Consolidated Financial Statements of

NOVA SCOTIA COMMUNITY COLLEGE

March 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Nova Scotia Community College

We have audited the accompanying consolidated financial statements of Nova Scotia Community College, which comprise the consolidated statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the consolidated statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Nova Scotia Community College as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants
Halifax, Nova Scotia
June 20, 2013

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NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statements of Financial Position
March 31, 2013

	March 31, 2013	March 31, 2012 (Restated - Note 3)	April 1, 2011 (Restated - Note 3)
FINANCIAL ASSETS			
Cash (Note 13)	**$ 60,621,062**	$ 44,556,716	$44,780,480
Accounts receivable (Note 4)	**22,165,099**	16,686,928	15,251,338
Provincial receivable - NSTU future health benefits (Note 13)	**30,488,368**	27,232,986	24,569,220
Inventory for resale	**882,280**	965,283	1,019,478
Investments (Note 15)	**4,671,276**	4,416,583	4,223,927
	118,828,085	93,858,496	89,844,443
LIABILITIES			
Accounts payable and accrued liabilities	**$ 36,943,128**	$ 26,481,953	$27,043,810
Deferred revenue - restricted funding (Note 6)	**11,227,525**	5,296,612	5,609,653
Deferred revenue - Foundation (Note 7)	**6,763,922**	6,231,620	5,725,020
Employee future benefit obligations (Note 13)	**54,173,155**	47,606,520	41,879,364
Accrued obligation for other compensated absences (Note 14)	**1,191,224**	1,287,841	1,287,841
	110,298,954	86,904,546	81,545,688
Net financial assets	**8,529,131**	6,953,950	8,298,755
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 5)	**8,478,197**	10,172,897	9,314,501
Prepaid expenses	**1,742,581**	950,810	587,074
	10,220,778	11,123,707	9,901,575
Accumulated surplus (Note 10)	**$ 18,749,909**	$ 18,077,657	$18,200,330

Commitments (Note 16)

APPROVED BY THE BOARD

. . . . Chair

. . . . President

NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statements of Operations and Accumulated Surplus
Year ended March 31, 2013

	Budget (Unaudited)	2013	2012 (Restated - Note 3)
Revenues			
Labour and Advanced Education - core grant (Note 8)	$ 127,809,000	$ 131,477,382	$ 128,732,767
Labour and Advanced Education - other	15,686,060	17,182,879	15,213,262
Tuition and fees	29,213,245	29,219,729	29,614,398
Contract training and service contracts	6,753,787	5,931,820	7,490,992
Other (Note 9)	13,720,316	20,324,810	20,365,482
Contributions received pertaining to tangible capital assets	-	-	2,009,159
	193,182,408	204,136,620	203,426,060
Expenditures			
Salaries and benefits	142,563,409	141,288,768	140,068,150
Operating supplies and services	27,569,489	33,821,739	36,997,648
Equipment, rentals and other administration	8,489,726	13,171,945	11,551,183
Utilities and maintenance	11,659,784	11,428,388	11,103,943
Amortization of tangible capital assets	2,900,000	3,810,187	3,864,468
	193,182,408	203,521,027	203,585,392
	-	615,593	(159,332)
Revenue from Foundation operations (net)	90,000	56,659	36,659
Annual surplus (deficit)	90,000	672,252	(122,673)
Accumulated surplus, beginning of year	18,077,657	18,077,657	18,200,330
Accumulated surplus, end of year	$ 18,167,657	$ 18,749,909	$ 18,077,657

NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statements of Change in Net Financial Assets
Year ended March 31, 2013

	Budget (Unaudited)	2013	2012 (Restated - Note 3)
Annual surplus (deficit)	$ 90,000	$ 672,252	$ (122,673)
Change in tangible capital assets			
Acquisition of tangible capital assets	(1,000,000)	(2,115,487)	(4,726,213)
Amortization of tangible capital assets	2,900,000	3,810,187	3,864,468
Loss on disposal of tangible capital assets	-	-	3,349
	1,900,000	1,694,700	(858,396)
Net change in prepaid expenses	-	(791,771)	(363,736)
Increase (decrease) in net financial assets	1,990,000	1,575,181	(1,344,805)
Net financial assets, beginning of year	6,953,950	6,953,950	8,298,755
Net financial assets, end of year	$ 8,943,950	$ 8,529,131	$ 6,953,950

NOVA SCOTIA COMMUNITY COLLEGE
Consolidated Statements of Cash Flows
Year ended March 31, 2013

		2013		2012 (Restated - Note 3)
Operating transactions				
Annual surplus (deficit)	**$**	**672,252**	$	(122,673)
Adjustments for:				
Amortization of tangible capital assets		**3,810,187**		3,864,468
Loss on disposal of tangible capital assets		**-**		3,349
Employee future benefit obligations		**6,566,635**		5,727,156
Provincial receivable - NSTU future health benefits		**(3,255,382)**		(2,663,766)
Accrued obligation for other compensated absences		**(96,617)**		-
Changes in non-cash working capital (Note 11)		**10,737,451**		(2,113,429)
		18,434,526		4,695,105
Capital transactions				
Purchase of tangible capital assets		**(2,115,487)**		(4,726,213)
Proceeds on sale of investments		**163,667**		118,850
Purchase of investments		**(326,284)**		(357,338)
Gain on sale of investments		**(17,512)**		(12,888)
Unrealized (gain) loss on investments		**(74,564)**		58,720
		(2,370,180)		(4,918,869)
Net increase (decrease) in cash		**16,064,346**		(223,764)
Cash, beginning of year		**44,556,716**		44,780,480
Cash, end of year	**$**	**60,621,062**	$	44,556,716

1. OVERVIEW OF OPERATIONS

The Nova Scotia Community College (the “College”) was established as a post-secondary public education corporation under the authority of the Community College Act of Nova Scotia effective April 1, 1996.

The College, with thirteen campuses across the Province of Nova Scotia (the “Province”), is responsible for enhancing the economic and social well being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

The College established a Foundation entitled “Nova Scotia Community College Foundation” (the “Foundation”) on May 15, 2001 in the Province of Nova Scotia under the Societies Act. The purpose of the Foundation is to support the Nova Scotia Community College and related activities. Under the Public Sector Accounting Standards “PSAS” which have been adopted for fiscal years ending on or after April 1, 2012, the College and Foundation are now recognized as one entity.

The College has entered into consent agreements with the Province that allows the College to construct facilities on land owned by the Province pursuant to the infrastructure investment by the Province. Costs associated with these projects will be managed by the College and flow through a liability account, which is subsequently reimbursed by the Province. The expenditures are netted against the funds receivable from the Province and have no effect on the Statement of Operations and Accumulated Surplus. Ownership of the construction projects related to the consent agreements remain with the Province and do not transfer to the College.

The College and the Foundation are government not-for-profit organizations and, as such, are exempt from income taxes under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian generally accepted accounting principles for government agencies as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants.

Basis of preparation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all organizations, which are controlled by the College and includes the Foundation. All inter-company accounts and transactions between these organizations are eliminated upon consolidation.

Cash

Cash consists of cash on hand and amounts held by financial institutions, upon which interest is paid at commercial rates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The carrying amounts of the financial assets and liabilities of the College by measurement basis are summarized as follows:

- Cash and cash equivalents are measured at fair value
- Accounts receivable and Provincial receivable – NSTU future health benefits are measured at amortized cost
- Accounts payable and accrued liabilities are measured at amortized cost

The College has determined that it does not have derivatives or embedded derivatives.

Tangible capital assets

Tangible capital assets are recorded at cost and are amortized on a straight-line basis over the following estimated useful life:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	3 to 10 years

Land and buildings that are owned by the Province are not reflected in the assets of the College. Improvements made to these buildings are therefore expensed in the year. Improvements made to buildings with leases in place are capitalized and amortized over their useful life or the term of the lease, whichever is less.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Inventory for resale

Inventory for resale consists of merchandise and supplies held for resale and are valued at the lower of weighted average cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

Revenue recognition

The College derives certain revenues from various funding agencies, which are recorded in the period in which the entitlement arises. Tuition and fees, contract training and service contracts and other income are recorded as earned when collection is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Government and other contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations which have not yet been met.

Government and other contributions with stipulations are initially deferred and recognized as revenue as the related stipulations are met. Stipulations associated with the acquisition of tangible capital assets are considered to be met as the assets are used for their intended purpose.

The Foundation recognizes donations revenue in the period in which the resources are used for the purpose or purposes specified.

Investment income is recorded on an accrual basis. Investments are recorded on a trade-date basis. Realized gains and losses on the disposal of investments are reflected in the statement of operations as incurred. Realized and unrealized gains and losses on restricted investments are reflected in deferred revenue in the Statement of Financial Position until the assets are used for their specific purpose, at which time the gains and losses are reflected in the Statement of Operations and Accumulated Surplus. Realized and unrealized gains and losses are calculated on an average cost basis. All transaction costs associated with acquisition and disposition of investments are expensed to the Statement of Operations and Accumulated Surplus as incurred.

Pension plans

The employees of the College belong to the Nova Scotia Public Service Superannuation Plan or the Nova Scotia Teachers' Union Pension Plan, which are multi-employer joint trustee plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The College accounts for these plans as defined contribution plans. The contributions to the plans are recorded as an expense for the year.

Employee future benefit obligations

The College provides a service award to eligible employees who retire based on a percentage of compensation and years of service. This award is paid to eligible employees in the year of retirement.

The College also pays the cost of life insurance and health care benefits for all retirees or surviving spouses of retirees. The program is funded each year by the payment of the required premiums.

The College accrues its benefit liabilities under the above noted plans as the employees render the services necessary to earn the future benefits. The cost of post-retirement benefits earned by employees is actuarially determined using the projected unit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued obligation for other compensated absences

NSTU employees of the College are entitled to sick-pay benefits which accumulate but do not vest. In accordance with Public Sector Accounting Standards (“PSAS”) for post-employment benefits and compensated absences, the College recognizes the liability in the period in which the employee renders service.

Investments

The fair values of investments are based on their quoted market prices on a recognized exchange. Investments are priced at their current bid prices. Subsequent changes in the fair value of investments are recognized in deferred revenue in the Statement of Financial Position.

Use of estimates

The preparation of financial statements in conformity with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the allowance for doubtful accounts, amortization periods for tangible capital assets, deferred revenue, employee future benefits, and certain accrued liabilities. Actual results could differ from those estimates.

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS

In previous fiscal years, the College classified itself as a Canadian government not-for-profit organization and followed the recommendations of the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook - Part V. In October 2009 the PSAB determined that this category will cease to exist for fiscal years ending on or after January 1, 2012, and Canadian government not-for-profit organization are required to reclassify themselves in accordance with PSAS.

In accordance with Section PS 2125 of the Public Sector Accounting Handbook, *First-Time Adoption for Government Organizations* (“PS 2125”), the date of transition to PSAS is April 1, 2011 and the College has prepared and presented an opening balance sheet as at that date. In its opening balance sheet, in accordance with PS 2125, the College:

(a) recognized all assets and liabilities whose recognition is required by PSAS;
(b) did not recognize items as assets or liabilities if PSAS does not permit such recognition;
(c) reclassified items that it recognized previously as one type of asset, liability or component of equity, but are recognized as a different type of asset, liability or component of equity under PSAS; and
(d) applied PSAS in measuring all recognized assets and liabilities.

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

In accordance with the requirements of PS 2125, the accounting policies set out in note 2 have been consistently applied to all years presented. Adjustments resulting from the adoption of PSAS have been applied retrospectively excluding cases where optional exemptions available under PS 2125 have been applied. As described below, the College has elected to adopt the exemption available under PS 2125 relating to tangible capital asset impairment.

As part of its adoption of PSAS, the College decided to early adopt PS 3410 *Government Transfers* and PS 3450 *Financial Instruments*. As a result of its early adoption of PS 3450 *Financial Instruments*, the College was also required to early adopt PS 2601 *Foreign Currency Translation* and PS 1201 *Financial Statement Presentation*. The accounting policies in accordance with these standards have been set out in Note 2 and have been consistently applied to all years presented. Adjustments resulting from the adoption of these standards have been applied prospectively from the date of transition.

The College has elected to use the following exemptions under PS 2125, First Time Adoption by Government Organizations:

<u>Tangible capital asset impairment</u>

Section PS 3150 indicates the conditions when a write-down of a tangible capital asset should be accounted for. A first-time adopter need not comply with those requirements for write-downs of tangible capital assets that were incurred prior to the date of transition to PSAS. If a first-time adopter uses this exemption, the conditions for a write-down of a tangible capital asset in Section PS 3150 are applied on a prospective basis from the date of transition.

The following tables present the reconciliation of account balances and transactions from the previous reporting framework to PSAS:

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

i) Reconciliation of the April 1, 2011 Statement of Financial Position:

	Footnotes	CICA Accounting Handbook Part V	Adjustments	PSAS
ASSETS				
Cash	(a)	$ 29,904,281	$ 14,876,199	$ 44,780,480
Restricted cash	(a)	14,876,199	(14,876,199)	-
Accounts receivable		15,251,338	-	15,251,338
Inventory for resale		1,019,478	-	1,019,478
Prepaid expenses		587,074	-	587,074
Investments		4,223,927	-	4,223,927
Tangible capital assets		9,314,501	-	9,314,501
Provincial receivable - NSTU future health benefits		24,569,220	-	24,569,220
		99,746,018	-	99,746,018
LIABILITIES				
Accounts payable and accrued liabilities		$ 27,043,810	$ -	$ 27,043,810
Deferred revenue - restricted funding		5,609,653	-	5,609,653
Deferred revenue related to capital assets	(c)	4,234,634	(4,234,634)	-
Deferred revenue - Foundation	(b)	-	5,725,020	5,725,020
Employee future benefit obligations	(e)	46,102,419	(4,223,055)	41,879,364
Accrued obligation for other compensated absences	(d)	-	1,287,841	1,287,841
		82,990,516	(1,444,828)	81,545,688
NET ASSETS				
Invested in capital assets	(f)	5,079,867	(5,079,867)	-
Unrestricted	(f)	1,105,984	(1,105,984)	-
Restricted for Foundation purposes	(a), (b), (f)	5,846,728	(5,846,728)	-
Restricted for College development	(f)	4,722,923	(4,722,923)	-
		16,755,502	(16,755,502)	-
Accumulated surplus	(b), (c), (d), (e), (f)	$ -	$ 18,200,330	$ 18,200,330

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

ii) Reconciliation of the March 31, 2012 Statement of Financial Position:

	Footnotes	CICA Accounting Handbook Part V	Adjustments	PSAS
ASSETS				
Cash	(a)	$ 28,474,035	$16,082,681	$ 44,556,716
Restricted cash	(a)	16,082,681	(16,082,681)	-
Accounts receivable		16,686,928	-	16,686,928
Inventory for resale		965,283	-	965,283
Prepaid expenses		950,810	-	950,810
Investments		4,416,583	-	4,416,583
Tangible capital assets		10,172,897	-	10,172,897
Provincial receivable - NSTU future health benefits		27,232,986	-	27,232,986
		104,982,203	-	104,982,203
LIABILITIES				
Accounts payable and accrued liabilities		$ 26,481,953	$ -	$ 26,481,953
Deferred revenue - restricted funding		5,296,612	-	5,296,612
Deferred revenue related to capital assets	(c)	4,232,197	(4,232,197)	-
Deferred revenue - Foundation	(b)	-	6,231,620	6,231,620
Employee future benefit obligations	(e)	51,052,666	(3,446,146)	47,606,520
Accrued obligation for other compensated absences	(d)	-	1,287,841	1,287,841
		87,063,428	(158,882)	86,904,546
NET ASSETS				
Invested in capital assets	(f)	5,940,700	(5,940,700)	-
Unrestricted	(f)	865,165	(865,165)	-
Restricted for Foundation purposes	(a), (b), (f)	6,389,987	(6,389,987)	-
Restricted for College development	(f)	4,722,923	(4,722,923)	-
		17,918,775	(17,918,775)	-
Accumulated surplus	(b), (c), (d), (e), (f)	$ -	$18,077,657	$18,077,657

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

iii) Reconciliation of the Statement of Operations and Accumulated Surplus for the year ended March 31, 2012:

	Footnotes	CICA Accounting Handbook Part V	Adjustments	PSAS
Revenue				
Labour and Advanced Education				
- Core Grant		$ 128,732,767	$ -	$ 128,732,767
Labour and Advanced Education				
- Other		15,213,262	-	15,213,262
Tuition and fees		29,614,398	-	29,614,398
Contract training and service contracts		7,490,992	-	7,490,992
Other		20,365,482	-	20,365,482
Amortization of deferred revenue				
related to capital assets	(c)	2,011,596	(2,011,596)	-
Contributions received pertaining to				
tangible capital assets	(c)	-	2,009,159	2,009,159
Donations	(b)	961,830	(455,526)	506,304
Investment income	(b)	117,670	(96,906)	20,764
Gain on sale of investments	(b)	12,888	(12,888)	-
Unrealized loss on investments	(b)	(58,720)	58,720	-
		204,462,165	(509,037)	203,953,128
Expenditures				
Salaries and benefits	(e), (d)	139,291,241	776,909	140,068,150
Operating supplies and services		36,997,648	-	36,997,648
Equipment, rentals and other				
administration		11,551,183	-	11,551,183
Utilities and maintenance		11,103,943	-	11,103,943
Amortization of tangible capital assets		3,864,468	-	3,864,468
Scholarships and bursaries		264,123	-	264,123
Projects		190,643	-	190,643
Office		35,643	-	35,643
		203,298,892	776,909	204,075,801
Annual surplus (deficit)		$ 1,163,273	$ (1,285,946)	$ (122,673)

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

Notes to the reconciliation of CICA Accounting Handbook – Part V to PSAS:

a) Reclassification of “restricted cash” to “cash”

PSAS require information about designated assets to be disclosed in the notes, and not on the Statement of Financial Position. Therefore, restricted cash was reclassified to “cash” on the face of the consolidated Statement of Financial Position and note disclosure was made with respect to restricted cash (See Note 13).

b) Revenue recognition – external restrictions

In accordance with PS 3100, *Restricted Assets and Revenues*, externally restricted inflows should be recognized in a government’s financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met should be reported as a liability until the resources are used for the purpose or purposes specified. Accordingly, the net assets and revenues of the endowment fund and restricted fund were adjusted and reclassified as a liability. Unrealized and realized gains and losses on these restricted assets are also required to be recorded as deferred revenue until the assets are used for their specified purpose.

c) Removal of deferred revenue related to capital assets

The policy under CICA Accounting Handbook Part V was for the College to recognize government transfers for capital assets as deferred contributions and recognize this into income at the same rate as the asset is amortized. The College elected to early adopt PS 3410, *Government Transfers*, in the same period that it has chosen to adopt PSAS. The transitional provisions in the standard provide a choice between prospective application and retrospective restatement. The College has chosen to retrospectively restate all transfers related to capital assets since the date of transition to PSAS. The purpose of the government transfers was to purchase tangible capital assets for the College’s continuing operations and there are no other stipulations. As a result, capital related transfers were recognized in accumulated surplus on the date of transition and have been recognized as revenue for the comparative period of March 31, 2012.

d) Accrued obligation for other compensated absences

Under previous accounting, the College was not required to record an obligation for NSTU sick pay as this benefit did not vest. However, under PS 3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*, the College was required to recognize a liability and a cost for NSTU sick pay benefits in the period the employee renders service for such benefits.

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

e) Employee future benefit obligations

The College has elected to retrospectively restate all employee future benefit plans to recognize all cumulative actuarial gains and losses on the statement of financial position and to recognize the appropriate amortization of such gains and losses on the statement of operations.

f) Reclassification of net assets

In accordance with PS 1201, *Financial Statement Presentation*, net assets are required to be presented as the total of accumulated operating surplus. As a result, net assets were reclassified from net assets to accumulated surplus.

4. ACCOUNTS RECEIVABLE

	2013	2012
Organizations	**$ 6,808,443**	$ 4,968,458
Student fees	**1,471,042**	1,761,063
Government funding	**12,565,000**	9,100,000
Foundation	**97,373**	304,077
Harmonized sales tax	**1,881,839**	1,402,388
Allowance for doubtful accounts	**(658,598)**	(849,058)
	$ 22,165,099	$ 16,686,928

5. TANGIBLE CAPITAL ASSETS

	2013			2012
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 544,165**	**$ -**	**$ 544,165**	$ 554,165
Computer equipment	**6,372,922**	**6,141,410**	**231,512**	242,536
Furniture and equipment	**29,140,354**	**23,032,407**	**6,107,947**	7,573,084
Leasehold improvements	**4,708,785**	**3,114,212**	**1,594,573**	1,803,112
	$ 40,766,226	**$ 32,288,029**	**$ 8,478,197**	$ 10,172,897

6. DEFERRED REVENUE – RESTRICTED FUNDING

Deferred revenue represents the unearned portion of amounts received for specific purposes and is summarized as follows:

	2013	2012
Apprenticeship	**$ 790,695**	$ 390,089
Applied research	**209,137**	504,027
Business development	**1,191,754**	546,811
Continuing education	**83,516**	135,080
Cost recovery programs	**851,735**	1,152,225
Disability resources	**1,294,253**	1,234,772
Links programs	**110,000**	86,207
Department of Labour and Advanced Education	**5,524,335**	-
Other	**1,172,100**	1,247,401
	$ 11,227,525	$ 5,296,612

7. DEFERRED REVENUE – FOUNDATION

The Foundation's deferred revenue includes amounts received from donors and funders that relate to scholarships, bursaries, projects and other program expenditures that will occur in the future as well as the net investment income earned on these externally restricted assets and endowment funds.

	Restricted Fund	Endowment Fund	Total
Balance - April 1, 2011	$ 2,569,861	$ 3,155,159	$ 5,725,020
Contributions	717,564	164,450	882,014
Investment income	14,115	82,791	96,906
Unrealized loss on investments	-	(58,720)	(58,720)
Gain on sale of investments	-	12,888	12,888
Revenue recognized	(337,600)	(88,888)	(426,488)
Balance - March 31, 2012	2,963,940	3,267,680	6,231,620
Contributions	**662,743**	**321,653**	**984,396**
Investment income	**(692)**	**98,840**	**98,148**
Unrealized gain on investments	**-**	**74,564**	**74,564**
Gain on sale of investments	**-**	**17,512**	**17,512**
Revenue recognized	**(552,933)**	**(89,385)**	**(642,318)**
Balance - March 31, 2013	**$ 3,073,058**	**$ 3,690,864**	**$ 6,763,922**

7. DEFERRED REVENUE – FOUNDATION (continued)

The Foundation also has internally restricted funds that are subject to internally imposed stipulations specifying the purpose for which they must be used. At March 31, 2013, the Foundation was in compliance with all restrictions applicable to these funds.

8. REVENUE – LABOUR AND ADVANCED EDUCATION – CORE GRANT

	2013	2012
Funding received	**$ 127,809,000**	$ 126,623,000
NSTU- future health benefits contribution (Note 13)	**3,668,382**	3,109,767
Portion related to tangible capital assets	**-**	(1,000,000)
	$ 131,477,382	$ 128,732,767

9. OTHER REVENUE

	2013	2012
Bookstore revenue	**$ 5,064,608**	$ 5,012,202
Food sales	**1,625,543**	1,738,376
Shop revenue	**273,163**	248,239
Interest	**659,674**	538,384
Recoveries	**2,541,539**	4,234,096
Applied research	**1,584,113**	1,739,588
Lodging, rent and miscellaneous	**8,576,170**	6,854,597
	$ 20,324,810	$ 20,365,482

10. ACCUMULATED SURPLUS

Certain funds have been internally restricted by the Board to ensure that the funds are used solely for College and Foundation development projects. Internally restricted funds are subject to internally imposed stipulations specifying the purpose for which they must be used.

	2013	2012
Accumulated surplus - College operating	**$ 13,811,960**	$ 13,196,367
Accumulated surplus - internally restricted for College development	**4,722,923**	4,722,923
Accumulated surplus - Foundation purposes	**215,026**	158,367
	$ 18,749,909	$ 18,077,657

11. CHANGES IN NON-CASH WORKING CAPITAL

	2013	2012
Accounts receivable	$ (5,478,171)	$ (1,435,590)
Inventory for resale	83,003	54,195
Prepaid expenses	(791,771)	(363,736)
Accounts payable and accrued liabilities	10,461,175	(561,857)
Deferred revenue - restricted funding	5,930,913	(313,041)
Deferred revenue - Foundation	532,302	506,600
	$ 10,737,451	$ (2,113,429)

12. PENSION PLANS

The College contributes to two defined benefit pension plans administered by the Province of Nova Scotia. The College accounts for these pensions as defined contribution plans.

In the first plan, the Nova Scotia Public Service Superannuation Plan, the Province of Nova Scotia assumes the actuarial and investment risk. For this plan, the College matches employees' contributions calculated as follows: 8.4% (2012 - 8.4%) on the part of their salary that is equal to or less than the "Year's Maximum Pensionable Earnings" ("YMPE") under the Canada Pension Plan ("CPP") and 10.9% (2012 – 10.9%) on the part of their salary that is in excess of YMPE. Under this plan, the College has recognized contributions of $7,724,340 (2012 - $7,866,177) for the year.

In the second plan, the Nova Scotia Teachers' Union Pension Plan, the Province of Nova Scotia along with the Nova Scotia Teachers' Union ("NSTU") assumes the actuarial and investment risk. For this plan, the College matches employees' contributions calculated as follows: 8.3% (2012 - 8.3%) on the part of their salary that is equal to or less than the YMPE under the CPP and 9.9% (2012 - 9.9%) on the part of their salary that is in excess of YMPE. Under this plan, the College has recognized contributions of $10,464,654 (2012 - $10,456,872) for the year.

13. EMPLOYEE FUTURE BENEFIT OBLIGATIONS

College Service Award

An employee hired on or after August 1, 1998 who retires because of age or mental or physical incapacity will be granted a College Service Award ("CSA") equal to 1% of the employee's annual salary for each year of continuous service to a maximum of 25 years. There are no employee contributions in respect of the plan. There is no distinct fund held in respect of the CSA benefits but sufficient cash is maintained to cover the obligation. The benefits are paid from unrestricted cash. The benefits paid during the year were $46,170 (2012 - $84,776). An actuarial valuation was completed as of March 31, 2013 and the College's obligation relating to these benefits includes:

13. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

College Service Award (continued)

	2013	2012
College service award accrued benefit obligation	**$ 8,469,000**	$ 7,737,000
Unamortized actuarial gain	**2,748,945**	2,513,173
College service award obligation	**$ 11,217,945**	$ 10,250,173

The total expenses relate to the College service award benefit include the following components:

	2013	2012
Current period benefit costs	**$ 1,269,000**	$ 1,242,000
Amortization of actuarial gains	**(255,059)**	(248,039)
Total expenses related to the College service award	**$ 1,013,941**	$ 993,961

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Future salary increase	4.5% per annum
Discount rate	0% per annum
Retirement age	Age 55 and 80 points (age plus service) if hired before April 6, 2010 or 85 points if hired on or after April 6, 2010; the remainder at 35 years of service or age 60, whichever is earlier
EARSL[1]	11 years

Non-pension Retirement Benefits - NSGEU

In fiscal 2007/2008, the Province required the College to assume the future liability for non-pension retirement benefits for the College's non-teaching staff.

In 2008/2009, the College created a separate account that would be held in respect of the non-pension retirement benefits. This account has sufficient cash to cover the obligations associated with this liability. The amount of cash in this account is equal to the liability as noted below and has grouped with cash on the Statement of Financial Position. The benefits paid during the year were $233,289 (2012 - $210,776). An actuarial valuation was completed as of March 31, 2013 and the College's obligation relating to these benefits includes:

[1] Expected Average Remaining Service Life

13. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

Non-pension Retirement Benefits – NSGEU (continued)

	2013	2012
NSGEU accrued benefit obligation	**$ 16,748,730**	$ 16,082,681
Unamortized actuarial loss	**(4,281,888)**	(5,959,320)
NSGEU obligation	**$ 12,466,842**	$ 10,123,361

The total expenses relate to the NSGEU benefits include the following components:

	2013	2012
Current period benefit costs	**$ 1,579,185**	$ 1,453,630
Interest expense	**284,846**	116,562
Amortization of actuarial loss	**600,708**	640,412
Total expenses related to the NSGEU obligation	**$ 2,464,739**	$ 2,210,604

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Discount rate	1.65% per annum (prior 1.7% per annum)
Retirement age	Age 55 and 80 points (age plus service) if hired before April 6, 2010 or 85 points if hired on or after April 6, 2010; the remainder at 35 years of service or age 60, whichever is earlier
EARSL	11 years

Non-pension Retirement Benefits - NSTU

In 2007/2008, the Province transferred the future liability for the non-pension retirement benefits for the College's teaching and professional support staff to the College. The Province also transferred a corresponding receivable that directly offsets the liability. There is no impact on the annual surplus or net financial position of the College as a result of the transfers. The benefits paid during the year were $413,000 (2012 - $446,000).

An actuarial valuation was completed as of March 31, 2013 and the College's obligation relating to these benefits includes:

13. EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)

Non-pension Retirement Benefits – NSTU (continued)

		2013		2012
NSTU accrued benefit obligation	**$**	**32,138,000**	$	28,778,000
Unamortized actuarial loss		**(1,649,632)**		(1,545,014)
NSTU obligation	**$**	**30,488,368**	$	27,232,986

The total expenses related to the NSTU benefits include the following components:

		2013		2012
Current period benefit costs	**$**	**2,119,000**	$	1,754,000
Interest expense		**1,379,000**		1,242,000
Amortization of actuarial loss		**170,382**		113,767
Total expenses related to the NSTU obligation	**$**	**3,668,382**	$	3,109,767

The significant actuarial assumptions provided by the Province are as follows:

Discount rate	4.3% per annum (prior 4.75% per annum)
Retirement age	50% at earliest age eligible for unreduced pension, the remainder at earlier of age 60 with 10 years of service, 35 years of service and age 65
EARSL	13 years

14. ACCRUED OBLIGATION FOR OTHER COMPENSATED ABSENCES

NSTU College employees receive sick leave that accumulates at varying amounts per month based on services rendered by employees. Unused hours can be carried forward for future paid leave and employees can accumulate up to a maximum number of hours. An actuarial estimate for this future liability has been completed and forms the basis for the estimated liability reported in these financial statements. The benefits paid during the year were $304,906 (2012 – $Nil).

At March 31 the College's accrued obligation for other compensated absences costs and obligations consists of:

14. ACCRUED OBLIGATION FOR OTHER COMPENSATED ABSENCES (continued)

		2013		2012
Accrued benefit obligation for compensated absences	**$**	**1,692,224**	$	1,287,841
Unamortized actuarial loss		**(501,000)**		-
Total accrued obligation	**$**	**1,191,224**	$	1,287,841

The total expenses related to the accrued obligation for other compensated balances include the following components:

		2013		2012
Current period benefit costs	**$**	**187,395**	$	-
Interest expense		**20,894**		-
Total expenses related to the obligation	**$**	**208,289**	$	-

The significant actuarial assumptions adopted in estimating the College's obligation are as follows:

Future salary increases	4.5% per annum
Discount rate	1.65% per annum
Retirement age	20% upon attainment of age 55 and 80 points (age plus service) if hired before April 6, 2010 or 85 points if hired on or after April 6, 2010; the rest at 35 years of service or age 60, whichever is earlier.
EARSL	9 years

15. FINANCIAL INSTRUMENTS

a) Financial risk factors

The College has exposure to credit risk, liquidity risk, and market risk. The College's Board of Directors has overall responsibility for the oversight of these risks and reviews the College's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

(i) Credit risk

Credit risk arises with the uncertainties of predicting the financial difficulties students and corporations may experience which could cause them to be unable to fulfill their commitments to the College. The College mitigates this risk by having a diversified mix of students and corporations thereby limiting the exposure to a single individual or corporation. The College's credit risk is limited to the recorded amount of accounts receivable. The College performs a continuous evaluation of its accounts receivable balance and records an allowance for doubtful accounts as required. The amount of accounts receivable disclosed on the Statement of Financial Position is net of allowances for bad debts, estimated by management based on prior experience and their assessment of the current economic environment. Management considers there is no significant credit risk as at March 31, 2013.

15. FINANCIAL INSTRUMENTS (continued)

a) Financial risk factors (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they become due. As at March 31, 2013, the College had cash of $60,621,062 (2012 - $44,556,716).

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the College's surplus or loss or the value of its financial instruments. The College mitigates these risks by maintaining a diversified investment portfolio.

b) Fair value

The College evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying values of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities are considered to approximate fair values due to their short-term maturity. The carrying value of the Provincial receivable – NSTU Future Health Benefits approximates fair value based on the actuarial valuation performed on non-pension retirement benefits – NSTU (Note 13).

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table presents the financial instruments recorded at fair value in the Consolidated Statement of Financial Position, classified using the fair value hierarchy described above:

15. FINANCIAL INSTRUMENTS (continued)

b) Fair value (continued)

	2013		2012	
	Fair Value	**Cost**	Fair Value	Cost
Level 1				
Cash	**$ 60,621,062**	**$ 60,621,062**	$ 44,556,716	$ 44,556,716
Investments - Restricted Fund	**1,278,306**	**1,278,306**	1,278,306	1,278,306
Investments - Endowment Fund	**2,090,449**	**1,891,615**	1,995,735	1,869,365
Level 2				
Investments - Endowment Fund	**1,302,521**	**1,308,649**	1,142,542	1,150,784
	$ 65,292,338	**$ 65,099,632**	$ 48,973,299	$ 48,855,171

During the year, there has been no significant transfer of amounts between Level 1 and Level 2. There were no fair value measurements classified as level 3.

16. COMMITMENTS

The College is committed to the following lease and maintenance agreement payments over the next five years:

2014	$ 1,385,474
2015	1,069,766
2016	961,894
2017	820,865
2018	581,121
	$ 4,819,120