Financial Statements
for the year ended March 31, 2023

Northern Lights
College

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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.

Tyler Holte, Chair, Board of Governors

Todd Bondaroff, President and CEO

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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, 2023
- 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, 2023 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.

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Emphasis of Matter – Financial Reporting Framework and Comparative Information

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.

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated.

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The financial statements for the year ended March 31, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on May 18, 2022.

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended March 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation 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.

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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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 17, 2023

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	2023	2022 (Restated - Note 3)
FINANCIAL ASSETS		
Cash	$ 14,043,474	$ 12,641,735
Accounts receivable (Note 4)	1,679,681	906,151
Inventory for resale and other assets held for sale (Note 5)	829,439	454,025
	16,552,594	14,001,911
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	4,497,375	3,864,504
Employee future benefits (Note 7)	351,000	358,000
Asset retirement obligation (Note 8)	652,280	652,280
Deferred revenue (Note 9)	9,251,621	7,323,639
Deferred contributions (Note 10)	2,282,181	810,368
Deferred capital contributions (Note 11)	70,147,560	71,179,036
	87,182,017	84,187,827
NET DEBT	(70,629,423)	(70,185,916)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	77,614,418	77,024,550
Prepaid expenses	338,995	291,523
	77,953,413	77,316,073
ACCUMULATED SURPLUS (Note 14)	$ 7,323,990	$ 7,130,157

See accompanying notes to the financial statements

Board Chair

President and CEO

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FISCAL YEAR ENDED MARCH 31, 2023

	2023	2023	2022
	Actual	Budget (unaudited)	Actual
			(Restated - Note 3)
REVENUE			
Province of British Columbia grants:			
Ministry of Advanced Education and Skills Training	$ 22,960,967	$ 20,552,682	$ 21,134,908
Industry Training Authority	1,587,762	1,982,715	1,704,566
Tuition and student fees	9,181,543	8,856,243	7,912,411
Revenue recognized from deferred capital contributions (Note 11)	3,360,070	3,688,552	3,704,829
Contract services	1,010,963	974,928	770,626
Sales of goods and services	2,340,060	2,488,346	2,128,627
Interest	447,754	85,060	89,916
Other	709,406	584,135	664,315
Total Revenue	41,598,525	39,212,661	38,110,198
EXPENDITURES (Note 18)			
Instruction	15,238,540	14,168,765	13,333,282
Academic and Student Support	7,804,413	6,946,215	6,942,737
General Administration	7,654,307	7,684,635	6,503,015
Facility Operations and Maintenance	5,010,441	4,120,131	4,821,599
Ancillary Operations	1,731,791	1,941,519	1,530,015
Amortization	3,965,200	4,312,552	4,328,099
Total Expenditures	41,404,692	39,173,817	37,458,747
ANNUAL SURPLUS	193,833	38,844	651,451
ACCUMULATED SURPLUS, beginning of year	7,130,157	7,130,157	7,130,986
Adjustment on adoption of the asset retirement obligation standard (Note 3)	-	-	(652,280)
ACCUMULATED SURPLUS, beginning of year, as restated	7,130,157	7,130,157	6,478,706
ACCUMULATED SURPLUS, end of year	$ 7,323,990	$ 7,169,001	$ 7,130,157

See accompanying notes to the financial statements

	2023 Actual	2023 Budget (unaudited)	2022 Actual (Restated - Note 3)
ANNUAL SURPLUS	$ 193,833	$ 38,844	$ 651,451
Acquisition of tangible capital assets	(4,555,068)	(6,613,918)	(2,788,717)
Disposal of tangible capital assets		-	-
Amortization of tangible capital assets	3,965,200	4,312,552	4,328,099
	(396,035)	(2,262,522)	2,190,833
Acquisition of prepaids and deposits	(177,138)	-	(264,676)
Use of prepaids and deposits	129,666	-	72,238
(INCREASE) DECREASE IN NET DEBT	(443,507)	(2,262,522)	1,998,395
NET DEBT, beginning of year	(70,185,916)	(70,185,916)	(71,532,031)
Adjustment on adoption of the asset retirement obligation standards (Note 3)			(652,280)
NET DEBT, end of year	$ (70,629,423)	$ (72,448,438)	$ (70,185,916)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED MARCH 31, 2023

	2023	2022 (Restated - Note 3)
OPERATING ACTIVITIES		
Annual surplus	$ 193,833	$ 651,451
Non-cash items:		
Amortization of tangible capital assets	3,965,200	4,328,099
Revenue recognized from deferred capital contributions	(3,360,070)	(3,704,829)
Increase in receivables	(773,530)	(42,466)
Increase in inventory	(375,414)	(40,244)
Increase in prepaids and deposits	(47,472)	(192,438)
Increase in payables and accruals	625,871	236,116
Increase in deferred revenue	1,927,982	127,892
	2,156,400	1,363,581
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,555,068)	(2,788,717)
Deferred contributions, net increase	3,800,407	2,777,509
	(754,661)	(11,208)
INCREASE IN CASH	1,401,739	1,352,373
CASH, beginning of year	12,641,735	11,289,362
CASH, end of year	$ 14,043,474	$ 12,641,735

See accompanying notes to the financial statements

1. PURPOSE OF ORGANIZATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting:

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

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

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

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

b) Financial Instruments

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

c) Use of estimates

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

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

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

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

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

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

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

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

e) Cash and Cash Equivalents

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

f) Fund Accounting

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

These funds are:

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

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

g) Inventory for Resale and Other Assets Held for Sale

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

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

h) 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.

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)

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.

ii) Tangible Capital Assets (continued)

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 16, 2022. The budget is reflected in the Statement of Operations and Accumulated Surplus.

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

3. CHANGE IN ACCOUNTING POLICIES

PS3280 – Asset Retirement Obligations:

On April 1, 2021, the College adopted Public Accounting Standard PS3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On April 1, 2021, the College recognized asset retirement obligations relating to several buildings owned by the College that contain asbestos. The liability was measured as of the date of acquisition of the buildings when the liability was assumed. The buildings have no expected useful life, and the estimate has not changed since acquisition. The College also recognized a legal obligation to decommission and dispose of a groundwater well, fuel tanks, and electric ballasts and transformers containing PCB at the end of their useful life.

In accordance with the provision of this new standard, the College reflected the following adjustments at April 1, 2021:

- Asbestos Obligation:
    - An increase of $161,177 to the Buildings – Wood asset account, representing the original estimate of the obligation as of the date of acquisition, and an accompanying increase of $161,177 to Accumulated Amortization, representing 20 years of increased amortization had the liability originally been recognized.
    - An asset retirement obligation in the amount of $557,280, representing the original $161,177 obligation discounted to the present value amount using a rate of 3.15%
    - A decrease of Opening Accumulated Surplus of $557,280, as a result of the recognition of the liability and accompanying increase in depreciation expense and accretion expense for the 20 years since the purchase.
- Decommissioning and Disposal Obligations:
    - A decrease of Opening Accumulated Surplus of $95,000, as a result of the recognition of the liability and accompanying expense based on the estimate on April 1, 2021.

4. RECEIVABLES

		2023		2022
Receivables				
Student	$	476,262	$	496,315
Trade		257,569		229,803
Other		1,268,387		509,925
		2,002,218		1,236,043
Less: allowance for doubtful accounts		(322,537)		(329,892)
	$	1,679,681	$	906,151

5. INVENTORY FOR RESALE AND OTHER ASETS HELD FOR SALE

		2023		2022
Inventories for resale	$	259,605	$	188,241
Other assets held for sale		569,834		265,784
	$	829,439	$	454,025

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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade - Federal	$ 146,487	$ 109,925
- Provincial and regional governments	123,228	152,031
- General	2,178,940	2,473,816
Payroll	1,287,951	439,727
Overtime	56,532	50,601
Vacation	704,237	638,404
	$ 4,497,375	$ 3,864,504

7. 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 investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2022, the College Pension Plan has about 16,600 active members, and approximately 10,100 retired members. As at December 31, 2022, the Municipal Pension Plan has about 240,000 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 Northern Lights College paid $1,760,747 (2022-$1,602,072) for employer contributions to the plans in fiscal 2022-2023.

7. EMPLOYEE FUTURE BENEFITS (continued)

The next valuation for the College Pension Plan will be as at August 31, 2024, with results available in 2022. The next valuation for the Municipal Pension Plan will be December 31, 2024, with results available in 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.

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.

	Sick leave	Retirement Benefits Payments	2023	2022
Accrued benefits obligation	$ -	$ 351,000	$ 351,000	$ 358,000

8. 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. Estimated costs have been discounted to the present value using a discount rate of 3.15% per annum.

8. ASSET RETIREMENT OBLIGATION (continued)

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.

The recognition of asset retirement obligations involved an accompanying increase to the buildings and the restatement of prior year numbers (see Note 3).

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Asbestos removal	Fuel tank removal	PCB Disposal	Groundwater well closure	Balance at March 31, 2023
Opening Balance	$ 557,280	$ 5,000	$ 80,000	$ 10,000	$ 652,280
Accretion Expense	-	-	-	-	-
Closing Balance	$ 557,280	$ 5,000	$ 80,000	$ 10,000	$ 652,280

8. ASSET RETIREMENT OBLIGATION (continued)

Asset Retirement Obligation	Asbestos removal	Fuel tank removal	PCB Disposal	Groundwater well closure	Balance at March 31, 2022
Opening Balance	$ -	$ -	$ -	$ -	$ -
Adjustment on adoption of the asset retirement obligation standard (Note 3)	557,280	5,000	80,000	10,000	652,280
Opening Balance, as restated	557,280	5,000	80,000	10,000	652,280
Accretion Expense	-	-	-	-	-
Closing Balance	$ 557,280	$ 5,000	$ 80,000	$ 10,000	$ 652,280

9. DEFERRED REVENUE

	2023	2022
Tuition	$ 6,746,950	$ 4,483,337
Other	2,504,671	2,840,302
	$ 9,251,621	$ 7,323,639

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

10. DEFERRED CONTRIBUTIONS

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

	2023	2022
Balance, beginning of year	$ 810,368	$ 281,668
Funds received:		
Provincial and Federal capital grants	4,000,870	3,029,305
Other capital and fundraising grants	39,900	36,000
Funds used:		
Capital purchases	(2,257,610)	(2,228,809)
Maintenance and related expenses	(311,347)	(307,796)
Balance, end of year	$ 2,282,181	$ 810,368

11. 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:

	2023	2022
Balance, beginning of year	$ 71,179,036	$ 72,655,056
Current year's acquisitions funded by provincial capital contributions	2,231,261	2,192,809
Current year's acquisitions funded by other capital contributions	97,333	36,000
Revenue recognized from deferred capital contributions	(3,360,070)	(3,704,829)
Balance, end of year	$ 70,147,560	$ 71,179,036

12. TANGIBLE CAPITAL ASETS

Cost	Balance at March 31, 2022	Adjustment relating to recognition of Asset Retirement Obligation (Note 3)	Balance at March 31, 2022, as restated	Additions	Disposals	Balance at March 31, 2023
Land	$ 568,977	$ -	$ 568,977	$ -	$ -	$ 568,977
Buildings - wood	18,749,106	161,177	18,910,283	-	-	18,910,283
Buildings - concrete	98,798,250	-	98,798,250	1,673,483	-	100,471,733
Furniture and equipment	23,587,477	-	23,587,477	428,466	(10,231)	24,005,712
Heavy equipment	200,460	-	200,460	-	-	200,460
Computer equipment	5,982,139	-	5,982,139	-	-	5,982,139
Computer software	1,284,361	-	1,284,361	-	-	1,284,361
Site improvements	6,051,124	-	6,051,124	383,559	-	6,434,683
Books and media	417,199	-	417,199	-	-	417,199
Leasehold improvements	710,284	-	710,284	-	-	710,284
Work in progress	-	-	-	2,069,560	-	2,069,560
Total	$ 156,349,377	$ 161,177	$ 156,510,554	$ 4,555,068	$ (10,231)	$ 161,055,391

Accumulated Amortization	Balance at March 31, 2022	Adjustment relating to recognition of Asset Retirement Obligation (Note 3)	Balance at March 31, 2022, as restated	Disposals	Amortization Expense	Balance at March 31, 2023
Buildings - wood	$ 16,433,725	$ 161,177	$ 16,594,902	$ -	$ 497,263	$ 17,092,165
Buildings - concrete	28,589,009		28,589,009	-	2,527,858	31,116,867
Furniture and equipment	22,361,956		22,361,956	(10,231)	499,571	22,851,296
Heavy equipment	200,460		200,460	-	-	200,460
Computer equipment	5,844,158		5,844,158	-	112,148	5,956,306
Computer software	1,284,361		1,284,361	-	-	1,284,361
Site improvements	3,483,675		3,483,675	-	328,360	3,812,035
Books and media	417,199		417,199	-	-	417,199
Leasehold improvements	710,284		710,284	-	-	710,284
Work in progress	-	-	-	-	-	-
Total	$ 79,324,827	$ 161,177	$ 79,486,004	$ (10,231)	$ 3,965,200	$ 83,440,973

12. TANGIBLE CAPITAL ASSETS (continued)

Net Book Value	2023	2022 Restated - (Note 3)
Land	$ 568,977	$ 568,977
Buildings - wood	1,818,118	2,315,381
Buildings - concrete	69,354,866	70,209,241
Furniture and equipment	1,154,416	1,225,521
Heavy equipment	-	-
Computer equipment	25,833	137,981
Computer software	-	-
Site improvements	2,622,648	2,567,449
Books and media	-	-
Leasehold improvements	-	-
Work in progress	2,069,560	-
Total	$ 77,614,418	$ 77,024,550

During the fiscal year Northern Lights College received $97,333 in contributed equipment.

13. 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.

13. FINANCIAL RISK MANAGEMENT (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 risk

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

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

c) Liquidity risk

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

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

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

14. ACCUMULATED SURPLUS

	2023	2022
		(Restated - Note 3)
Operating Fund	$ 1,970,937	$ 1,328,889
Capital Fund	5,353,053	5,801,268
	$ 7,323,990	$ 7,130,157

15. 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.

16. 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.

17. 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, 2022 – increase in accumulated surplus by $71,908,757, a decrease in deferred revenue by $500,052, deferred contributions by $229,668, and deferred capital contributions by $71,179,037.

March 31, 2023 – increase in accumulated surplus by $70,723,691, a decrease in deferred revenue by $336,463, deferred contributions by $239,668, and deferred capital contributions by $70,147,560.

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)

	2022 Total	2023 Total	Instruction	Academic and Student Support	General Administration	Facilities	Amortization	Ancillary Operations
REVENUE								
Province of British Columbia grants	$ 22,839,474	$ 24,548,729	$ 22,649,879	$ 908,375	$ 533,328	$ 457,147	$ -	$ -
Tuition and student fees	7,912,411	9,181,543	4,962,221	4,151,381	67,941	-	-	-
Revenue recognized from deferred		-						
capital contributions	3,704,829	3,360,070	-	-	-	-	3,360,070	-
Contract services	770,626	1,010,963	592,374	334,031	84,558	-	-	-
Sales of goods and services	2,128,627	2,340,060	47,860	141,337	3,278	221,512	-	1,926,073
Interest	89,916	447,754	-	-	447,754	-	-	-
Other	664,315	709,406	463,883	64,400	83,441	95,453	-	2,229
	38,110,198	41,598,525	28,716,217	5,599,524	1,220,300	774,112	3,360,070	1,928,302
EXPENSES								
Salaries and benefits	23,109,671	26,042,185	13,738,070	5,095,566	4,332,424	2,211,395	-	664,730
Supplies	1,236,619	1,139,613	638,811	100,604	136,313	179,504	-	84,381
Contract fees	2,575,328	3,188,783	664,876	1,565,365	737,678	200,465	-	20,399
Amortization	4,328,099	3,965,200	-	-	-	-	3,965,200	-
Loss on disposal of assets	-	-	-	-	-	-	-	-
Utilities	1,189,134	1,332,790	-	-	-	1,079,229	-	253,561
Book purchases	382,315	459,749	8,717	-	42,743	-	-	408,289
Building maintenance	1,119,130	802,231	72	-	-	627,443	-	174,716
Publicity	473,456	558,610	30,582	335,151	175,382	1,986	-	15,509
Training	188,882	202,083	14,549	11,475	174,527	1,234	-	298
Course program and development	11,728	497	497	-	-	-	-	-
Ownership linkage	4,867	6,702	-	-	6,702	-	-	-
Travel - in region	52,493	109,670	17,544	43,189	43,128	3,356	-	2,453
Conferences and meetings	71,254	94,164	3,138	21,404	64,876	583	-	4,163
Membership fees	142,438	112,536	24,514	27,223	59,427	331	-	1,041
Janitorial services	102,777	150,636	-	-	57	150,421	-	158
Interest expense	-	-	-	-	-	-	-	-
Travel - out of region	34,656	264,253	26,435	160,171	74,592	74	-	2,981
Telephone, fax and internet	728,414	729,622	11,319	13,374	694,663	6,054	-	4,212
Space rental	163,098	176,169	-	2,020	-	174,149	-	-
Bursaries	272,886	316,692	-	316,692	-	-	-	-
Vehicle operations	69,243	119,267	4,271	-	-	114,996	-	-
Equipment maintenance	81,590	75,583	-	-	-	73,793	-	1,790
Computer maintenance	234,360	606,833	-	-	606,833	-	-	-
Computer lease	-	-	-	-	-	-	-	-
Insurance	139,360	143,999	-	1,418	2,480	52,902	-	87,199
Grounds maintenance	221,110	132,199	-	-	-	129,070	-	3,129
Relocation expenses	141,099	152,450	-	-	152,450	-	-	-
Legal fees	104,191	150,799	-	13,656	137,143	-	-	-
Courier and postage	29,134	39,383	5,968	1,670	27,369	1,594	-	2,782
Periodicals	64,155	71,190	-	70,179	-	1,011	-	-
Equipment rental	2,388	49,885	48,815	-	219	851	-	-
Audit fees	39,382	29,533	-	14,195	15,338	-	-	-
Recreation	11,511	12,433	362	10,554	1,517	-	-	-
Bad debts	6,105	-	-	-	-	-	-	-
Bank and credit card fees	127,874	168,953	-	507	168,446	-	-	-
	37,458,747	41,404,692	15,238,540	7,804,413	7,654,307	5,010,441	3,965,200	1,731,791
ANNUAL SURPLUS (DEFICIT)	**$ 651,451**	**$ 193,833**	**$ 13,477,677**	**$ (2,204,889)**	**$ (6,434,007)**	**$ (4,236,329)**	**$ (605,130)**	**$ 196,511**