
Auditor's Report and Financial Statement

Of the Northern Lights School Division No. 113

School Division No. 6710000

For the Period Ending: August 31, 2013

TILA

Chief Financial Officer

MNP LLP

Auditor

Note - Copy to be sent to Ministry of Education, Regina

Management's Responsibility for the Financial Statements

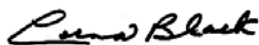
The school division's management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards and the format specified in the Financial Reporting Manual issued by the Ministry of Education. The preparation of financial statements necessarily 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.

The school division's management maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Education is composed of elected officials who are not employees of the school division. The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and for approving the financial statements. The Board is also responsible for the appointment of the school division's external auditors.

The external auditors, (Name of the audit firm), conduct an independent examination in accordance with Canadian auditing standards and express their opinion on the financial statements. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the school division's financial statements. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

On behalf of the Northern Lights School Division No. 113:



Board Chair



CEO/Director of Education



Chief Financial Officer

November 23, 2013

Independent Auditors' Report

To the Board of Education of Northern Lights School Division #113:

We have audited the accompanying financial statements of Northern Lights School Division #113, which comprise the statement of financial position as at August 31, 2013, and the statements of operations (deficit) from operations and accumulated surplus, changes in net financial assets (net debt), cash flows and supporting schedules 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors' 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Lights School Division #113 as at August 31, 2013, and the results of its operations (deficit) from operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

November 23, 2013

Prince Albert, Saskatchewan

MNP LLP

Chartered Accountants

MNP

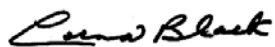
Northern Lights School Division No. 113
Statement of Financial Position
as at August 31, 2013

| | 2013 | 2012 |
|--|-------------------|-------------------|
| Financial Assets | | |
| Cash and Cash Equivalents | 1,982,774 | 662,138 |
| Accounts Receivable (Note 8) | 14,753,405 | 12,525,034 |
| Inventories for Sale | 10,171 | 8,277 |
| Portfolio Investments (Note 4) | 4,067 | 5,001,250 |
| Total Financial Assets | 16,750,417 | 18,196,699 |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities (Note 9) | 7,008,464 | 5,068,375 |
| Liability for Employee Future Benefits (Note 6) | 927,200 | 908,800 |
| Deferred Revenue (Note 10) | 400,305 | 743,921 |
| Total Liabilities | 8,335,969 | 6,721,096 |
| Net Financial Assets | 8,414,448 | 11,475,603 |
| Non-Financial Assets | | |
| Tangible Capital Assets (Schedule C) | 89,837,657 | 82,535,009 |
| Inventory of Supplies for Consumption | 732,359 | 731,165 |
| Prepaid Expenses | 270,591 | 282,349 |
| Total Non-Financial Assets | 90,840,607 | 83,548,523 |
| Accumulated Surplus (Note 13) | 99,255,055 | 95,024,126 |
| Accumulated Surplus is comprised of: | | |
| Accumulated surplus from operations | 99,255,055 | 95,024,126 |
| Accumulated rereasurement gains and losses (Note 2(k)) | - | - |
| Total Accumulated Surplus (Note 13) | 99,255,055 | 95,024,126 |

Contractual Obligations and Commitments (Note 16)

The accompanying notes and schedules are an integral part of these statements

Approved by the Board:



Chairperson



Chief Financial Officer

Northern Lights School Division No. 113
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|---|------------------------|------------------------|------------------------|
| REVENUES | (Note 14) | | |
| Property Taxation | 7,482,335 | 6,626,544 | 7,379,003 |
| Grants | 52,029,128 | 55,044,898 | 58,456,926 |
| Tuition and Related Fees | 5,324,000 | 5,910,380 | 5,776,634 |
| School Generated Funds | 780,300 | 1,116,643 | 860,237 |
| Complementary Services (Note 11) | 2,715,000 | 3,764,779 | 3,616,231 |
| External Services (Note 12) | 1,125,328 | 1,361,570 | 1,322,309 |
| Other | 179,000 | 220,840 | 338,067 |
| Total Revenues (Schedule A) | 69,635,091 | 74,045,654 | 77,749,407 |
| EXPENSES | | | |
| Governance | 919,200 | 894,065 | 792,088 |
| Administration | 2,165,963 | 2,020,590 | 1,971,018 |
| Instruction | 41,848,154 | 43,514,634 | 41,079,604 |
| Plant | 9,689,569 | 10,138,104 | 9,363,756 |
| Transportation | 2,802,430 | 2,677,310 | 2,562,220 |
| Tuition and Related Fees | 2,630,000 | 3,240,802 | 2,934,287 |
| School Generated Funds | 780,300 | 911,551 | 855,602 |
| Complementary Services (Note 11) | 3,779,485 | 4,084,308 | 4,645,431 |
| External Services (Note 12) | 2,300,456 | 2,318,668 | 2,245,263 |
| Other Expenses | 5,700 | 14,693 | 116,556 |
| Total Expenses (Schedule B) | 66,921,257 | 69,814,725 | 66,565,825 |
| Operating Surplus for the Year | 2,713,834 | 4,230,929 | 11,183,582 |
| Accumulated Surplus from Operations, Beginning of Year | 95,024,126 | 95,024,126 | 83,840,544 |
| Accumulated Surplus from Operations, End of Year | 97,737,960 | 99,255,055 | 95,024,126 |

The accompanying notes and schedules are an integral part of these statements

Northern Lights School Division No. 113
Statement of Changes in Net Financial Assets
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|--------------------|--------------------|--------------------|
| | (Note 14) | | |
| Net Financial Assets, Beginning of Year | 11,475,603 | 11,475,603 | 17,057,765 |
| Changes During the Year: | | | |
| Operating Surplus for the Year | 2,713,834 | 4,230,929 | 11,183,582 |
| Acquisition of Tangible Capital Assets (Schedule C) | (15,363,743) | (11,271,522) | (20,366,148) |
| Proceeds on Disposal of Tangible Capital Assets (Schedule C) | - | 3,532 | 19,954 |
| Net Loss (Gain) on Disposal of Capital Assets (Schedule C) | - | (2,124) | 293,020 |
| Amortization of Tangible Capital Assets (Schedule C) | 3,304,361 | 3,967,466 | 3,288,753 |
| Net Acquisition of Inventory of Supplies | - | (1,194) | 37,194 |
| Net Change in Other Non-Financial Assets | - | 11,758 | (38,517) |
| Change in Net Financial Assets | (9,345,548) | (3,061,155) | (5,582,162) |
| Net Financial Assets, End of Year | 2,130,055 | 8,414,448 | 11,475,603 |

The accompanying notes and schedules are an integral part of these statements

Northern Lights School Division No. 113
Statement of Cash Flows
for the year ended August 31, 2013

| | 2013 | 2012 |
|--|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Operating Surplus for the Year | 4,230,929 | 11,183,582 |
| Add Non-Cash Items Included in Surplus (Schedule D) | 3,965,342 | 3,581,773 |
| Net Change in Non-Cash Operating Activities (Schedule E) | (604,828) | (12,978,204) |
| Cash Provided by Operating Activities | 7,591,443 | 1,787,151 |
| CAPITAL ACTIVITIES | | |
| Cash Used to Acquire Tangible Capital Assets | (11,271,522) | (20,366,148) |
| Proceeds on Disposal of Tangible Capital Assets | 3,532 | 19,954 |
| Cash Used by Capital Activities | (11,267,990) | (20,346,194) |
| INVESTING ACTIVITIES | | |
| Cash Used to Acquire Portfolio Investments | - | (5,000,000) |
| Proceeds on Disposal of Portfolio Investments | 4,997,183 | 10,285 |
| Cash Provided (Used) by Investing Activities | 4,997,183 | (4,989,715) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,320,636 | (23,548,758) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 662,138 | 24,210,896 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 1,982,774 | 662,138 |
| REPRESENTED ON THE FINANCIAL STATEMENTS BY: | | |
| Cash and Cash Equivalents | 1,982,774 | 662,138 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 1,982,774 | 662,138 |

The accompanying notes and schedules are an integral part of these statements

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|-------------------|-------------------|-------------------|
| Property Taxation Revenue | | | |
| Tax Levy Revenue: | | | |
| Property Tax Levy Revenue | 7,406,435 | 6,609,886 | 7,364,960 |
| Total Property Tax Revenue | 7,406,435 | 6,609,886 | 7,364,960 |
| Grants in Lieu of Taxes: | | | |
| Federal Government | 44,000 | 46,255 | 44,828 |
| Provincial Government | 194,000 | 198,044 | 186,096 |
| Other | - | 5,362 | - |
| Total Grants in Lieu of Taxes | 238,000 | 249,661 | 230,924 |
| Other Tax Revenues: | | | |
| Treaty Land Entitlement - Urban | - | - | 13,313 |
| House Trailer Fees | 7,900 | - | 7,911 |
| Total Other Tax Revenues | 7,900 | - | 21,224 |
| Additions to Levy: | | | |
| Penalties | 325,000 | 333,940 | 347,805 |
| Other | 10,000 | (329) | 28,589 |
| Total Additions to Levy | 335,000 | 333,611 | 376,394 |
| Deletions from Levy: | | | |
| Discounts | (320,000) | (325,736) | (329,073) |
| Cancellations | (185,000) | (212,282) | (271,962) |
| Other Deletions | - | (28,596) | (13,464) |
| Total Deletions from Levy | (505,000) | (566,614) | (614,499) |
| Total Property Taxation Revenue | 7,482,335 | 6,626,544 | 7,379,003 |
| Grants: | | | |
| Operating Grants | | | |
| Ministry of Education Grants: | | | |
| K-12 Operating Grant | 42,967,021 | 43,625,131 | 44,099,611 |
| Other Ministry Grants | - | 1,284,041 | 544,141 |
| Total Ministry Grants | 42,967,021 | 44,909,172 | 44,643,752 |
| Other Provincial Grants | - | 83,150 | 62,000 |
| Grants from Others | 120,000 | 141,766 | 127,500 |
| Total Operating Grants | 43,087,021 | 45,134,088 | 44,833,252 |
| Capital Grants | | | |
| Ministry of Education Capital Grants | 8,942,107 | 9,832,453 | 13,548,674 |
| Other Capital Grants | - | 78,357 | 75,000 |
| Total Capital Grants | 8,942,107 | 9,910,810 | 13,623,674 |
| Total Grants | 52,029,128 | 55,044,898 | 58,456,926 |

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|------------------|------------------|------------------|
| Tuition and Related Fees Revenue | | | |
| Operating Fees: | | | |
| Tuition Fees: | | | |
| School Boards | - | 19,000 | - |
| Federal Government and First Nations | 5,324,000 | 5,829,794 | 5,710,507 |
| Total Tuition Fees | 5,324,000 | 5,848,794 | 5,710,507 |
| Total Operating Tuition and Related Fees | 5,324,000 | 5,848,794 | 5,710,507 |
| Capital Fees: | | | |
| Federal/First Nations Capital Fees | - | 61,586 | 66,127 |
| Total Capital Tuition and Fees | - | 61,586 | 66,127 |
| Total Tuition and Related Fees Revenue | 5,324,000 | 5,910,380 | 5,776,634 |
| School Generated Funds Revenue | | | |
| Non-Curricular Fees: | | | |
| Commercial Sales - Non-GST | 114,500 | 127,816 | 84,921 |
| Fundraising | 485,000 | 745,253 | 636,597 |
| Grants and Partnerships | 161,000 | 241,884 | 133,194 |
| Students Fees | 13,800 | - | - |
| Other | 6,000 | 1,690 | 5,525 |
| Total Non-Curricular Fees | 780,300 | 1,116,643 | 860,237 |
| Total School Generated Funds Revenue | 780,300 | 1,116,643 | 860,237 |
| Complementary Services | | | |
| Operating Grants: | | | |
| Ministry of Education Operating Grants: | | | |
| Ministry of Education-Foundation Operating Grant | 2,345,000 | 2,441,065 | 2,240,854 |
| Ministry of Education Grants-Other | - | 751,884 | 758,196 |
| Other Provincial Grants | - | 3,837 | 59,229 |
| Other Grants | - | 82,827 | 47,526 |
| Total Operating Grants | 2,345,000 | 3,279,613 | 3,105,805 |
| Fees and Other Revenue | | | |
| Other Revenue | 370,000 | 485,166 | 510,426 |
| Total Fees and Other Revenue | 370,000 | 485,166 | 510,426 |
| Total Complementary Services Revenue | 2,715,000 | 3,764,779 | 3,616,231 |

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|-------------------|-------------------|-------------------|
| External Services | | | |
| Operating Grants: | | | |
| Other Grants | - | 10,065 | - |
| Total Operating Grants | - | 10,065 | - |
| Fees and Other Revenue | | | |
| Gain on Disposal of Capital Assets | - | - | 19,954 |
| Other Revenue | 1,125,328 | 1,351,505 | 1,302,355 |
| Total Fees and Other Revenue | 1,125,328 | 1,351,505 | 1,322,309 |
| Total External Services Revenue | 1,125,328 | 1,361,570 | 1,322,309 |
| Other Revenue | | | |
| Miscellaneous Revenue | 65,000 | 130,822 | 126,983 |
| Sales & Rentals | 14,000 | 10,895 | 16,789 |
| Investments | 100,000 | 76,998 | 194,295 |
| Gain on Disposal of Capital Assets | - | 2,125 | - |
| Total Other Revenue | 179,000 | 220,840 | 338,067 |
| TOTAL REVENUE FOR THE YEAR | 69,635,091 | 74,045,654 | 77,749,407 |

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|---|-------------------|-------------------|-------------------|
| Governance Expense | | | |
| Board Members Expense | 449,200 | 465,136 | 437,507 |
| Professional Development- Board Members | 108,000 | 124,141 | 129,180 |
| Advisory Committees | 57,000 | 50,574 | 42,723 |
| Professional Development - Local Boards/Advisory Committees | 85,000 | 59,409 | 60,470 |
| Elections | 65,000 | 62,409 | 2,150 |
| Other Governance Expenses | 155,000 | 132,396 | 120,058 |
| Total Governance Expense | 919,200 | 894,065 | 792,088 |
| Administration Expense | | | |
| Salaries | 1,372,000 | 1,181,899 | 1,165,805 |
| Benefits | 206,166 | 213,891 | 197,532 |
| Supplies & Services | 155,500 | 236,058 | 207,595 |
| Non-Capital Furniture & Equipment | 33,500 | 16,137 | 19,440 |
| Building Operating Expenses | 133,200 | 135,967 | 155,337 |
| Communications | 57,000 | 56,039 | 61,614 |
| Travel | 20,000 | 25,239 | 24,915 |
| Professional Development | 30,000 | 31,759 | 46,297 |
| Amortization of Tangible Capital Assets | 158,597 | 123,601 | 92,483 |
| Total Administration Expense | 2,165,963 | 2,020,590 | 1,971,018 |
| Instruction Expense | | | |
| Instructional (Teacher & LEADS Contract) Salaries | 26,489,113 | 27,825,711 | 26,381,817 |
| Instructional (Teacher & LEADS Contract) Benefits | 1,240,913 | 1,374,034 | 1,403,077 |
| Program Support (Non-Teacher Contract) Salaries | 6,493,830 | 6,601,390 | 6,309,786 |
| Program Support (Non-Teacher Contract) Benefits | 1,218,896 | 1,356,586 | 1,238,500 |
| Instructional Aids | 957,200 | 905,042 | 1,303,531 |
| Supplies & Services | 1,147,000 | 1,957,261 | 1,459,922 |
| Non-Capital Furniture & Equipment | 365,500 | 194,213 | 172,422 |
| Communications | 175,000 | 180,538 | 151,861 |
| Travel | 840,000 | 823,572 | 680,334 |
| Professional Development | 1,430,000 | 917,844 | 702,531 |
| Student Related Expense | 757,500 | 491,783 | 564,455 |
| Amortization of Tangible Capital Assets | 733,202 | 886,660 | 711,368 |
| Total Instruction Expense | 41,848,154 | 43,514,634 | 41,079,604 |

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|------------------|-------------------|------------------|
| Plant Operation & Maintenance Expense | | | |
| Salaries | 3,218,616 | 3,334,718 | 2,901,906 |
| Benefits | 682,994 | 615,112 | 556,836 |
| Supplies & Services | 84,100 | 37,411 | 114,525 |
| Non-Capital Furniture & Equipment | 60,000 | 14,387 | 6,779 |
| Building Operating Expenses | 3,490,000 | 3,427,052 | 3,430,481 |
| Communications | 30,000 | 26,952 | 27,276 |
| Travel | 310,000 | 257,188 | 297,557 |
| Professional Development | 20,000 | 14,935 | 11,852 |
| Amortization of Tangible Capital Assets | 1,793,859 | 2,410,349 | 2,016,544 |
| Total Plant Operation & Maintenance Expense | 9,689,569 | 10,138,104 | 9,363,756 |
| Student Transportation Expense | | | |
| Salaries | 5,000 | 7,076 | 12,858 |
| Benefits | 430 | 335 | 426 |
| Supplies & Services | 244,000 | 108,455 | 97,192 |
| Non-Capital Furniture & Equipment | 20,000 | 48,272 | 47,779 |
| Building Operating Expenses | 5,000 | 507 | - |
| Travel | - | 5,060 | 1,175 |
| Contracted Transportation | 2,268,000 | 2,337,062 | 2,271,730 |
| Amortization of Tangible Capital Assets | 260,000 | 170,543 | 131,060 |
| Total Student Transportation Expense | 2,802,430 | 2,677,310 | 2,562,220 |
| Tuition and Related Fees Expense | | | |
| Tuition Fees | 2,630,000 | 3,209,136 | 2,916,336 |
| Transportation Fees | - | 29,748 | 17,951 |
| Other Fees | - | 1,918 | - |
| Total Tuition and Related Fees Expense | 2,630,000 | 3,240,802 | 2,934,287 |
| School Generated Funds Expense | | | |
| Supplies & Services | 26,000 | - | - |
| Cost of Sales | 83,000 | 100,919 | 87,108 |
| Special Programs | 671,300 | 810,632 | 768,494 |
| Total School Generated Funds Expense | 780,300 | 911,551 | 855,602 |

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|------------------|------------------|------------------|
| Complementary Services Expense | | | |
| Instructional (Teacher & LEADS Contract) Salaries & Benefits | 682,745 | 832,323 | 828,095 |
| Program Support (Non-Teacher Contract) Salaries & Benefits | 1,730,740 | 1,860,077 | 1,918,187 |
| Instructional Aids | 522,000 | 653,366 | 676,472 |
| Supplies & Services | 127,000 | 132,233 | 426,417 |
| Non-Capital Furniture & Equipment | 70,000 | 6,130 | - |
| Communications | 2,000 | - | 2,095 |
| Travel | 25,000 | 62,858 | 75,937 |
| Professional Development (Non-Salary Costs) | 75,000 | 68,648 | 88,953 |
| Student Related Expenses | 520,000 | 450,281 | 597,111 |
| Contracted Transportation & Allowances | 25,000 | 18,392 | 32,164 |
| Total Complementary Services Expense | 3,779,485 | 4,084,308 | 4,645,431 |
| External Service Expense | | | |
| Administration Salaries & Benefits | 146,425 | 168,816 | 147,122 |
| Instructional (Teacher & LEADS Contract) Salaries & Benefits | 690,328 | 661,590 | 657,104 |
| Program Support (Non-Teacher Contract) Salaries & Benefits | - | 15,679 | - |
| Plant Operation & Maintenance Salaries & Benefits | 391,000 | 546,889 | 455,018 |
| Instructional Aids | 7,000 | - | 6,540 |
| Supplies & Services | 11,000 | 5,879 | 7,607 |
| Non-Capital Furniture & Equipment | 60,000 | - | - |
| Building Operating Expenses | 593,000 | 447,566 | 560,446 |
| Travel | 27,000 | 87,691 | 73,671 |
| Professional Development (Non-Salary Costs) | 8,000 | 3,834 | 456 |
| Student Related Expenses | - | 4,410 | - |
| Contracted Transportation & Allowances | 8,000 | - | - |
| Amortization of Tangible Capital Assets | 358,703 | 376,314 | 337,299 |
| Total External Services Expense | 2,300,456 | 2,318,668 | 2,245,263 |

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

| | 2013 Budget | 2013 Actual | 2012 Actual |
|---|-------------------|-------------------|-------------------|
| Other Expense | | | |
| Interest and Bank Charges: | | | |
| Current Interest and Bank Charges | 5,700 | 14,693 | 9,217 |
| Total Interest and Bank Charges | 5,700 | 14,693 | 9,217 |
| Loss on Disposal of Tangible Capital Assets | - | - | 312,974 |
| Provision for Uncollectable Taxes | - | - | (205,635) |
| Total Other Expense | 5,700 | 14,693 | 116,556 |
| TOTAL EXPENSES FOR THE YEAR | 66,921,257 | 69,814,725 | 66,565,825 |

Northern Lights School Division No. 113

**Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2013**

| | Land | Land Improvements | Buildings | Buildings Short term | School Buses | Other Vehicles | Furniture and Equipment | Computer Hardware and Audio Equipment | Computer Software | Work-in-Progress | 2013 | 2012 |
|--|----------------|-------------------|--------------------|----------------------|---------------|------------------|-------------------------|---------------------------------------|-------------------|--------------------|--------------------|--------------------|
| <i>Tangible Capital Assets - at Cost:</i> | | | | | | | | | | | | |
| Opening Balance as of September 1 | 585,476 | 817,416 | 84,678,103 | 11,156,786 | - | 1,415,746 | 6,885,427 | 4,003,396 | 588,806 | 22,547,823 | 132,678,979 | 112,783,699 |
| Additions/Purchases | - | 163,264 | 58,522 | 252,211 | 65,114 | 365,028 | 1,358,355 | 777,959 | 21,357 | 8,209,712 | 11,271,522 | 20,366,148 |
| Disposals | - | - | - | - | - | - | (3,518) | - | - | - | (3,518) | (470,868) |
| Transfers to (from) | - | 268,447 | 17,072,152 | 342,635 | - | - | - | - | - | (17,683,234) | - | - |
| Closing Balance as of August 31 | <u>585,476</u> | <u>1,249,127</u> | <u>101,808,777</u> | <u>11,751,632</u> | <u>65,114</u> | <u>1,780,774</u> | <u>8,240,264</u> | <u>4,781,355</u> | <u>610,163</u> | <u>13,074,301</u> | <u>143,946,983</u> | <u>132,678,979</u> |
| <i>Tangible Capital Assets - Amortization:</i> | | | | | | | | | | | | |
| Opening Balance as of September 1 | - | 675,225 | 35,396,930 | 6,978,440 | - | 287,034 | 4,131,414 | 2,438,858 | 236,069 | - | 50,143,970 | 47,013,111 |
| Amortization of the Period | - | 30,727 | 2,028,838 | 371,224 | 5,426 | 178,077 | 613,138 | 618,003 | 122,033 | - | 3,967,466 | 3,288,753 |
| Disposals | - | - | - | - | - | - | (2,110) | - | - | - | (2,110) | (157,894) |
| Closing Balance as of August 31 | <u>N/A</u> | <u>705,952</u> | <u>37,425,768</u> | <u>7,349,664</u> | <u>5,426</u> | <u>465,111</u> | <u>4,742,442</u> | <u>3,056,861</u> | <u>358,102</u> | <u>N/A</u> | <u>54,109,326</u> | <u>50,143,970</u> |
| Net Book Value: | | | | | | | | | | | | |
| Opening Balance as of September 1 | 585,476 | 142,191 | 49,281,173 | 4,178,346 | - | 1,128,712 | 2,754,013 | 1,564,538 | 352,737 | 22,547,823 | 82,535,009 | 65,770,588 |
| Closing Balance as of August 31 | <u>585,476</u> | <u>543,175</u> | <u>64,383,009</u> | <u>4,401,968</u> | <u>59,688</u> | <u>1,315,663</u> | <u>3,497,822</u> | <u>1,724,494</u> | <u>252,061</u> | <u>13,074,301</u> | <u>89,837,657</u> | <u>82,535,009</u> |
| Change in Net Book Value | <u>-</u> | <u>400,984</u> | <u>15,101,836</u> | <u>223,622</u> | <u>59,688</u> | <u>186,951</u> | <u>743,809</u> | <u>159,956</u> | <u>(100,676)</u> | <u>(9,473,522)</u> | <u>7,302,648</u> | <u>16,764,421</u> |
| Disposals: | | | | | | | | | | | | |
| Historical Cost | - | - | - | - | - | - | 3,518 | - | - | - | 3,518 | 470,868 |
| Accumulated Amortization | - | - | - | - | - | - | 2,110 | - | - | - | 2,110 | 157,894 |
| Net Cost | - | - | - | - | - | - | 1,408 | - | - | - | 1,408 | 312,974 |
| Price of Sale | - | - | - | - | - | - | 3,532 | - | - | - | 3,532 | 19,954 |
| Gain/loss on Disposal | - | - | - | - | - | - | 2,124 | - | - | - | 2,124 | (293,020) |

Northern Lights School Division No. 113
Schedule D: Non-Cash Items Included in Surplus
for the year ended August 31, 2013

| | 2013 | 2012 |
|--|------------------|------------------|
| Non-Cash Items Included in Surplus: | | |
| Amortization of Tangible Capital Assets (Schedule C) | 3,967,466 | 3,288,753 |
| Net (Gain) Loss on Disposal of Tangible Capital Assets | (2,124) | 293,020 |
| Total Non-Cash Items Included in Surplus | 3,965,342 | 3,581,773 |

Northern Lights School Division No. 113
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2013

| | 2013 | 2012 |
|--|------------------|---------------------|
| Net Change in Non-Cash Operating Activities: | | |
| Increase in Accounts Receivable | (2,228,371) | (4,861,672) |
| Decrease (Increase) in Inventories for Sale | (1,894) | 4,085 |
| Increase In Accounts Payable and Accrued Liabilities | 1,940,089 | 1,183,170 |
| Increase in Liability for Employee Future Benefits | 18,400 | 73,400 |
| Decrease in Deferred Revenue | (343,616) | (9,375,864) |
| Decrease (Increase) in Inventory of Supplies for Consumption | (1,194) | 37,195 |
| Decrease (Increase) in Prepaid Expenses | 11,758 | (38,518) |
| Total Net Change in Non-Cash Operating Activities | (604,828) | (12,978,204) |

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

1. AUTHORITY AND PURPOSE

The School Division operates under the authority of The Education Act, 1995 of Saskatchewan as a corporation under the name of “The Board of Education of the Northern Lights School Division No.113” and operates as “the Northern Lights School Division No. 113”. The School Division provides education services to residents within its geographic region and is governed by an elected board of trustees.

The School Division is funded mainly by grants from the Government of Saskatchewan and a levy on the property assessment included in the School Division’s boundaries at mill rates determined by the provincial government. The School Division is exempt from income tax and is a registered charity under The Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards for other government organizations as established by the Public Sector Accounting Board (PSAB) and as published by the Canadian Institute of Chartered Accountants (CICA).

Significant aspects of the accounting policies adopted by the school division are as follows:

a) Adoption of New Public Sector Accounting (PSA) Standards

In 2013, the school division adopted the new PSA standards PS1201 Financial Statement Presentation, PS2601 Foreign Currency Translation, PS3041 Portfolio Investments, PS3410 Government Transfers and PS3450 Financial Instruments.

Detailed information on the impact of the adoption of these new PSA standards is provided in Note 17 Accounting Changes.

b) Reporting Entity

The financial statements include all of the assets, liabilities, revenues and expenses of the School Division reporting entity.

c) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

d) Measurement Uncertainty and the Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year.

Measurement uncertainty that may be material to these financial statements exists for:

- the liability for employee future benefits of \$ 927,200 (2012 - \$ 908,800) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 6,626,544 (2012 - \$ 7,379,003) because final tax assessments may differ from initial estimates,
- Uncollectible taxes of \$7,826,127 (2012 - \$ 7,826,126) because actual collectability may differ from initial estimates.
- useful lives of capital assets and related amortization for buildings, vehicles and equipment because these assets may become obsolete prior to the end of their estimated useful lives.
- prior years tangible capital asset historical costs and related amortization for buildings, vehicles and equipment because these assets may become obsolete prior to the end of their estimated useful lives.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require a material change in the amounts recognized or disclosed.

e) Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity. A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The school division recognizes a financial instrument when it becomes a party to a financial instrument. The financial assets and financial liabilities portray these rights and obligations in financial statements. Financial instruments of the school division include cash, accounts receivable, portfolio investments, accounts payable and accrued liabilities.

Financial instruments are assigned to one of two measurement categories: fair value, or cost or amortized cost.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

i) Fair Value

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities, and non-monetary items included in the fair value measurement category denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the financial statement date.

ii) Cost or Amortized Cost

All other financial assets and financial liabilities are measured at cost or amortized cost. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Impairment losses such as write-downs or write-offs are reported in the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

f) Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Valuation allowances are used where considered necessary to reduce the amounts reported for financial assets to their net realizable value.

Cash and Cash Equivalents consist of cash and bank deposits held for the purpose of meeting short-term operating cash commitments rather than for investing purposes.

Accounts Receivable includes taxes receivable, provincial grants receivable and other receivables. Taxes receivable represent education property taxes assessed or estimated owing to the end of the fiscal period but not yet received. The allowance for uncollected taxes is a valuation allowance used to reduce the amount reported for taxes receivable to the estimated net recoverable amount. The allowance represents management's estimate of the amount of taxes that will not be collected taking into consideration prior years' tax collections and information provided by municipalities regarding collectability of outstanding balances. Provincial grants receivable represent operating, capital and other grants earned but not received at the end of the fiscal year, provided reasonable estimates of the amounts can be made. Grants are earned when the events giving rise to the grant have occurred, the grant is authorized, and any eligibility criteria have been met. Other receivables are recorded at cost less valuation allowances. These allowances are recorded where collectability is considered doubtful.

Inventories for Sale consist of clothing items which are held for sale in the ordinary course of operations and are valued at the lower of cost and net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

Portfolio Investments consist of the Northwest Credit Union and equity at the North of 53 Co-op. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (e).

g) Non Financial Assets

Non-financial assets are assets held for consumption in the provision of services. These assets do not normally provide resources to discharge the liabilities of the School Division unless they are sold.

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the School Division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets include land, buildings, school buses, other vehicles, furniture and equipment, computer hardware and software, audio visual equipment and assets under construction. Tangible capital assets are recorded at cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. The School Division does not capitalize interest incurred while a tangible capital asset is under construction.

The cost of depreciable tangible capital assets, net of any residual value, is amortized on a straight line basis over their estimated useful lives as follows:

| | |
|--|----------|
| Land improvements (pavement, fencing, lighting, etc.) | 20 years |
| Buildings | 50 years |
| Buildings – short-term (portables, storage sheds, outbuildings, garages) | 20 years |
| School buses | 12 years |
| Other vehicles – passenger | 5 years |
| Other vehicles – heavy (graders, 1 ton truck, etc.) | 10 years |
| Furniture and equipment | 10 years |
| Computer hardware and audio visual equipment | 5 years |
| Computer software | 5 years |

Assets that have a historical or cultural significance, such as works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with these properties cannot be made.

Inventory of Supplies for Consumption consists of supplies held for consumption by the School Division in the course of normal operations and are recorded at the lower of cost and replacement cost.

Prepaid Expenses are prepaid amounts for goods or services including insurance, property taxes (Division owned housing), room and board expenditures, and SSBA fees which will provide economic benefits in one or more future periods.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

h) Liabilities

Liabilities are present obligations arising from transactions and events occurring prior to year-end, which will be satisfied in the future through the use of assets or another form of economic settlement.

Short Term Borrowings and Bank Indebtedness are comprised of Bank indebtedness with initial maturities of one year or less and are incurred for the purpose of financing current expenditures in accordance with the provisions of *The Education Act, 1995*.

Accounts Payable and Accrued Liabilities include accounts payable and accrued liabilities owing to third parties and employees for work performed, goods supplied and services rendered, but not yet paid, at the end of the fiscal period. Amounts are payable within one year.

Liability for Employee Future Benefits represent post-employment and compensated absence benefits that accrue to the School Division's employees. The cost of these benefits is recorded as the benefits are earned by employees. The liability relating to these benefits is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected discount rate, inflation, salary escalation, termination and retirement rates and mortality. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups. Actuarial valuations are performed periodically. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year.

Recognition of employee future benefits obligations commenced on September 1, 2008. The School Division recorded the full value of the obligation related to these benefits for employees' past service at this time.

Deferred revenue:

Deferred revenue from non-government sources represents fees or payments for services received in advance of the fee being earned or the services being performed, and other contributions for which the contributor has placed restrictions on the use of the resources. Revenue from tuition and related fees is recognized as the course is delivered, revenue from contractual services is recognized as the services are delivered, and revenue from other contributions is recognized in the fiscal year in which the resources are used for the purpose specified by the contributor.

i) Employee Pension Plans

Employees of the School Division participate in the following pension plans:

Multi-Employer Defined Benefit Plans

The School Division's employees participate in one of the following multi-employer defined benefit plans:

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

i) Employee Pension Plans (continued)

- i) Teachers participate in the retirement plan of the Saskatchewan Teachers' Retirement Plan (STRP) or Saskatchewan Teachers' Superannuation Plan (STSP). The School Division's obligation for these plans is limited to collecting and remitting contributions of the employees at rates determined by the plans.
- ii) Other employees participate in the Municipal Employees' Pension Plan (MEPP). In accordance with PSAB, the plan is accounted for as a defined contribution plan whereby the School Division's contributions are expensed when due.

j) Revenue Recognition

Revenues are recorded on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted revenues are amounts received pursuant to legislation, regulation or agreements with external parties that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. Restricted revenues are initially recorded as deferred revenue and subsequently recognized as revenue in the fiscal year the related expenses are incurred or services are performed.

The school division's sources of revenues include the following:

i) Government Transfers (Grants):

Grants from governments are considered to be government transfers. In accordance with the new PS3410 standard, government transfers are recognized as revenues when the transfer is authorized, all eligibility criteria have been met, the amount can be estimated and collection is reasonably assured except when, and to the extent, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Eligibility criteria are criteria that the school division has to meet in order to receive the transfer. Stipulations describe how the school division must use the transfer or the actions it must perform in order to keep the transfer.

Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the stipulations give rise to a liability. Restricted transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations, revenue is recognized in the statement of operations as the stipulation liabilities are settled.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

j) Revenue Recognition (continued)

ii) Property taxation:

Property tax is levied and collected on a calendar year basis. Uniform education property tax mill rates are set by the Government of Saskatchewan. Tax revenues are recognized on the basis of time with 1/12th of estimated total tax revenue recorded in each month of the school division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the school division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the school division. The final annual taxation amounts are reported to the division by each municipality following the conclusion of each calendar taxation year, and any difference between final amounts and the school division's estimates is recorded as an adjustment to revenue in the next fiscal year.

iii) Fees and Services

Revenues from tuition fees and other fees and services are recognized in the year they are earned. Amounts that are restricted pursuant to legislation, regulation or agreements with external parties that may only be used in the conduct of certain programs or in the delivery of specific services and transactions are initially recorded as deferred revenue and subsequently recognized as revenue in the fiscal year the related expenses are incurred or services are performed.

iv) Interest Income

Interest is recognized on an accrual basis when it is earned.

v) Other (Non-Government Transfer) Contributions

Unrestricted contributions are recognized as revenue in the year received or in the year the funds are committed to the school division if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are contributions for which the contributor has placed restrictions on the use of the resources. Externally restricted contributions that are to be held in perpetuity are recognized as revenue in the year in which they are received or committed if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions that are not held in perpetuity are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. In-kind contributions are recorded at their fair value when they are received.

k) Statement of Remeasurement Gain and Losses

The school division has not presented a Statement of Remeasurement Gains or Losses because it does not have financial instruments that give rise to remeasurement gains or losses.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

3. SHORT TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$5,000,000 that bears interest at bank prime minus 0.75%. This line of credit is authorized by a borrowing resolution by the board of education and the approval of the Minister of Education. This line of credit was approved by the Minister of Education on February 16, 2011. The balance drawn on the line of credit at August 31, 2013 was \$NIL (2012 \$NIL).

4. PORTFOLIO INVESTMENTS

Portfolio Investments are comprised of the following:

| | 2013 | 2012 |
|--|-----------------|---------------------|
| Portfolio investments in the cost and amortized cost category: | <u>Cost</u> | <u>Cost</u> |
| Term deposits | \$ - | \$ 5,000,000 |
| Co-op equity account | 3,067 | 250 |
| Credit Union equity account | 1,000 | 1,000 |
| Total portfolio investments reported at cost and amortized cost | 4,067 | 5,001,250 |
| Total portfolio investments | \$ 4,067 | \$ 5,001,250 |

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

| Function | Salaries & Benefits | Goods & Services | Amortization of TCA | 2013 Budget | 2013 Actual | 2012 Actual |
|--------------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| Governance | \$ 317,631 | \$ 576,434 | \$ - | \$ 919,200 | \$ 894,065 | \$ 792,088 |
| Administration | 1,395,788 | 501,201 | 123,601 | 2,165,963 | 2,020,590 | 1,971,018 |
| Instruction | 37,157,720 | 5,470,254 | 886,660 | 41,848,154 | 43,514,634 | 41,079,604 |
| Plant | 3,949,831 | 3,777,924 | 2,410,349 | 9,689,569 | 10,138,104 | 9,363,756 |
| Transportation | 7,412 | 2,499,355 | 170,543 | 2,802,430 | 2,677,310 | 2,562,220 |
| Tuition and Related Fees | - | 3,240,802 | - | 2,630,000 | 3,240,802 | 2,934,287 |
| School Generated Funds | - | 911,551 | - | 780,300 | 911,551 | 855,602 |
| Complementary Services | 2,692,400 | 1,391,908 | - | 3,779,485 | 4,084,308 | 4,645,431 |
| External Services | 1,392,976 | 549,379 | 376,313 | 2,300,456 | 2,318,668 | 2,245,263 |
| Other | - | 14,693 | - | 5,700 | 14,693 | 116,556 |
| TOTAL | \$ 46,913,758 | \$ 18,933,501 | \$ 3,967,466 | \$ 66,921,257 | \$ 69,814,725 | \$ 66,565,825 |

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

6. EMPLOYEE FUTURE BENEFITS

The School Division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include accumulating non-vested sick leave and retirement allowance/gratuity. These benefits generally accumulate with employee service and benefit amounts are determined with reference to an employees' final earnings at the time they are paid out. Significant assumptions include discount rate, inflation and salary scale. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service and is recorded as Liability for Employee Future Benefits in the Statement of Financial Position.

Details of the employee future benefits are as follows:

| Actuarial valuation date | August 31, 2013 | August 31, 2012 |
|---|-----------------|-----------------|
| Long-term assumptions used: | | |
| Discount rate (percentage) | 3.5% per annum | 2.7% per annum |
| Inflation and productivity | 3.25% per annum | 3.25% per annum |
| Expected average remaining service life (years) | 14 | 14 |

| Liability for Employee Future Benefits | 2013 | 2012 |
|--|--------------|------------|
| Accrued Benefit Obligation - beginning of year | \$ 1,033,200 | \$ 902,200 |
| Current service cost | 108,000 | 85,500 |
| Interest cost | 29,100 | 32,700 |
| Benefit payments | (128,400) | (50,000) |
| Actuarial gains / losses | (89,300) | 62,800 |
| Accrued Benefit Obligation - end of year | 952,600 | 1,033,200 |
| Unamortized Net Actuarial Gains / Losses | (25,400) | (124,400) |
| Liability for Employee Future Benefits | \$ 927,200 | \$ 908,800 |

| Employee Future Benefits Expense | 2013 | 2012 |
|---|------------|------------|
| Current period benefit cost | \$ 108,000 | \$ 85,500 |
| Amortization of net actuarial gain / loss | 9,700 | 5,200 |
| Benefit cost | 117,700 | 90,700 |
| Interest cost on unfunded employee future benefits obligation | 29,100 | 32,700 |
| Total Employee Future Benefits Expense | \$ 146,800 | \$ 123,400 |

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

7. PENSION PLANS

Multi-Employer Defined Benefit Plans

Information on the multi-employer pension plans to which the School Division contributes is as follows:

- i) Saskatchewan Teachers' Retirement Plan (STRP) or Saskatchewan Teachers' Superannuation Plan (STSP):

The STRP and STSP provide retirement benefits based on length of service and pensionable earnings.

The STRP and STSP are funded by contributions by the participating employee members and the Government of Saskatchewan. The School Division's obligation to the STRP and STSP is limited to collecting and remitting contributions of the employees at rates determined by the plans. Accordingly, these financial statements do not include any expense for employer contributions to these plans. Net pension assets or liabilities for these plans are not reflected in these financial statements as ultimate responsibility for retirement benefits rests with the Saskatchewan Teachers' Federation for the STRP and with the Government of Saskatchewan for the STSP.

Details of the contributions to these plans for the School Division's employees are as follows:

| | 2013 | | | 2012 |
|---|-------------|----------|-------------|-------------|
| | STRP | STSP | TOTAL | TOTAL |
| Number of active School Division members | 338 | 11 | 349 | 364 |
| Member contribution rate (percentage of salary) | 7.8% | 6.05% | 6.05 – 7.8% | 7%-7.2% |
| Member contributions for the year | \$2,291,161 | \$67,660 | \$2,358,821 | \$2,268,144 |

- ii) Municipal Employees' Pension Plan (MEPP)

The MEPP provides retirement benefits based on length of service and pensionable earnings. The MEPP is funded by employer and employee contributions at rates set by the Municipal Employees' Pension Commission.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. Any actuarially determined deficiency is the responsibility of the participating employers and employees which could affect future contribution rates and / or benefits.

The contributions to the MEPP by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. As a result, individual employers are not able to identify their share of the underlying assets and liabilities, and the net pension assets or liabilities for this plan are not recognized in these financial statements. In accordance with PSAB requirements, the plan is accounted for as a defined contribution plan whereby the School Division's contributions are expensed when due.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

7. PENSION PLANS (continued)

Details of the MEPP are as follows:

| | 2013 | 2012 |
|--|----------------------|----------------------|
| Number of active School Division members | 340 | 320 |
| Member contribution rate (percentage of salary) | 8.15% | 7.4% |
| School Division contribution rate (percentage of salary) | 8.15% | 7.4% |
| Member contributions for the year | \$1,021,894 | \$899,082 |
| School Division contributions for the year | \$1,021,894 | \$899,082 |
| Total Contributions for the Year | \$2,043,788 | \$1,798,164 |
| Actuarial valuation date | December 31, 2012 | February 19, 2012 |
| Plan Assets (in thousands) | \$1,458,227 | \$ 1,395,109 |
| Plan Liabilities (in thousands) | \$1,420,319 | \$ 1,627,865 |
| Plan Surplus (Deficit) | \$158,217 | \$ (232,756) |

8. ACCOUNTS RECEIVABLE

All accounts receivable presented on the Statement of Financial Position are net of any valuation allowances for doubtful accounts. Details of account receivable balances and allowances are as follows:

| | 2013 | | | 2012 | | |
|----------------------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|
| | Total | Valuation | Net of | Total | Valuation | Net of |
| | Receivable | Allowance | Allowance | Receivable | Allowance | Allowance |
| Taxes Receivable | \$11,979,202 | \$7,826,127 | \$4,153,075 | \$12,341,809 | \$7,826,126 | \$4,515,683 |
| Provincial Grants Receivable | 7,241,218 | - | 7,241,218 | 5,139,562 | - | 5,139,562 |
| Other Receivables | 3,359,112 | - | 3,359,112 | 2,869,789 | - | 2,869,789 |
| Total Accounts Receivable | \$22,579,532 | \$7,826,127 | \$14,753,405 | \$20,351,160 | \$7,826,126 | \$12,525,034 |

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

| | 2013 | 2012 |
|---|---------------------|---------------------|
| Accrued Salaries and Benefits | \$ 54,367 | \$ 58,832 |
| Supplier Payments | 6,181,211 | 4,393,115 |
| <i>Other (Tuition to First Nations)</i> | 772,886 | 616,428 |
| Total Accounts Payable and Accrued Liabilities | \$ 7,008,464 | \$ 5,068,375 |

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

10. DEFERRED REVENUE

Details of deferred revenues are as follows:

| | Balance as at Aug. 31, 2012 | Additions during the Year | Revenue recognized in the Year | Balance as at Aug. 31, 2013 |
|--|-----------------------------------|---------------------------------|--------------------------------------|-----------------------------------|
| Capital projects: | | | | |
| Federal capital tuition | \$ 159,307 | \$ 127,498 | \$ - | \$ 286,805 |
| Ministry of Education capital transfers | 125,190 | 94,656 | 219,846 | - |
| Total capital projects deferred revenue | 284,497 | 222,154 | 219,846 | 286,805 |
| Other deferred revenue: | | | | |
| Assessment for Learning | 178,108 | 555,200 | 733,308 | - |
| Learning Opportunities Grant | 71,177 | 100,000 | 171,177 | - |
| Public Libraries | 9,904 | 31,169 | 41,073 | - |
| Third Party Grants | 100,235 | 457,362 | 544,097 | 13,500 |
| Churchill High School Cameco Grant | 100,000 | - | - | 100,000 |
| Total other deferred revenue | 459,424 | 1,143,731 | 1,489,655 | 113,500 |
| Total Deferred Revenue | \$ 743,921 | \$ 1,365,885 | \$ 1,709,501 | \$ 400,305 |

11. COMPLEMENTARY SERVICES

Complementary services represent those services and programs where the primary purpose is other than K-12 learning/learning support, but which have the specific objective of enhancing the school division's ability to successfully deliver its K-12 curriculum/learning programs.

Following is a summary of the revenue and expenses of the Complementary Services programs operated by the school division in 2013:

| Summary of Complementary Services Revenues and Expenses, by Program | Pre-K Programs | Community Schools Program | Northern Recreation Program | Other Programs | 2013 | 2012 |
|---|--------------------|---------------------------|-----------------------------|---------------------|---------------------|-----------------------|
| Revenue: | | | | | | |
| Operating Grants | \$ 820,027 | \$ 1,621,038 | \$ 458,850 | \$ 379,698 | \$ 3,279,613 | \$ 3,105,805 |
| Fees and Other Revenue | - | - | - | 485,166 | 485,166 | 510,426 |
| Total Revenue | 820,027 | 1,621,038 | 458,850 | 864,864 | 3,764,779 | 3,616,231 |
| Expenses: | | | | | | |
| Salaries & Benefits | 876,313 | 843,663 | 484,746 | 487,678 | 2,692,400 | 2,746,282 |
| Instructional Aids | 2,118 | 328,164 | 44,133 | 278,951 | 653,366 | 676,472 |
| Supplies and Services | - | 8,854 | - | 123,379 | 132,233 | 426,417 |
| Non-Capital Equipment | - | 6,130 | - | - | 6,130 | - |
| Communications | - | - | - | - | - | 2,095 |
| Travel | 4,866 | 19,969 | - | 38,023 | 62,858 | 75,937 |
| Professional Development (Non-Salary Costs) | - | 21,635 | 19,894 | 27,119 | 68,648 | 88,953 |
| Student Related Expenses | - | 175,626 | 5,022 | 269,633 | 450,281 | 597,111 |
| Contracted Transportation & Allowances | - | 18,392 | - | - | 18,392 | 32,164 |
| Total Expenses | 883,297 | 1,422,433 | 553,795 | 1,224,783 | 4,084,308 | 4,645,431 |
| Excess (Deficiency) of Revenue over Expenses | \$ (63,270) | \$ 198,605 | \$ (94,945) | \$ (359,919) | \$ (319,529) | \$ (1,029,200) |

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

11. COMPLEMENTARY SERVICES (continued)

The purpose and nature of each Complementary Services program is as follows:

Pre-K Program

The Pre-Kindergarten program is a developmentally appropriate early childhood education program for three and four-year-old children. All schools in the Northern Lights School Division have Pre-K programs. Nine of these sites are Ministry designated and funded while the rest are supported by the school division. Seven of the designated programs are partnership agreements with the federally funded Aboriginal Head start.

Community Schools Program

Community Schools Program is designed to engage the community in the education process for their students. The four pillars of the community schools program, Learning Support, Community Involvement, Community Partnerships and Integrated Services.

Northern Recreation Program

The purpose of the Northern Recreation Program is to enhance the quality of life for northerners through the provision of community based sport, culture and recreation programs after school, in the evenings, on weekends and at community and school special events.

12. EXTERNAL SERVICES

External services represent those services and programs that are outside of the school division's learning/learning support and complementary programs. These services have no direct link to the delivery of the school division's K-12 programs nor do they directly enhance the school division's ability to deliver its K-12 programs.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

12. EXTERNAL SERVICES (continued)

Following is a summary of the revenue and expenses of the External Services programs operated by the school division in 2013:

| Summary of External Services Revenues and Expenses, by Program | Residences | Other Programs | 2013 | 2012 |
|--|-----------------------|------------------|---------------------|---------------------|
| Revenue: | | | | |
| Operating Grants | \$ - | \$ 10,065 | \$ 10,065 | \$ - |
| Fees and Other Revenue | - | 772,726 | 772,726 | 778,474 |
| Sales and Rentals | 578,779 | - | 578,779 | 543,835 |
| Total Revenue | 578,779 | 782,791 | 1,361,570 | 1,322,309 |
| Expenses: | | | | |
| Salaries & Benefits | 715,705 | 677,269 | 1,392,974 | 1,259,244 |
| Instructional Aids | - | - | - | 6,540 |
| Supplies and Services | - | 5,879 | 5,879 | 7,607 |
| Building Operating Expenses | 429,266 | 18,300 | 447,566 | 560,446 |
| Travel | 80,975 | 6,716 | 87,691 | 73,671 |
| Professional Development | 3,834 | - | 3,834 | 456 |
| Student Related Expenses | - | 4,410 | 4,410 | - |
| Amortization of Tangible Capital Assets | 376,314 | - | 376,314 | 337,299 |
| Contracted Transportation & Allowances | - | - | - | - |
| Total Expenses | 1,606,094 | 712,574 | 2,318,668 | 2,245,263 |
| Excess (Deficiency) of Revenue over Expenses | \$ (1,027,315) | \$ 70,217 | \$ (957,098) | \$ (922,954) |

The purpose and nature of each External Services program is as follows:

Residences

Northern Lights School Division provides teachers with lodging in communities where no housing market exists. The rental rates charged to teachers are determined by the local collective bargaining agreement.

Other Programs

The majority of revenue and expenditures reflected in this category are directly related to salary and benefit costs administered by the school division on behalf of the NORTEP post-secondary program. The remainder of other programs is comprised of third party grants related to work experience and mentoring programs

13. ACCUMULATED SURPLUS

Accumulated Surplus represents the financial assets and non-financial assets of the school division less liabilities. This represents the accumulated balance of net surplus arising from the operations of the school division including school generated funds, and accumulated net remeasurement gains and losses.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

13. ACCUMULATED SURPLUS (continued)

Accumulated surplus is comprised of the following two amounts:

- i) Accumulated surplus (deficit) from operations, which represents the accumulated balance of net surplus arising from the operations of the school division and school generated funds as detailed in the table below; and
- ii) Accumulated remeasurement gains and losses, which represents the unrealized gains and losses associated with foreign exchange and changes in value for financial instruments recorded at fair value.

Certain amounts of the accumulated surplus from operations, as approved by the board of education, have been designated for specific future purposes. These internally restricted amounts are included in the accumulated surplus from operations presented in the Statement of Financial Position. The school division does maintain separate bank accounts for the internally restricted amounts.

Details of accumulated surplus are as follows:

| | August 31 2012 | Additions during the year | Reductions during the year | August 31 2013 |
|---|----------------------|---------------------------------|----------------------------------|----------------------|
| Invested in Tangible Capital Assets: | | | | |
| Net Book Value of Tangible Capital Assets | \$ 82,535,009 | \$ 7,302,648 | \$ - | \$ 89,837,657 |
| | 82,535,009 | 7,302,648 | - | 89,837,657 |
| S.286 pre-April 2009 capital reserves from prior years' operating surpluses (1) | 742,918 | | (742,918) | - |
| PMR Maintenance Project Allocations (2) | - | 383,551 | - | 383,551 |
| Internally Restricted Surplus: | | | | |
| Capital projects: | | | | |
| Designated for tangible capital asset expenditures | 7,403,527 | - | (3,729,771) | 3,673,756 |
| Other: | | | | |
| Learning opportunities grant | - | 87,514 | - | 87,514 |
| Third party grants | - | 133,354 | - | 133,354 |
| Educational Initiatives | 1,160,862 | - | (1,160,862) | - |
| School budget carryovers | 300,000 | - | (300,000) | - |
| Other | 250,000 | - | (250,000) | - |
| | 9,114,389 | 220,868 | (5,440,633) | 3,894,624 |
| Unrestricted Surplus | 2,631,810 | 2,507,413 | - | 5,139,223 |
| Total Accumulated Surplus | \$ 95,024,126 | \$ 10,414,480 | \$ (6,183,551) | \$ 99,255,055 |

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

13. ACCUMULATED SURPLUS (continued)

- (1) **S.286 pre-April 2009 Capital Reserves** represent capital reserves that were created by pre-April 2009 board of education motions that designated certain prior years' operating surpluses to be set aside for the purpose of future capital expenditures. Pursuant to S.286 of *The Education Act, 1995*, the school division is required to hold these reserves as a special fund for the purpose of constructing or acquiring any capital works that may be approved by the minister.
- (2) **PMR Maintenance Project Allocations** represent transfers received from the Ministry of Education as funding support for maintenance projects on the school division's approved 3 year capital maintenance plans. Unspent funds at the end of a fiscal year are designated for future approved capital plan maintenance project expenditures.

The purpose and nature of each Internally Restricted Surplus amount is as follows:

Designated for tangible capital asset expenditures

Funds in this reserve will be used to cover the Division's cost of future capital projects

Educational Initiatives

Funds in this reserve are set aside for future targeted educational initiatives

Learning Opportunities Grant

Restricted grant from Provincial Government to enhance opportunities for students

School Budget Carryovers

Funds in this reserve will be used to fund school based decentralized budgets

Third party Grants

Various restricted grants from third parties

Other

Funds in this reserve will be used to fund other initiatives as they arise

14. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 23, 2012 and the Minister of Education on August 10, 2012.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

15. RELATED PARTIES

These financial statements include transactions with related parties. The School Division is related to all Government of Saskatchewan ministries, agencies, boards, school divisions, health authorities, colleges and crown corporations under the common control of the Government of Saskatchewan. The school division is also related to non-Crown enterprises that the Government jointly controls or significantly influences. In addition, the school division is related to other non-Government organizations by virtue of its economic interest in these organizations.

Related Party Transactions:

Transactions with these related parties are in the normal course of operations. Amounts due to or from and the recorded amounts of transactions resulting from these transactions are included in the financial statements and the table below. They are recorded at exchange amounts which approximate prevailing market rates charged by those organizations and are settled on normal trade terms.

| | 2013 | 2012 |
|---|----------------------|----------------------|
| Revenues: | | |
| Ministry of Education | \$ 57,934,574 | \$ 61,191,476 |
| Northern Teachers Education Program (NORTEP) | 565,893 | 569,158 |
| Kids First North | 185,306 | 167,382 |
| | \$ 58,685,773 | \$ 61,928,016 |
| Expenses: | | |
| Northern Teachers Education Program (NORTEP) | \$ 565,893 | \$ 569,158 |
| Saskatchewan Property Management Corporation (SPMC) | 292,995 | 283,015 |
| Sask Power | 847,748 | 807,613 |
| Sask Tel | 171,338 | 417,460 |
| Saskatchewan Government Insurance (SGI) | 36,061 | 27,019 |
| Northlands College | 3,024 | 2,183 |
| | \$ 1,917,059 | \$ 2,106,448 |
| Accounts Receivable: | | |
| Kids First North | \$ 357,129 | \$ 277,326 |
| Ministry of Education | \$ 7,241,218 | \$ 5,139,562 |
| Northern Teachers Education Program (NORTEP) | 37,344 | 78,277 |
| | \$ 7,635,691 | \$ 5,495,165 |
| Accounts Payable and Accrued Liabilities: | | |
| Saskatchewan Property Management Corporation (SPMC) | \$ 17,218 | \$ 71,758 |
| Sask Power | 79,675 | 70,574 |
| Sask Tel | - | 1,440 |
| | \$ 96,893 | \$ 143,772 |

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

16. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Significant contractual obligations and commitments of the school division are as follows:

- Construction and renovation of the Churchill Community High School began in the 2010-2011 fiscal year, with the construction phase of the project expected to be completed in the 2013-2014 fiscal year. Costs for the completed project are estimated to total \$34,191,180 with Ministry funding anticipated at \$26,637,234 and the
- Operating lease obligations, as follows:

| Operating Leases: | | |
|-----------------------------------|---------------------------------|----------------------------|
| | Copier Leases | Total Operating |
| Future minimum lease payments: | | |
| 2014 | 183,500 | 183,500 |
| 2015 | 183,500 | 183,500 |
| Total | 367,000 | 367,000 |
| Contractual Obligations: | | |
| | Conveyance Contracts | Total Contracts |
| Future minimum contract payments: | | |
| 2014 | 2,206,671 | 2,206,671 |
| 2015 | 2,172,077 | 2,172,077 |
| 2016 | 2,011,445 | 2,011,445 |
| 2017 | 1,774,990 | 1,774,990 |
| 2018 | 1,498,242 | 1,498,242 |
| Total | 9,663,425 | 9,663,425 |

17. ACCOUNTING CHANGES

The school division adopted the following new/revised Public Sector Accounting (PSA) Standards in 2013:

PS1201 Financial Statement Presentation

The school division adopted the new PS1201 Financial Statement Presentation standard in 2013. PS1201 establishes general reporting principles and standards for the disclosure of information in financial statements, and introduces a new Statement of Remeasurement Gains and Losses which reports unrealized gains and losses associated with foreign exchange and changes in value for financial instruments recorded at fair value, and accounts for amounts reclassified to the statement of operations upon derecognition or settlement. This standard is applicable to the fiscal year in which the new PS2601 Foreign Currency Translation and PS3450 Financial Instruments standards are adopted.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

17. ACCOUNTING CHANGES (continued)

These standards are adopted on a prospective basis, without restatement of prior period comparative amounts and accordingly, no 2012 comparatives have been provided in the new Statement of Remeasurement Gains and Losses. Implementation of PS1201, PS2601 and PS3450 required the school division to remeasure its financial instruments at September 1, 2012 and to recognize the accumulated remeasurement gains and losses in the opening balance in the Statement of Remeasurment Gains and Losses.

The adoption of the new PS1201 standard has not impacted the school division's financial statements as the school division had no remeasurement gains or losses to report in 2013.

PS2601 Foreign Currency Translation

The school division adopted the revised PS2601 Foreign Currency Translation standard in 2013. This revised standard establishes standards on how to account for and report transactions that are denominated in a foreign currency, and replaces the previous PS2600 Foreign Currency Translation. The revised PS2601 standard must be implemented in the same fiscal year as the new PS3450 Financial Instruments standard is adopted, and is adopted on a prospective basis, without restatement of prior period comparative amounts.

Accordingly, the 2012 comparative amounts were not restated and have been presented in these financial statements in accordance with the accounting policies applied by the school division immediately preceding its adoption of the revised standard.

The adoption of the revised PS2601 standard has not resulted in any changes to the measurement and recognition of foreign currency transactions or balances by the school division.

PS3041 Portfolio Investments

The school division adopted the new PS3041 Portfolio Investments standard in 2013. This new standard establishes standards on how to account for and report portfolio investment, and replaces the previous PS3030 Temporary Investments and PS3040 Portfolio Investments standards and is applicable to the fiscal year in which the PS2601 Foreign Currency Translation and PS3450 Financial Instruments standards are adopted. The PS3041 standard refers to PS3450 for recognition and measurement of investments and is adopted on a prospective basis, without restatement of prior period comparative amounts. Accordingly, the 2012 comparative amounts were not restated and have been presented in these financial statements in accordance with the accounting policies applied by the school division immediately preceding its adoption of the revised standard.

Previously, the school division classified investments as either Short-Term Investments or Long-Term Investments, depending on the purpose and maturity of the investment. Short-Term Investments were recorded at the lower of cost or market; Long-Term Investments were carried at amortized cost, with write-downs to reflect any permanent impairment in value. The adoption of the new PS3041 standard has not resulted in any changes to the measurement and recognition of portfolio investments by the school division.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

17. ACCOUNTING CHANGES (continued)

PS3450 Financial Instruments

The school division adopted the new PS3450 Financial Instruments standard in 2013. This new standard provides guidance for the recognition, measurement and disclosure of financial instruments. The new PS3450 Financial Instruments standard is adopted on a prospective basis, without restatement of prior period comparative amounts. In accordance with the transition provisions provided in PS3450:

- (a) the recognition, derecognition and measurement policies for financial instruments followed by the school division in financial statements for periods prior to the 2013 are not reversed and, therefore, the financial statements of prior periods, including 2012 comparative amounts, have not been restated.
- (b) at the beginning of the 2012-13 fiscal year, the school division:
 - (i) recognized all financial assets and financial liabilities on its statement of financial position and classified items in accordance with PS3450 standards;
 - (ii) applied the criteria in PS3450 in identifying those financial assets and financial liabilities to be measured at fair value; and
 - (iii) remeasured assets and liabilities as appropriate, and recognized the adjustment to September 1, 2012 amounts as an adjustment to the accumulated remeasurement gains and losses at the beginning of the 2012-13 fiscal year.
- (c) no adjustments to carrying values were made to retroactively expense transaction costs applicable to items in the fair value category.
- (d) the school division established an accounting policy for the identification of embedded derivatives in contracts entered into by it. The school division's policy, and its application, recognizes as separate assets and liabilities those embedded derivatives required to be reported in accordance with provisions of PS3450 on either a retroactive or prospective basis. The adoption of this policy has not impacted the school division's 2013 financial statements as the school division did not have any derivative contracts.

The adoption of the new PS3450 standard has not resulted in any changes to the measurement and recognition of the school division's financial instruments other than additional disclosures which include the school division's risk management practices.

PS3410 Government Transfers

The school division adopted the revised PS3410 Government Transfers standard in 2013. This revised standard establishes standards on how to account for and report government transfers (grants), with the most significant impact to the school division pertaining to the criteria for recognition of revenue for the government transfers it receives. The revised standard allows for either prospective or retroactive implementation. The school division has elected to apply the requirements of the revised standard on a prospective basis. Accordingly, the adoption of this revised standard did not have an impact on the school division's comparative figures but did require additional disclosures in the notes.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

17. ACCOUNTING CHANGES (continued)

Previously, government transfers (grants) that restricted how those resources were to be used were deferred and recognized in revenue as the related expenses or expenditures were incurred. The adoption of the new PS3410 required that the school division assess government transfers (grants) received to determine if they meet the requirement for deferral as a liability, in accordance with the new standard. The impact to the school division resulting from the adoption of the new PS3410 standard is as follows:

Previously, Ministry of Education grants were deferred until spent for the purpose designated in the funding agreement. However under the revised PS3410 standard, these grants do not meet the criteria for deferral as liabilities, and therefore have been recognized as grant revenue in 2013 in the amount of \$ 196,367.

18. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

19. RISK MANAGEMENT

The school division is exposed to financial risks from its financial assets and liabilities. These risks include credit risk, liquidity risk and market risk (consisting of interest rate risk and foreign exchange risk).

i) Credit Risk

Credit risk is the risk to the school division from potential non-payment of accounts receivable. The credit risk related to the school division's receivables from the provincial government, federal government and their agencies are considered to be minimal. For other receivables, the school division has adopted credit policies which include the close monitoring of overdue accounts. The school division has significant exposure to one large customer, past events show these amounts to be collectible. Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect an impairment in collectability.

The aging of accounts receivable at August 31, 2013 and August 31, 2012 was:

| | August 31, 2013 | | August 31, 2012 | |
|--------------|---------------------|--------------------------------|---------------------|--------------------------------|
| | Accounts Receivable | Allowance of Doubtful Accounts | Accounts Receivable | Allowance of Doubtful Accounts |
| Current | \$ 1,099,051 | \$ - | \$ 965,288 | \$ - |
| 30-60 days | 1,484 | - | - | - |
| 60-90 days | 1,017,210 | - | - | - |
| Over 90 days | 1,241,367 | - | 1,904,501 | - |
| Total | \$ 3,359,112 | \$ - | \$ 2,869,789 | \$ - |
| Net | | \$ 3,359,112 | | \$ 2,869,789 |

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

19. RISK MANAGEMENT (Continued)

ii) Liquidity Risk

Liquidity risk is the risk that the school division will not be able to meet its financial obligations as they come due. The school division manages liquidity risk by maintaining adequate cash balances and monitoring the collection of accounts receivable. The following table sets out the contractual maturities of the school division's financial liabilities:

| | August 31, 2013 | | | |
|--|--------------------|-----------------------|--------------|-----------|
| | Within 6 months | 6 months to 1 year | 1 to 5 years | > 5 years |
| Accounts payable and accrued liabilities | 7,008,464 | - | - | - |
| Total | \$ 7,008,464 | \$ - | \$ - | \$ - |

iii) Market Risk

The school division is exposed to market risks with respect to interest rates and foreign currency exchange rates, as follows:

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The school division's interest rate exposure relates to cash and cash equivalents and portfolio investments. The school division also has an authorized bank line of credit of \$ 5,000,000 with interest payable monthly at a rate of prime minus 0.75 %. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was not outstanding balance on this credit facility as of August 31, 2013 (2012 - \$NIL).

The school division minimizes these risks by:

- holding cash in an account at a Canadian bank, denominated in Canadian currency
- investing in GICs and term deposits for short terms at fixed interest rates
- managing cash flows to minimize utilization of its bank line of credit

Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The school division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, this risk is minimal as the school division does not make a significant amount of purchases denominated on a foreign currency. The school division did not have any financial instruments denominated in foreign currency outstanding at August 31, 2013 or August 31, 2012.