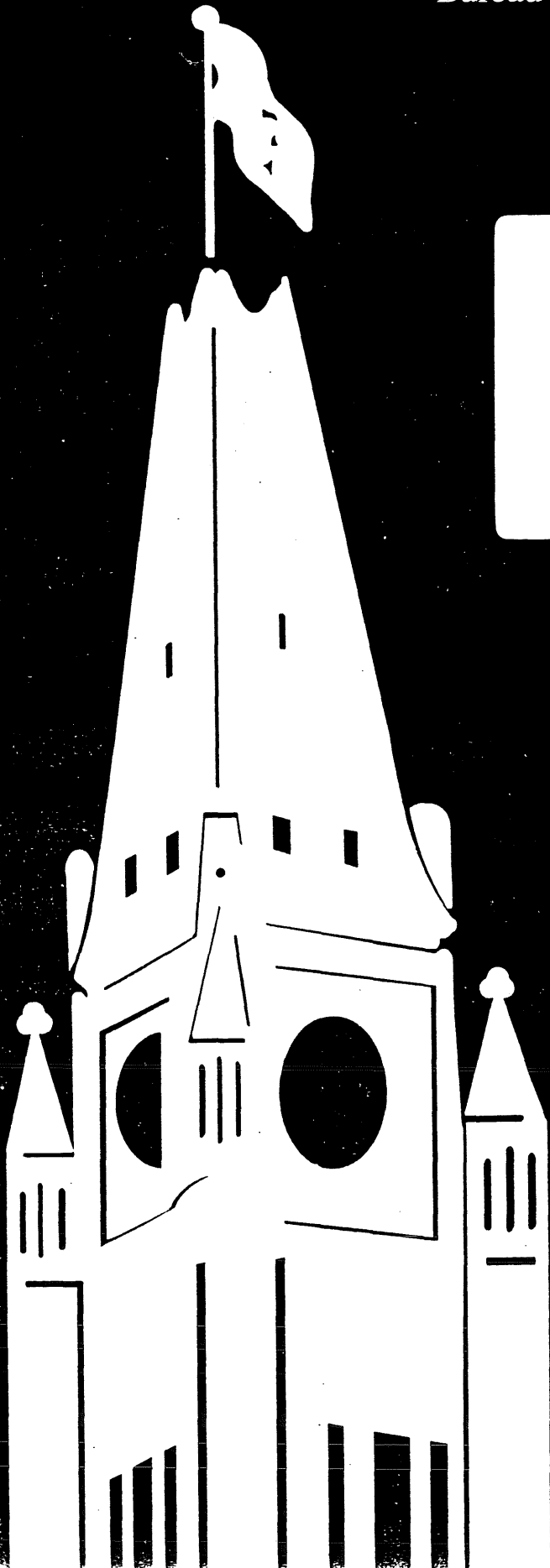


Office of the Auditor General of Canada
Bureau du vérificateur général du Canada



AURORA COLLEGE

**Financial Statements
June 30, 1995**



AURORA COLLEGE

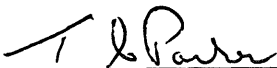
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of Aurora College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed by the Board of Governors. The statements have been prepared in accordance with generally accepted accounting principles. Management's best estimates and judgements have been used in the preparation of these statements, where appropriate. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

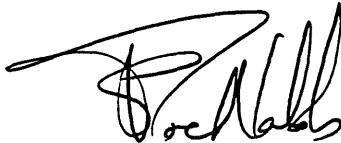
In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the 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, who have full and free access to the Finance Committee.

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



Chuck Parker
President



Stewart MacNabb
Bursar/Chief Financial Officer

Fort Smith, Canada
October 26, 1995



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

I have audited the balance sheet of Aurora College as at June 30, 1995 and the statements of revenue and expenditures and changes in equity and changes in financial position for the six months 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.

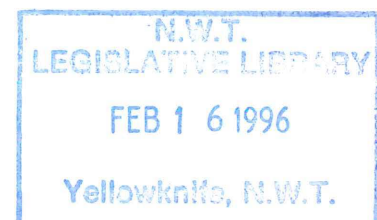
I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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, 1995 and the results of its operations and the changes in its financial position for the six months then ended in accordance with generally accepted accounting principles.

Further, in my opinion, proper books of account have been kept by the College and the financial statements are in agreement therewith and 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 the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and by-laws of the College and the contribution agreement with the Government of the Northwest Territories.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 26, 1995

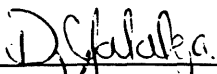


AURORA COLLEGE


BALANCE SHEET
(thousands of dollars)

	<u>June 30, 1995</u>	<u>Opening Balance January 1, 1995</u>
<u>ASSETS</u>		
Cash	\$ 1,549	\$ 3,796
Accounts receivable (note 3)	2,248	1,928
Capital assets (note 4)	<u>1,151</u>	<u>1,187</u>
	<u>\$ 4,948</u>	<u>\$ 6,911</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 1,067	\$ 1,147
Employee leave liabilities	461	404
Due to the Government of the Northwest Territories (note 5)	878	2,316
Deferred revenue	470	420
Employee termination benefits	<u>706</u>	<u>704</u>
	<u>3,582</u>	<u>4,991</u>
<u>RESERVES AND EQUITY</u>		
Professional development reserve (note 6)	239	214
Donation reserve (note 6)	55	71
Equity	<u>1,072</u>	<u>1,635</u>
	<u>1,366</u>	<u>1,920</u>
	<u>\$ 4,948</u>	<u>\$ 6,911</u>

Approved by the Board:

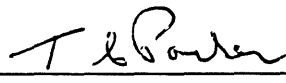


Chairperson of the Board



Chairperson of the Finance Committee

Approved by Management:



President



Bursar/Chief Financial Officer

AURORA COLLEGE

**STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN EQUITY
for the six months ended June 30, 1995
(thousands of dollars)**

REVENUE	
Contributions (note 7)	\$ 9,014
Contract income	2,212
Tuition fees	765
Room and board	299
Investment income	130
Other	<u>135</u>
TOTAL REVENUE	<u>12,555</u>
EXPENDITURES	
Salaries, wages and benefits	7,759
Contract services	2,646
Materials and supplies	791
Physical plant	634
Travel and transportation	606
Purchased services	300
Fees and payments	253
Amortization	<u>129</u>
TOTAL EXPENDITURES	<u>13,118</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	563
EQUITY AT BEGINNING OF PERIOD	<u>1,635</u>
EQUITY AT END OF PERIOD	<u><u>\$ 1,072</u></u>

AURORA COLLEGE

STATEMENT OF CHANGES IN FINANCIAL POSITION
for the six months ended June 30, 1995
(thousands of dollars)

Operating activities

Deficiency of revenue over expenditures	\$ (563)
Items not requiring an outlay of cash	
Amortization	129
Employee leave	57
Employee termination benefits	<u>2</u>
	(375)

Change in non-cash operating assets and liabilities	<u>(1,779)</u>
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Cash used for operating activities	(2,154)
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Investing activities

Acquisition of capital assets	<u>(93)</u>
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Decrease in cash	(2,247)
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Cash at beginning of the period	<u>3,796</u>
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Cash at end of the period	<u>\$ 1,549</u>
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AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1995

1. AUTHORITY AND MANDATE

On the advice and consent of the Legislative Assembly, the Commissioner of the Northwest Territories enacted, effective January 1, 1995, the *Public Colleges Act* that, among other things:

- repealed the *Arctic College Act* and the *Science Institute of the Northwest Territories Act*;
- dissolved the Arctic College and the Science Institute of the Northwest Territories as corporate entities;
- established two new colleges, one to serve the Nunavut Settlement Area and one to serve the remaining western area of the Northwest Territories. On March 28, 1995, these two colleges were officially named Nunavut Arctic College and Aurora College, respectively; and
- established research institutes within each college, with the two colleges acquiring the responsibility for the licensing of researchers.

Aurora College ("the College") operates under the authority of the *Public Colleges Act* as a Schedule B Public Agency listed in the *Financial Administration Act*. Under a contribution agreement with the Government of the Northwest Territories dated January 27, 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.

The College is an institution designed to provide a wide variety of educational services to adult learners. 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 in the western area of the Northwest Territories. Through the work of the Science Institute, the College has the added responsibilities for the facilitation and preparation of research activity in the region.

2. SIGNIFICANT ACCOUNTING POLICIES

Capital assets

Capital assets transferred to the College from the former Arctic College and the Science Institute of the Northwest Territories, effective January 1, 1995, were recorded at their fair market value at that date, determined as original cost less accumulated amortization, or estimated market value. Subsequent acquisitions are recorded at cost. Capital assets are amortized over their estimated remaining useful lives on a straight-line basis at the following annual rates:

Furniture and equipment	20 - 40%
Leasehold improvements	33.3%
Mobile equipment	10 - 12.5%

Those capital assets which were contributed to the former Arctic College and the Science Institute of the Northwest Territories, but which are not recognized in these financial statements due to the necessary financial information not being readily determinable, mainly include furniture and equipment at the campuses with varying expected useful lives.

Employee termination benefits

On termination of employment, employees are entitled to benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

Deferred revenue

Deferred revenue represents payments received under contract for which the development and delivery of programs or research has not been completed. These amounts are recorded as income as the work is completed.

Insurance

The insurance of all College capital assets is provided by the Government of the Northwest Territories. All claims for loss of College furniture and equipment are submitted to the Government of the Northwest Territories.

Books and periodicals

Books and periodicals for the library are charged as an expense in the year acquired.

Professional development reserve

The professional development reserve is for the long-term professional development of College instructors and teachers. Under the Union of Northern Workers Collective Agreement an amount equal to three percent of the base salary of all indeterminate instructors on strength as at April 1st of each year is appropriated to the reserve. In addition, an amount determined in accordance with the Northwest Territories Teachers' Association Collective Agreement is also appropriated to the reserve. All charges for long-term professional development reduce the reserve balance.

Donation reserve

The donation reserve is for funds received by the College from donors. These funds are to be expended for specified purposes according to the terms of the donations, with expenditures reducing the reserve balance.

Government contributions

Contributions from the Government of the Northwest Territories are based on the annual contribution amount set out in the Government's Main Estimates and represents the majority of the base funding for the College to cover its expenditures. Contributions are received monthly based on a predetermined schedule of cash flow requirements and are recorded on an accrual basis.

Pension plan

Employees of the College participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the College contribute equally to the cost of the plan. The College's contributions are charged to expenditure on a current year basis, and represent the total pension obligations of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. ACCOUNTS RECEIVABLE

	<u>June 30, 1995</u>	<u>Opening Balance January 1, 1995</u>
	(thousands of dollars)	
Contracts	\$ 1,925	\$ 1,691
Students	300	229
Other	<u>23</u>	<u>8</u>
	<u>\$ 2,248</u>	<u>\$ 1,928</u>

The accounts receivable are net of allowances for doubtful accounts of \$445,000 (January 1, 1995 - \$432,000). The above amounts include \$520,000 (January 1, 1995 - \$698,000) due from departments of the Government of the Northwest Territories.

4. CAPITAL ASSETS

The book value of capital assets transferred to Aurora College from the former Arctic College and the Science Institute of the Northwest Territories, effective January 1, 1995 (see note 1), did not reflect any accumulated amortization, disposals or deletions due to the accounting policies and practices of the former entities. Therefore, it was necessary to adjust these transferred balances to reflect the assets on hand and their estimated net book value at January 1, 1995 before applying the cost of acquisitions and calculating amortization expense for the period.

	<u>January 1, 1995</u>			<u>June 30, 1995</u>		
	Book Value Transferred	Write-downs and Adjustments	Opening Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 4,237	\$ (4,132)	\$ 105	\$ 178	\$ 29	\$ 149
Leasehold improvements	391	(375)	16	16	5	11
Mobile equipment	<u>719</u>	<u>347</u>	<u>1,066</u>	<u>1,086</u>	<u>95</u>	<u>991</u>
	<u>\$ 5,347</u>	<u>\$ (4,160)</u>	<u>\$ 1,187</u>	<u>\$ 1,280</u>	<u>\$ 129</u>	<u>\$ 1,151</u>

5. DUE TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES

	<u>June 30, 1995</u>	<u>Opening Balance January 1, 1995</u>
	(thousands of dollars)	
Amounts due for costs incurred by the Government for payroll expenses	\$ 228	\$ 1,303
Amounts due to service departments (note 7)	648	931
Amounts due to other departments	<u>2</u>	<u>82</u>
	<u>\$ 878</u>	<u>\$ 2,316</u>

6. RESERVES

	<u>Six months ended June 30, 1995</u>
	(thousands of dollars)
<u>Professional Development Reserve</u>	
Balance at January 1, 1995	\$ <u>214</u>
Appropriated from operations	150
Expenses for the period	<u>125</u>
Net change for the period	<u>25</u>
Balance at the end of the period	<u>\$ 239</u>
<u>Donation Reserve</u>	
Balance at January 1, 1995	\$ <u>71</u>
Donations for the period	9
Expenses for the period	<u>25</u>
Net change for the period	<u>(16)</u>
Balance at the end of the period	<u>\$ 55</u>

7. RELATED PARTY TRANSACTIONS

Under the transfer policy of the Government of the Northwest Territories, certain support services are provided to the College by various government departments.

The College is required to reimburse the Department of Public Works and Services for the actual utility and operating costs of the facilities that the College uses in its activities. The Financial Management Board Secretariat is reimbursed for the actual employee benefit costs of the College's employees and the Department of Personnel is reimbursed for the recruitment costs of the College's employees.

The transactions with the departments are as follows:

	Costs incurred or fees charged by service departments	Amount outstanding
	Six months ended June 30, 1995 (thousands of dollars)	June 30, 1995 (thousands of dollars)
Department of Public Works and Services	\$ 1,178	\$ 437
Financial Management Board Secretariat	584	210
Department of Personnel	<u>7</u>	<u>1</u>
	<u>\$ 1,769</u>	<u>\$ 648</u>

The Financial Management Board Secretariat, Department of Finance and Department of Public Works and Services provide, without any charge, services which include the processing of payroll and internal audit services, the provision of insurance and risk management, and the procurement of goods and services.

The College also receives, without any charge, legal counsel from the Department of Justice and translation services from the Department of Education, Culture and Employment.

Other related party transactions include:

	Six months ended June 30, 1995 (thousands of dollars)
Contributions received from the Department of Education, Culture and Employment	\$ 9,014
Courses delivered on behalf of the Government of the Northwest Territories	1,346

In addition to those related party transactions disclosed above, the College is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business.

8. COMMITMENTS

The College has leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments over the next five calendar years to be assumed by the new colleges as follows:

	(thousands of dollars)
1996	\$ 687
1997	298
1998	62
1998	19
2000	<u>1</u>
	<u>\$ 1.067</u>