AURORA COLLEGE
Audited Financial Statements
June 30, 2013

AURORA COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

The Board of Governors is responsible for ensuring that management fulfills 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. The external auditors also have full and free access to the Finance Committee.

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

Jane Arychuk
President, Aurora College

Aranka Raffai
Director of Finance, Chief Financial Officer

Fort Smith, Canada
November 19, 2013

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Education, Culture and Employment

Report on the Financial Statements

I have audited the accompanying financial statements of Aurora College, which comprise the statement of financial position as at 30 June 2013, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Aurora College as at 30 June 2013, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

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

Guy LeGras, CA
Principal
for the Auditor General of Canada

19 November 2013
Edmonton, Canada

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2013
(in thousands of dollars)

	2013	**2012**
Financial assets		
Cash and cash equivalents (Note 4)	$ 9,490	$ 7,231
Accounts receivable (Note 5)	2,476	2,337
	11,966	9,568
Liabilities		
Accounts payable and accrued liabilities	1,862	1,592
Employee leave payable	1,565	1,794
Deferred project income	329	383
Due to the Government of the Northwest Territories	1,817	1,097
Employee future benefits (Note 6)	1,970	1,859
Professional development fund (Note 7)	1,907	1,797
	9,450	8,522
Net financial assets	**2,516**	1,046
Non-financial assets		
Prepaid expenses	638	275
Tangible capital assets (Note 8)	6,044	6,657
	6,682	6,932
Accumulated surplus (Note 9)	**$ 9,198**	$ 7,978

Contingent liabilities and commitments (Notes 12 and 13)

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

Approved by the Board:

Sydney O'Sullivan
Chairperson of the Board

Ethel Blondin-Andrew
Chairperson of the Finance Committee

AURORA COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended June 30, 2013
(in thousands of dollars)

	2013 Budget	2013 Actual	2012 Actual
Revenues			
Government contributions (Note 10)	$ 30,225	$ 37,324	$ 35,929
Project income			
Territorial government	4,453	4,015	4,099
Other third parties	2,607	2,316	3,204
Federal government	3,940	3,319	1,359
Tuition fees	1,103	1,920	2,149
Recoveries and other	349	756	706
Room and board	764	896	853
Interest income	30	95	103
	43,470	50,641	48,402
Expenses			
Financial and accounting services	1,605	1,744	1,694
Pooled services	2,988	5,163	6,361
Student services	8,488	9,334	8,294
Education and training	16,342	19,972	21,929
Community and extensions	11,243	10,344	8,552
Aurora Research Institute	2,804	2,864	2,061
	43,470	49,421	48,891
Annual (deficit) surplus	-	1,220	(489)
Accumulated surplus at beginning of year	7,978	7,978	8,467
Accumulated surplus at end of year	$ 7,978	$ 9,198	$ 7,978

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

AURORA COLLEGE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended June 30, 2013
(in thousands of dollars)

	2013 Budget	2013 Actual	2012 Actual
Annual (deficit) surplus	$ -	$ 1,220	$ (489)
Effect of change in tangible capital assets			
Acquisition of tangible capital assets	-	(370)	(717)
Disposal of tangible capital assets	-	16	-
Amortization of tangible capital assets	451	967	931
	451	613	214
Effect of change in other non-financial assets			
(Increase) decrease in prepaid expenses	-	(363)	47
Increase (decrease) in net financial assets	451	1,470	(228)
Net financial assets at beginning of year	1,046	1,046	1,274
Net financial assets at end of year	**$ 1,497**	**$ 2,516**	**$ 1,046**

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

AURORA COLLEGE
STATEMENT OF CASH FLOWS
for the year ended June 30, 2013
(in thousands of dollars)

	2013	2012
Operating transactions		
Cash receipts from Territorial Government	$ 34,872	$ 35,734
Cash receipts from students and other third parties	5,309	4,553
Cash receipts from Federal Government	3,319	1,359
Cash paid for compensation and benefits	(26,663)	(27,189)
Cash paid to suppliers	(14,319)	(13,609)
Interest received	95	103
Cash provided by operating transactions	2,613	951
Capital transactions		
Acquisition of tangible capital assets	(370)	(717)
Proceeds from disposal of tangible capital assets	16	-
Cash used in capital transactions	**(354)**	(717)
Increase in cash and cash equivalents	**2,259**	**234**
Cash and cash equivalents at beginning of year	7,231	6,997
Cash and cash equivalents at end of year	**$ 9,490**	$ **7,231**

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

1. AUTHORITY AND MANDATE

(a) Authority and purpose

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

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

(b) Contributions from the Government of the Northwest Territories

The College receives contributions from the Government of the Northwest Territories (Government) as set out in the Government's Main Estimates and adjusted by supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College's adult and post-secondary education programs in the NWT. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The following is a summary of the significant accounting policies.

a) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Measurement uncertainty (continued)

estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts, employee future benefits, amortization, and revenues accruals.

b) Tangible capital assets

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

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

c) Employee future benefits

i) Pension benefits

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

ii) Employee severance and removal benefits

Employees are entitled to severance benefits and reimbursement of removal costs, as provided under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Employee severance and removal benefits (continued)

The cost of these benefits is accrued as employees render the services necessary to earn them. Termination benefits are also recorded when employees are identified for lay-off. The cost of the benefits has been determined based on management's best estimates using the expected compensation level and employee leave credits.

d) Government contributions

Effective 1 July 2011, the College adopted the revised PS 3410 Government Transfers section. Government funding is recognized as revenue when the funding is authorized and all eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definitions of a liability.

The College receives its annual appropriation from the Government on a monthly basis based on the approved yearly cash flow. These contributions are recognized as revenue in the period in which the funding relates once all eligibility criteria have been met and it has been authorized.

e) Government contributions – services received without charge

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

f) General revenues

Tuition fees, room and board, interest income, and other income are recognized on an accrual basis as they are earned.

g) Project income and deferred project income

The College provides education and research services to private companies, federal and territorial government departments, agencies, and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred project income until completion in accordance with the stipulations of these agreements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Project income and deferred project income (continued)

Revenue from federal and territorial government departments, agencies and corporations is recorded once the eligibility criteria are met; the payments are authorized, except to the extent that funding stipulations give rise to an obligation that meets the definitions of a liability.

h) Contract services

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

i) Contingent liabilities

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

j) Prepaid expenses

Prepaid expenses are charged to expense over the periods expected to benefit from it.

k) Funds and reserves

Certain amounts, as approved by the Board of Governors, are set aside as reserves in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are recorded when approved.

l) Financial instruments

Effective 1 July 2012 the College adopted Public Sector Accounting Standard (PS) 3450 – Financial instruments. This Section establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. There were no significant impacts of adopting this standard for the year ended 30 June 2013.

In accordance with PS 3450, financial statements of prior years and comparative

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial instruments (continued)

information in these financial statements have not been restated upon adoption of this standard. Financial instruments are identified by financial asset and financial liability classifications.

The College's financial assets include cash and cash equivalents and accounts receivable which are both measured at cost. Financial liabilities include accounts payable and accrued liabilities and due to Government of the Northwest Territories which are both measured at cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus. The allowance for doubtful accounts is based on management's best estimate of probable losses. The allowance is calculated based on a percentage of specific aged receivables where management believes an impairment has occurred. The allowance is shown as a reduction to accounts receivable. Management recommends write-offs of student accounts that are deemed uncollectible. Student and other receivables related to write-offs are submitted to the Board of Governors for their approval. Any write-offs greater than $20,000 must be submitted to the Financial Management Board for approval.

3. FUTURE ACCOUNTING CHANGES

Liability for Contaminated Sites, Section PS 3260
PSAB released Section PS 3260 – Liability for Contaminated Sites. This new Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook.

This Section is effective for fiscal periods beginning on or after April 1, 2014.

The College expects to adopt these standards for the year ending June 30, 2015 and is in the process of evaluating the impact of the transition on the financial statements.

4. CASH AND CASH EQUIVALENTS

The College's cash balances are pooled with the Government of the Northwest Territories' surplus cash and are invested in a diversified portfolio of high-grade short term income producing assets. The cash can be withdrawn at any time and is not

4. CASH AND CASH EQUIVALENTS (continued)

restricted by maturity dates on investments made by the Government of the Northwest Territories. The Department of Finance approves the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-2 High or better by the Dominion Bond Rating Service Ltd. The College's average annual investment yield for the year ended June 30, 2013 was 1.10% (2012 – 1.10%).

5. ACCOUNTS RECEIVABLE

	2013 (in thousands)			2012
	Accounts Receivable	**Allowance**	**Net**	**Net**
Project income:				
Government	$ 801	$ 94	$ 707	$ 1,034
Other	1,882	205	1,677	1,218
Students	306	214	92	85
Advances	-	-	-	-
	$ 2,989	$ 513	$ 2,476	$ 2,337

6. EMPLOYEE FUTURE BENEFITS

i) Pension benefits

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

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

	2013 (in thousands)	2012
College's contributions	$ 2,384	$ 2,447
Employees' contributions	1,381	1,340
	$ 3,765	$ 3,787

6. EMPLOYEE FUTURE BENEFITS (continued)

i) Pension benefits (continued)

On January 1, 2013 the yearly maximum pension earnings for Canada Pension Plan (CPP) purposes increased to $51,100 from $50,100 in 2012. Employees' contributions are calculated at a rate of 6.85% (2012 – 6.2%) for amounts up to the yearly maximum CPP earnings stated above and at a rate of 9.2% (2012 – 8.6%) for amounts above the yearly maximum CPP earnings. The College's contributions are calculated at an amount of 1.643 (2012 – 1.74) times the amount of employees' contributions.

ii) Employee severance and removal benefits

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

Information about the plan, measured as at the Statement of Financial Position date, is as follows:

	2013	2012
	(in thousands)	
Accrued benefit obligation, beginning of year	$ 1,859	$ 1,711
Cost for the year	181	280
Benefits paid during the year	(70)	(132)
Accrued benefit obligation, end of year	$ 1,970	$ 1,859

7. PROFESSIONAL DEVELOPMENT FUND

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

Information about the fund is as follows:

	2013	2012
	(in thousands)	
Professional development fund, beginning of year	$ 1,797	$ 1,593
Contributions	442	420
Recovery of funds	17	-
Professional development paid during the year	(349)	(216)
Professional development fund, end of year	$ 1,907	$ 1,797

8. TANGIBLE CAPITAL ASSETS

June 30, 2013	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	2013 Total	2012 Total
Cost						
Opening balance	$ 5,142	$ 1,991	$ 6,967	$ 2,253	$ 16,353	$ 15,636
Additions	-	-	238	132	370	717
Disposals	(8)	-	(8)	-	(16)	-
Closing balance	5,134	1,991	7,197	2,385	16,707	16,353
Accumulated amortization						
Opening balance	2,171	1,444	4,445	1,636	9,696	8,765
Amortization	233	99	507	128	967	931
Disposals	-	-	-	-	-	-
Closing balance	2,404	1,543	4,952	1,764	10,663	9,696
Net book value	**$ 2,730**	**$ 448**	**$ 2,245**	**$ 621**	**$ 6,044**	**$6,657**

9. ACCUMULATED SURPLUS

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

	(in thousands)				
Reserves	**Balance, opening July 1, 2012**	**Net results of operations**	**Appropriated**	**Used in operations**	**Balance, ending June 30, 2013**
a) Mallik research reserve	$ 100	$ -	$ -	$ -	$ 100
b) Northern strategic research reserve	481	-	-	-	481
c) Program delivery	300	-	-	-	300
d) Research & development	129	-	1	-	130
e) HEO replacement & maintenance	140	-	-	-	140
f) Restricted donations	35	-		-	35
Total reserves	1,185	-	1	-	1,186
Operating surplus (deficit)	6,793	1,220	(1)	-	8,012
Total accumulated surplus	$ 7,978	$ 1,220	$ -	$ -	$ 9,198

9. ACCUMULATED SURPLUS (continued)

a) Mallik research reserve

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

b) Northern strategic research reserve

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

c) Program delivery

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

d) Research & development

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

e) HEO (Heavy Equipment Operator) replacement & maintenance

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

f) Restricted donations

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

10. GOVERNMENT CONTRIBUTIONS

	2013	2012
	(in thousands)	
Operating contributions	$30,225	$ 29,386
Capital contributions	361	580
Services received without charge (Note 11)	6,738	5,963
	$37,324	$ 35,929

11. RELATED PARTIES

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

Accounts receivable and accounts payable

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

	2013	2012
		(in thousands)
Accounts receivable (Note 5)	$ 801	$ 1,126
Amounts due to the Government	$ 1,817	$ 1,097

Expenses

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government $926,000 (2012 – $657,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

Services received without charge

During the year, the College received without charge from the Government services including utilities $2,392,000 (2012 – $1,807,000) and repairs and maintenance $1,631,000 (2012 – $1,539,000).

11. RELATED PARTIES (continued)

Services received without charge (continued)

Payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services were also provided to the College without charge. These services would have cost the College an estimated $334,000 (2012 – $352,000) based on the exchange amount confirmed by the related parties.

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centres. The use of these facilities would have cost the College an estimated $2,335,000 (2012 – $2,218,000) based on the Government's amortization expense for these assets.

The Government also pays for medical travel costs for the College. The medical travel costs paid by the Government on behalf of the College for the period amounted to $45,000 (2012 – $ 47,000).

These services without charge have been recognized as a government contribution – services received without charge (Note 10) and included in the following expenses:

	2013	2012
	(in thousands)	
Contract services	$ 334	$ 352
Repairs and maintenance	1,631	1,539
Building utilities	2,393	1,807
Building leases	2,335	2,218
Medical travel	45	47
	$ 6,738	$ 5,963

12. CONTINGENT LIABILITIES

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

13. COMMITMENTS

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

	(in thousands)
2014	$ 4,996
2015	1,970
2016	1,582
2017	1,122
2018	1,105
2019 to 2020	1,598
	$ 12,373

14. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, due to Government of the Northwest Territories and are measured at cost. The Corporation has exposure to the following risks from its use of financial instruments:

a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The College manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The College does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

b) Credit risk

The College is exposed to credit risk on its cash equivalents and accounts receivable.

Cash equivalents

Credit risk on cash equivalents arises from the possibility that the counterparty to the instrument fails to meet their obligations. In order to manage this risk, the College only invests in high quality short term income producing investments. The maximum exposure to credit risk is $8,839,000 (2012 - $4,814,000).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. This risk is influenced by the type of debtor and at 30 June 2013 the College’s debtors are the Government of the Northwest Territories, students, and others.

In order to manage this risk, the College monitors the age of accounts receivable and initiates collection action. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies and the College also enforces approved collection policies for student accounts. The maximum exposure to credit risk is $2,476,000 (2012 - $2,337,000).

14. FINANCIAL RISK MANAGEMENT (continued)

At 30 June 2013 there are accounts receivable past due but not impaired. These amounts for students is 31-60 days $30,000, 61-90 days $6,000 and over 90 days $23,000. These amounts for the Government and for other parties are shown below.

	91-365 days	1 to 2 years	over 2 years
Government	$354,000	$1,000	Nil
Other third parties	$244,000	$151,000	Nil

The College establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific amounts and is determined by considering the College's knowledge of the financial condition of customers, the aging of accounts receivable, current business condition and historical experience.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue from cash equivalents. This risk is not significant due to the short terms to maturity of cash equivalents.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

The College is not exposed to significant currency or other price risk.

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and due to Government of the Northwest Territories approximate their carrying amounts because of the short term to maturity.

16. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

17. SEGMENT DISCLOSURE

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). For management reporting purposes the College's operations and activities are organized and reported by funds. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with the budget, strategy and work plan, restrictions or limitations. The College's services are provided by departments and their activities are reported in these funds.

Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Finance and accounting
Finance's role is to ensure the long term viability of the College including the preparation and controls over the budgets, financial reporting, the implementation and oversight of financial controls, and management of the cash flows. Finance includes the functioning of the head office and regional offices.

Pooled services
This represents College wide expenditures which are required for the global operation.
These represent allocation of costs related to professional development, amortization, cost of employee future benefits, and costs for the President's Office. The Office of the President includes services related to the operations of the College, plus communications and public relations. The Office of the President is mandated to manage the daily operations of the College, pursue its missions and vision, and develop and implement a strategic plan to ensure the long term success of the College.

Student services
Student services include Fort Smith, Yellowknife, and Inuvik locations facilities and the registrar and regional admission offices.

17. SEGMENT DISCLOSURE (continued)

Education and training

Education and training includes the vice-president education and training, school of trades, school of education, school of business and leadership, school of health and human services, school of arts and science, information systems and technology, and the library.

Community and extensions

Community and extensions represents special programs and additional resources provided to the communities through the College. This includes the school of developmental studies, the Beaufort Delta region, the Sahtu region, the Dehcho region, the Tlicho region, and the Akaitcho and South Slave region.

Aurora Research Institute

Through the work of the Aurora Research Institute, the College is also responsible for the facilitation and preparation of research activity in the NWT.

Aurora College
Segmented disclosures
June 30, 2013

For the period ended June 30, 2013	Financial and accounting (in thousands)	Pooled services ** (in thousands)	Student services (in thousands)	Education and training (in thousands)	Community and extensions (in thousands)	Aurora Research Institute (in thousands)	2013 Total (in thousands)	2013 Budget (in thousands)	2012 Total (in thousands)
Revenues									
Government contributions	$ 1,575	$ 5,074	$ 7,586	$ 14,676	$ 6,867	$ 1,546	$ 37,324	$ 30,225	$ 35,929
Project income									
Territorial government	-	-	112	2,920	814	169	4,015	4,452	4,099
Other third parties	26	(50)	24	1,761	168	387	2,316	2,607	3,204
Federal government	-	-	-	40	2,634	645	3,319	3,940	1,359
Tuition fees	-	-	49	1,187	684	-	1,920	1,103	2,149
Recoveries and other	89	337	80	59	48	143	756	349	706
Room and board	-	-	774	-	-	122	896	764	853
Interest income	95	-	-	-	-	-	95	30	103
	1,785	5,361	8,625	20,643	11,215	3,012	50,641	43,470	48,402
Expenses									
Compensation and benefits	1,481	1,000	3,721	11,376	7,680	1,791	27,049	28,330	28,162
Building leases	-	4	4,381	2,336	29	-	6,750	4,381	6,283
Materials and supplies	27	358	167	650	216	98	1,516	1,968	1,816
Utilities	-	-	125	2,395	13	9	2,542	180	1,942
Contract services	51	351	139	517	352	667	2,077	4,080	1,904
Repairs and maintenance	1	1,639	474	220	85	20	2,439	-	2,256
Small equipment	6	2	67	286	89	28	478	180	422
Fees and payments	53	584	58	697	156	68	1,616	1,532	1,482
Travel and accommodation	58	98	94	583	420	88	1,341	1,838	1,344
Professional services	-	1	11	739	1,142	7	1,900	-	1,156
Amortization of tangible capital assets	-	967	-	-	-	-	967	451	931
Communication, postage and freight	67	159	97	173	162	88	746	532	1,193
	1,744	5,163	9,334	19,972	10,344	2,864	49,421	43,470	48,891
Annual surplus (deficit)	$ 41	$ 198	$ (709)	$ 671	$ 871	$ 148	$ 1,220	$ -	$ (489)

** Pooled Services includes the revenues and expenses for the President's Office