Northern Lights College

Financial Statements

for the year ended March 31, 2025.

CONTENTS

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 of the Province of British Columbia. The integrity and objectivity of these statements is management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. The significant accounting policies are summarized in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Northern Lights College Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through regular board meetings. The Board of Governors reviews the external audited financial statements yearly and the internal financial reports on a regular basis. The external auditor has full access to the Board of Governors, with and without management present.

KPMG LLP conducts an independent examination, in accordance with Canadian auditing standards, and expresses an opinion on the financial statements. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the financial statements.

Archibald

Lori Archibald, Chair, Board of Governors

Todd Bondaroff

Todd Bondaroff, President and CEO

KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone (250) 563-7151
Fax (250) 563-5693

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Northern Lights College, and

To the Minister of the Ministry of Post-Secondary Education and Future Skills, Province of British Columbia

Opinion

We have audited the financial statements of Northern Lights College (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2025 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for 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 auditor's report.

We are independent of the Entity 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 these requirements.

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

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2(a) of the financial statements, which describes the basis of accounting and significant differences between such basis of accounting and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- 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.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

May 27, 2025

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash	$ 16,044,480	$ 15,166,765
Accounts receivable (Note 3)	319,518	1,271,989
Inventory for resale and other assets held for sale (Note 4)	930,612	773,920
	17,294,610	17,212,674
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	3,310,841	4,234,005
Employee future benefits (Note 6)	381,000	365,000
Asset retirement obligation (Note 7)	652,280	652,280
Deferred revenue (Note 8)	6,744,886	8,241,024
Deferred contributions (Note 9)	3,382,783	2,245,852
Deferred capital contributions (Note 10)	71,504,902	72,152,213
	85,976,692	87,890,374
NET DEBT	(68,682,082)	(70,677,700)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	78,219,560	78,677,351
Prepaid expenses	263,496	198,890
	78,483,056	78,876,241
ACCUMULATED SURPLUS (Note 13)	$ 9,800,974	$ 8,198,541

See accompanying notes to the financial statements

Archibald

Board Chair

Todd Bombard

President and CEO

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FISCAL YEAR ENDED MARCH 31, 2025

	2025 Actual	2025 Budget (unaudited)	2024 Actual
REVENUE			
Province of British Columbia grants:			
Ministry of Post-Secondary Education and Future Skills	$ 27,345,353	$ 24,319,433	$ 24,604,636
Skilled Trades BC	2,022,816	1,930,867	1,893,848
Tuition and student fees	12,592,326	13,245,269	12,024,844
Revenue recognized from deferred capital contributions (Note 10)	3,086,272	3,336,006	3,336,007
Contract services	1,398,956	1,318,970	1,387,408
Sales of goods and services	2,761,963	2,631,316	3,035,947
Interest	645,703	650,160	761,951
Other	527,960	133,866	734,618
Total Revenue	50,381,349	47,565,887	47,779,259
EXPENDITURES (Note 18)			
Instruction	18,230,523	17,894,425	17,130,168
Academic and Student Support	9,982,051	8,684,064	8,794,146
General Administration	9,798,065	9,994,216	9,708,129
Facility Operations and Maintenance	5,056,430	4,989,655	5,390,104
Ancillary Operations	2,123,151	2,078,440	1,983,355
Amortization	3,588,696	3,898,802	3,898,806
Total Expenditures	48,778,916	47,539,602	46,904,708
ANNUAL SURPLUS	1,602,433	26,285	874,551
ACCUMULATED SURPLUS, beginning of year	8,198,541	8,198,541	7,323,990
ACCUMULATED SURPLUS, end of year	$ 9,800,974	$ 8,224,826	$ 8,198,541

See accompanying notes to the financial statements

STATEMENT OF CHANGE IN NET DEBT
FISCAL YEAR ENDED MARCH 31, 2025

	2025 Actual	2025 Budget (unaudited)	2024 Actual
ANNUAL SURPLUS	$ 1,602,433	$ 26,285	$ 874,551
Acquisition of tangible capital assets	(3,130,905)	(5,595,421)	(4,961,739)
Disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	3,588,696	3,898,802	3,898,806
	2,060,224	(1,670,334)	(188,382)
Acquisition of prepaids and deposits	(236,649)	-	(47,451)
Use of prepaids and deposits	172,043	-	187,556
DECREASE (INCREASE) IN NET DEBT	1,995,618	(1,670,334)	(48,277)
NET DEBT, beginning of year	(70,677,700)	(70,677,700)	(70,629,423)
NET DEBT, end of year	$ (68,682,082)	$ (72,348,034)	$ (70,677,700)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED MARCH 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	$ 1,602,433	$ 874,551
Non-cash items:		
Amortization of tangible capital assets	3,588,696	3,898,806
Revenue recognized from deferred capital contributions	(3,086,272)	(3,336,007)
Decrease in receivables	952,471	407,692
(Increase) Decrease in inventory	(156,692)	55,519
(Increase) Decrease in prepaids and deposits	(64,606)	140,105
Decrease in payables and accruals	(907,164)	(249,370)
Decrease in deferred revenue	(1,496,138)	(1,010,597)
	432,728	780,699
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,130,905)	(4,961,739)
Deferred contributions, net increase	3,575,892	5,304,331
	444,987	342,592
INCREASE IN CASH	877,715	1,123,291
CASH, beginning of year	15,166,765	14,043,474
CASH, end of year	$ 16,044,480	$ 15,166,765

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).

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.

In addition, the College’s implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

d) Revenue Recognition

Revenue from student tuition, fees, and sales of goods and services is recognized when the College has the ability to claim or retain an inflow of economic resources and a past transaction or event giving rise to the asset has occurred.

Revenue from student tuition and fees is recognized as the education services are provided by the College.

Revenue from sales of goods and services is recognized when the College delivers the goods or service.

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 include cash on hand and short term highly liquid investments that are readily convertible to know amounts of cash and are subject to insignificant risk of change in value. These short term investments generally have a maturity of three months or less at acquisition and are held for purpose of meeting short term cash commitments rather than investing.

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) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owed by the College has been recognized based on the estimated future expenses. An additional liability has been recognized for the decommissioning of a groundwater well, fuel tanks and disposal of PCB in electric ballasts and transformers based on the estimated future expenses.

h) Asset Retirement Obligation (continued)

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (i)(ii).

i) 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.

Amortization is provided as follows (in years):

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

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

j) 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 20, 2024. 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.

k) Future Accounting Pronouncements:

These standards and amendments were not effective for the year ended March 31, 2025, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) Concepts Underlying Financial Performance. The revised conceptual framework will replace the existing conceptual framework, which consists of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework is to be adopted prospectively. This revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 (the College's March 31, 2027 year end).

(ii) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. The College is currently assessing the impact of this standard on the future financial statements. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the College's March 31, 2027 year end).

(iii) (ii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently undergoing discussions where further changes are expected as a result of the re-exposure comments. Effective date is currently not determined.

3. RECEIVABLES

		2025		2024
Receivables				
Student	$	456,740	$	470,486
Trade		190,250		203,447
Other		-		869,677
		646,990		1,543,610
Less: allowance for doubtful accounts		(327,472)		(271,621)
	$	319,518	$	1,271,989

4. INVENTORY FOR RESALE AND OTHER ASETS HELD FOR SALE

		2025		2024
Inventories for resale	$	348,317	$	298,506
Other assets held for sale		582,295		475,414
	$	930,612	$	773,920

Other assets held for sale comprise of a residential home constructed by the Enhanced Carpentry Foundation Program and land to be used for future residential construction homes.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2025		2024
Trade - Federal	$	239,094	$	181,869
- Provincial and regional governments		138,188		144,811
- General		1,366,588		2,547,942
Payroll		856,285		574,631
Overtime		25,517		33,723
Vacation		685,169		751,029
	$	3,310,841	$	4,234,005

6. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investment of assets and administration of benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2024, the College Pension Plan has about 18,000

active members, and approximately 11,200 retired members. As at December 31, 2023, the Municipal Pension Plan has about 256,000 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, 2021, indicated a $202 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a $3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation for the College Pension Plan will be as at August 31, 2024. The next valuation for the Municipal Pension Plan will be December 31, 2024, with results available later in 2025.

The Northern Lights College paid $2,231,877 (2024-$2,095,698) for employer contributions to the plans in fiscal 2024-2025.

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 2023.

	2025	2024
Accrued benefit obligation:		
Balance, beginning of year	$ 406,000	$ 397,000
Current benefit cost, net	39,000	37,000
Benefits paid	(28,000)	(28,000)
Accrued benefit liability, end of year	$ 417,000	406,000
Unamortized actuarial gain	(36,000)	(41,000)
Accrued benefit obligation, end of year	$ 381,000	$ 365,000

The components of the net benefit expense for this item are as follows:

	2025	2024
Projected service cost	$ 28,000	$ 27,000
Interest expense	16,000	15,000
Recognition of net actuarial gain	(5,000)	(5,000)
	$ 39,000	$ 37,000

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation are as follows:

	2025	2024
Discount rates	4.25%	4.25%
Expected wage and salary increases	2.75%	2.75%

7. ASSET RETIREMENT OBLIGATION

The College's asset retirement obligation consists of several obligations as follows:

a) The College owns and operates several buildings that are know to have asbestos, which represents a health hazard upon demolition and renovation of the buildings and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement obligations, the College recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated on April 1, 2021. The buildings are fully amortized and have no estimated useful life.

b) The College owns a ground water well which is currently in use. Following the adoption of PS3280 Asset retirement obligations, the College recognized the obligation to decommission the groundwater well as per Provincial Groundwater Protection Regulation Part 9 when the well becomes not in service. The cost was estimated as at April 1, 2021.

c) The College owns ballasts and electrical transforms which contain PCB, which represent an environmental hazard and must be disposed of as per Federal regulations. The cost of disposal was estimated as at April 1, 2021.

d) The College owns petroleum storage tanks, which represent an environment hazard and must be disposed of as per Federal regulations. The costs of disposal was estimated as at April 1, 2021.

Asset retirement obligations in the year are as follows:

Asset Retirement Obligation	Asbestos removal	Fuel tank removal	PCB Disposal	Groundwater well closure	Balance at March 31, 2025
	$ 557,280	$ 5,000	$ 80,000	$ 10,000	$ 652,280

8. DEFERRED REVENUE

	2025	2024
Tuition	$ 4,136,089	$ 4,858,238
Other	2,608,797	3,382,786
	$ 6,744,886	$ 8,241,024

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

9. DEFERRED CONTRIBUTIONS

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

	2025	2024
Balance, beginning of year	$ 2,245,852	$ 2,282,181
Funds received:		
Provincial and Federal capital grants	3,548,741	1,549,457
Other capital and fundraising grants	-	-
Funds used:		
Capital purchases	(2,147,705)	(1,291,872)
Maintenance and related expenses	(264,105)	(293,914)
Balance, end of year	$ 3,382,783	$ 2,245,852

10. 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:

	2025	2024
Balance, beginning of year	$ 72,152,213	$ 70,147,560
Current year's acquisitions funded by provincial capital contributions	2,147,705	5,339,380
Current year's acquisitions funded by other capital contributions	291,256	1,280
Revenue recognized from deferred capital contributions	(3,086,272)	(3,336,007)
Balance, end of year	$ 71,504,902	$ 72,152,213

11. TANGIBLE CAPITAL ASSETS

Cost	Balance at March 31, 2024	Additions	Disposals	Balance at March 31, 2025
Land	$ 568,977	$ -	$ -	$ 568,977
Buildings - wood	21,001,182	-	-	21,001,182
Buildings - concrete	103,692,228	1,824,697	-	105,516,925
Furniture and equipment	24,282,254	1,054,276	-	25,336,530
Heavy equipment	200,460	-	-	200,460
Computer equipment	6,077,295	169,447	-	6,246,742
Computer software	1,284,361	-	-	1,284,361
Site improvements	6,628,052	177,113	-	6,805,165
Books and media	417,199	-	-	417,199
Leasehold improvements	710,284	-	-	710,284
Work in progress	1,154,838	(94,628)	-	1,060,210
Total	$ 166,017,130	$ 3,130,905	$ -	$ 169,148,035

Accumulated Amortization	Balance at March 31, 2024	Disposals	Amortization Expense	Balance at March 31, 2025
Buildings - wood	$ 17,589,429	$ -	$ 477,152	$ 18,066,581
Buildings - concrete	33,673,092	-	2,415,294	36,088,386
Furniture and equipment	23,304,064	-	341,878	23,645,942
Heavy equipment	200,460	-	-	200,460
Computer equipment	5,982,141	-	31,719	6,013,860
Computer software	1,284,361	-	-	1,284,361
Site improvements	4,178,749	-	322,653	4,501,402
Books and media	417,199	-	-	417,199
Leasehold improvements	710,284	-	-	710,284
Total	$ 87,339,779	$ -	$ 3,588,696	$ 90,928,475

11. TANGIBLE CAPITAL ASSETS (continued)

Net Book Value	2025	2024
Land	$ 568,977	$ 568,977
Buildings - wood	2,934,601	3,411,753
Buildings - concrete	69,428,539	70,019,136
Furniture and equipment	1,690,588	978,190
Heavy equipment	-	-
Computer equipment	232,882	95,154
Computer software	-	-
Site improvements	2,303,763	2,449,303
Books and media	-	-
Leasehold improvements	-	-
Work in progress	1,060,210	1,154,838
Total	$ 78,219,560	$ 78,677,351

12. 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.

12. FINANCIAL RISK MANAGEMENT (continued)

a) Credit Risk (continued)
Northern Lights College manages it 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 and Interest Rate 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.

It is management's opinion that Northern Lights College is not exposed to significant market and interest rate risk from its financial instruments.

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.

13. ACCUMULATED SURPLUS

	2025	2024
Operating Fund	$ 3,993,331	$ 2,828,240
Capital Fund	5,807,643	5,370,301
	$ 9,800,974	$ 8,198,541

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, 2024 – increase in accumulated surplus by $72,656,380, a decrease in deferred revenue by $265,780, deferred contributions by $238,387, and deferred capital contributions by $72,152,213.

March 31, 2025 – increase in accumulated surplus by $72,154,107, a decrease in deferred revenue by $410,818, deferred contributions by $238,387, and deferred capital contributions by $71,504,902.

17. RELATED PARTIES

The College is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed by the related parties.

18. 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.

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 18 SEGMENTED INFORMATION (CONTINUED)

	2024 Total	2025 Total	Instruction	Academic and Student Support	General Administration	Facilities	Amortization	Ancillary Operations
REVENUE								
Province of British Columbia grants	$ 26,498,484	$ 29,368,169	$ 3,649,498	$ 1,149,918	$ 24,152,206	$ 416,547	$ -	$ -
Tuition and student fees	12,024,844	12,592,326	6,790,648	5,716,116	85,562	-	-	-
Revenue recognized from deferred capital contributions	3,336,007	3,086,272	-	-	-	-	3,086,272	-
Contract services	1,387,408	1,398,956	554,056	836,400	8,500	-	-	-
Sales of goods and services	3,035,947	2,761,963	48,941	61,144	11,198	309,740	-	2,330,940
Interest	761,951	645,703	-	-	645,703	-	-	-
Other	734,618	527,960	210,242	110,295	202,423	5,000	-	-
	47,779,259	50,381,349	11,253,385	7,873,873	25,105,592	731,287	3,086,272	2,330,940
EXPENSES								
Salaries and benefits	29,616,604	32,635,264	16,334,317	6,444,074	6,339,549	2,662,209	-	855,115
Supplies	1,724,457	1,314,382	912,686	59,784	151,692	112,521	-	77,699
Contract fees	3,943,982	3,628,031	638,338	1,859,367	1,048,162	57,829	-	24,335
Amortization	3,898,806	3,588,696	-		-	-	3,588,696	-
Loss on disposal of assets	-	-	-		-	-	-	-
Utilities	1,187,398	1,289,172	-		-	1,017,982	-	271,190
Book purchases	546,448	631,094	23,566		15,709	-	-	591,819
Building maintenance	907,228	649,506	956		-	477,854	-	170,696
Publicity	830,764	841,953	30,303	515,902	276,628	6,992	-	12,128
Training	287,957	262,596	12,359	5,488	244,420	-	-	329
Course program and development	2,421	38,755	32,223	6,532	-	-	-	-
Ownership linkage	9,245	1,412	-		1,412	-	-	-
Travel - in region	122,531	96,652	20,796	30,236	38,046	2,671	-	4,903
Conferences and meetings	126,506	117,315	5,873	31,788	78,593	1,055	-	6
Membership fees	92,597	129,997	26,065	32,400	69,543	231	-	1,758
Janitorial services	167,117	156,296	-		50	148,719	-	7,527
Interest expense	-	-	-		-	-	-	-
Travel - out of region	370,088	449,634	43,053	329,109	73,378	3,346	-	748
Telephone, fax and internet	734,988	726,129	12,290	14,657	689,263	6,333	-	3,586
Space rental	177,146	247,294	83,084	3,570	-	160,640	-	-
Bursaries	419,622	492,206	-	492,206	-	-	-	-
Vehicle operations	107,394	133,883	5,032		-	128,851	-	-
Equipment maintenance	91,068	112,783	37,540		-	70,121	-	5,122
Computer maintenance	653,244	301,976	8,933	990	292,053	-	-	-
Computer lease	-	-	-		-	-	-	-
Insurance	148,286	148,871	-	1,548	2,510	55,580	-	89,233
Grounds maintenance	155,085	141,237	-		-	140,318	-	919
Relocation expenses	79,655	18,426	-		18,426	-	-	-
Legal fees	68,250	154,075	-	49,126	104,949	-	-	-
Courier and postage	41,120	34,241	3,109	950	23,366	1,208	-	5,608
Periodicals	71,690	76,004	-	74,993	1,011	-	-	-
Equipment rental	4,796	3,038	-		1,068	1,970	-	-
Audit fees	68,841	61,920	-	16,330	45,590	-	-	-
Recreation	11,027	14,278	-	11,114	3,164	-	-	-
Bad debts	51,763	60,610	-		60,610	-	-	-
Bank and credit card fees	186,584	221,190	-	1,887	218,873	-	-	430
	46,904,708	48,778,916	18,230,523	9,982,051	9,798,065	5,056,430	3,588,696	2,123,151
ANNUAL SURPLUS (DEFICIT)	**$ 874,551**	**$ 1,602,433**	**$ (6,977,138)**	**$ (2,108,178)**	**$ 15,307,527**	**$ (4,325,143)**	**$ (502,424)**	**$ 207,789**