

NUNAVUNMI
INIRNIRIT
ILIHARVIAT

COLLÈGE
DE L'ARCTIQUE
DU NUNAVUT



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NUNAVUT
ARCTIC
COLLEGE

Annual Report

2017-2018

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Letter of Transmittal

September 28th, 2018

Minister Responsible for Nunavut Arctic College
Legislative Assembly of Nunavut
926 Queen Elizabeth II Way
P.O. Box 2410, Iqaluit
Nunavut, X0A 0H0

Dear Minister:

In accordance with Section 18(1) of the *Nunavut Arctic College Act* and Part IX of the *Financial Administration Act* of Nunavut, I hereby submit on behalf of the Board of Governors of Nunavut Arctic College the 2017-2018 Annual Report for the fiscal year ending June 30, 2018.

Respectfully submitted,



Sue Ball
Chairperson of the Board
Nunavut Arctic College

Message from the Chair



Sue Ball

Nunavut's economy depends on a skilled and educated workforce. Nunavut Arctic College (NAC) is striving to ensure that Nunavummiut receive the high quality education and training they need right here at home.

The Government of Nunavut has placed education at the centre of its mandate, Turaaqtavut. We are pleased that the Minister is working closely with the Board and the Chair to fulfil the mandate commitment to Sivummuqpaliajjutivut.

As NAC continues its progress to becoming an accredited degree-granting institution, the Board has approved a taxonomy that will ensure that every program has a well-considered curriculum. Learners will know what to expect from each course and will know what they have to do to demonstrate their competence in the subject.

The Board is pleased with the progress that the new President and Vice-President have made in bringing a new organizational structure to NAC. We are grateful that the Office of the Auditor General has recognized the improvements that the leadership team have made in financial accountability.

NAC continues to develop its ability to improve learning in every community through the Community Learning Centres. We are looking forward to the new campus in Iqaluit being ready to open its doors to students from across Nunavut next year.

Nunavut Arctic College looks forward to working with our many partners to deliver enhanced training opportunities for Inuit, by Inuit, right here at home.

A handwritten signature in black ink that reads "S. Ball". The signature is written in a cursive, flowing style.

Sue Ball
Chairperson of the Board

Message from the President



Lifelong Learning... in the Arctic... for the Arctic

Nunavut Arctic College serves the largest post-secondary service region in Canada and one of the largest in the world. As an institution we strive to deliver lifelong learning opportunities that empower learners and communities while celebrating Inuit Language and Culture.

In 2018, the College celebrated the 30th anniversary of its Environmental Technology Diploma Program. As we reflect on this program we are reminded of the importance of the land and the environment, and that our climate in the Arctic is changing. To understand these changes, Nunavut Arctic College strives to create opportunities for learners to engage in research opportunities in the North, by the North, for the North.

In the 2018/2019 Academic Year, the college will be rolling out its first Academic and Research plan that will highlight our commitment to ICE-STEM (Inuktitut, Culture, Entrepreneurship – Science, Technology, Engineering and Math) and will launch a Centre for Teaching and Learning. In addition to programming, the college will be celebrating the opening of its Nunatta Campus expansion in Iqaluit and the opening of a new Community Learning Centre in Grise Fiord.

As we undertake this work, learners from across the territory will be engaging in programs such as Social Work, Education, Interpreter/Translator, Trades and Apprenticeship, University Studies and Adult Education.

We welcome you to celebrate their learning journeys!

Sheila Kolola, President
Nunavut Arctic College

Corporate Overview

Nunavut Arctic College, or NAC, is a public agency of the Government of Nunavut that was created through the *Nunavut Arctic College Act* on January 1st, 1995 and services the largest post-secondary service region in Canada. The College responds to the adult and post-secondary educational needs of Nunavummiut through its President, Board of Governors, and the Minister Responsible for Nunavut Arctic College.

The mandate of the College is to deliver adult and post-secondary education, including trades and apprenticeship, as well as bachelor degree programs through brokerage agreements. In these arrangements, the College undertakes program operations while the College's university partners confer degrees to Learners who have successfully completed those programs.

Finally, the College is also active on the national and international stage by promoting the generation, communication and retention of knowledge through applied research at the Nunavut Innovation and Research Institute or NIRI.

The College is comprised of approximately 250 staff spread across all 25 communities of Nunavut. College operations include 3 regional campuses in Iqaluit, Rankin Inlet, and Cambridge Bay, 22 Community Learning Centers in the remaining communities, and a truly unique cultural school located in Clyde River.



Mission, Vision, Values and Principles



OUR MISSION

The mission of Nunavut Arctic College is to strengthen the people and the communities of Nunavut by providing life-long learning opportunities for adult Nunavummiut by delivering high quality adult education programs developed with input from our partners throughout the Arctic and Canada, and by making the benefits of Inuit traditional knowledge and southern science more accessible.



OUR VISION

Nunavut Arctic College will strive to be the College of choice for the people of Nunavut by offering relevant programs of the highest national standards. In the advancement of their language and culture, our graduates will value education and be proud to take their place in Nunavut and beyond.



OUR VALUES

Nunavut Arctic College is a creative community of educators and learners. We are proud of our essential role in providing education that bridges the Nunavut of yesterday, today, and tomorrow.

We value our learners and are committed to their success by:

- Engaging and challenging our learners in learner-centered programs.
- Supporting learners through personal interaction, small scale learning environments, and sensitivity to their needs.
- Integrating Inuit culture and knowledge into our programs.

We value positive and productive learning and working environment by:

- Offering innovative programs to meet the requirements of a wide range of learners.
- Providing services that acknowledge learners as multi-faceted individuals and promote learner success in all areas of life, as workers, community members, volunteers, family members, and parents.
- Establishing and achieving College objectives through the application of research and transparent practices, and through the services of Nunavut Innovation and Research Institute establishing the highest research standards.

We value strong connections to the communities we serve by:

- Utilizing community-based delivery models for programs.
- Valuing exchange and interaction with communities and acknowledging the community's role in establishing educational priorities for the College.

We value our partnerships by:

- Collaborating with other institutions and organizations to provide a broad range of programs and services for the people of Nunavut.



OUR PRINCIPLES

Our principles serve as guideposts to create a learning-centered institution that reflects Inuit values, beliefs and knowledge.

Nunavut Arctic College is an inclusive institution that:

- Respects and honours Inuit languages and culture
- Involves elders as an integral part of the College life
- Promotes an understanding of Inuit culture and languages
- Values learners' connections to family and community
- Prepares learners for meaningful careers and healthy lives
- Places the well-being of learners first and provides a strong caring network of support.
- Promotes learning as a positive life-changing experience, involving the whole person - body- mind - spirit
- Encourages the personal, professional, and academic development of all learners and staff
- Engages learners as active participants in all aspects of learning and evaluation
- Ensures our graduates meet national standards



Board of Governors

Nunavut Arctic College is responsible through the Board of Governors to the Minister Responsible for Nunavut Arctic College. The Board of Governors determines policies respective of the administration of the College, including the Nunavut Research Institute.

The Board recommends priorities to the Minister for courses and programs that may be established by the Minister, ensures that for each fiscal year an estimate of the revenues and expenditures of the College is prepared, and presents budgets to the Minister in accordance with Part IX of the *Financial Administration Act* of Nunavut.

Current Members of the Board of Governors:

Kitikmeot Region

- **Cambridge Bay**
 - Agnes Olowokere
 - Term expires: September 20th, 2020
- **Kugluktuk**
 - Susie Evyagotailak
 - Term expires: March 24th, 2019

Kialliq Region

- **Aviat**
 - Susan Ball, Chair
 - Term expires: February 11th, 2019
- **Vacancy**

Qikiqtaaluk Region

- **Iqaluit**
 - Adla Itorcheak
 - Term expires: September 20th, 2020
- Rhoda Ungalaq
- Term expires: January 23rd, 2019

Learner and Staff Representatives

- **Learner representative - Rankin Inlet**
 - Elizabeth Aglukark
 - Term expires: April 11th, 2020
- **Staff representative - Cambridge Bay**
 - Margaret Sullivan
 - Term expires: April 11th, 2020

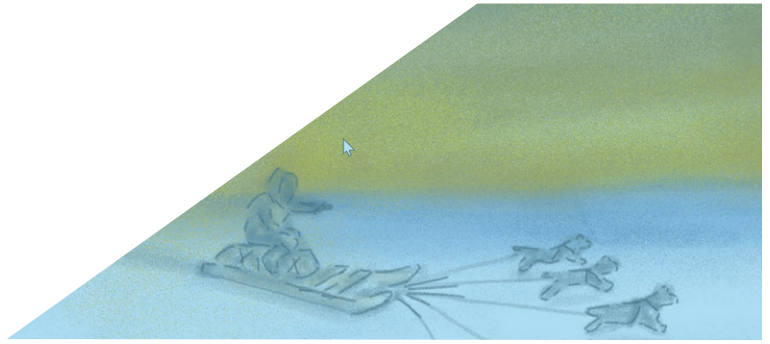
Employment Summary by Category

	Positions				Nunavut Inuit	
	Total Positions	Vacancies	Filled	% Capacity	Hired	% IEP
NAC Employment summary, by category						
Executive	2.00	-	2.00	100%	1.00	50%
Senior Management	9.00	5.00	4.00	44%	2.00	50%
Middle Management	27.00	6.00	21.00	78%	8.00	38%
Professional	128.60	45.60	83.00	65%	37.00	45%
Paraprofessional	25.50	9.50	16.00	63%	11.00	69%
Administrative Support	56.40	25.40	31.00	55%	28.00	90%
Total	248.50	91.50	157.00	63%	87.00	55%

NAC Employment summary, by community						
Arctic Bay	1.27	0.27	1.00	79%	1.00	100%
Arviat	18.00	12.00	6.00	33%	6.00	100%
Baker Lake	3.27	1.27	2.00	61%	2.00	100%
Cambridge Bay	20.27	8.27	12.00	59%	5.00	42%
Cape Dorset	1.27	0.27	1.00	79%	1.00	100%
Chesterfield Inlet	1.27	0.27	1.00	79%	-	-
Clyde River	16.27	7.27	9.00	55%	8.00	89%
Coral Harbour	1.27	0.27	1.00	79%	1.00	100%
Gjoa Haven	2.27	1.27	1.00	44%	1.00	100%
Grise Fiord	1.27	0.27	1.00	79%	1.00	100%
Hall Beach	1.27	0.27	1.00	79%	1.00	100%
Igloolik	4.27	1.27	3.00	70%	2.00	67%
Iqaluit	109.60	32.60	77.00	70%	35.00	45%
Kimmirut	1.27	0.27	1.00	79%	1.00	100%
Kugaaruk	2.27	1.27	1.00	44%	1.00	100%
Kugluktuk	1.27	1.27	-	-	-	-
Nauyasat	1.27	0.27	1.00	79%	1.00	100%
Pangnirtung	2.27	1.27	1.00	44%	1.00	100%
Pond Inlet	2.27	1.27	1.00	44%	1.00	100%
Qikiqtarjuaq	1.27	0.27	1.00	79%	1.00	100%
Rankin Inlet	49.03	17.03	32.00	65%	17.00	53%
Resolute Bay	1.27	0.27	1.00	79%	-	-
Sanikiluaq	2.27	0.27	2.00	88%	-	-
Taloyoak	1.27	1.27	-	-	-	-
Whale Cove	1.27	1.27	-	-	-	-
Total	248.50	91.50	157.00	63%	87.00	55%

NAC Employment Summary, by Iqaluit and Other Communities						
Iqaluit	109.60	32.60	77.00	70%	35.00	45%
Other Communities	138.90	58.90	80.00	58%	52.00	65%
Total	248.50	91.50	157.00	63%	87.00	55%

Strategic link to Turaaqtavut



Our government is committed to focusing on five priorities that will enable us to step forward together and make Nunavut an even better place for our children and grandchildren.



Work towards the well-being and self-reliance of our people and our communities.



Develop our infrastructure and economy in ways that support a positive future for our people, our communities, and our land.



Provide education and training that prepares children, youth, and adult learners for positive contributions to society and for meaningful employment



Strengthen Nunavut as a distinct territory in Canada and the world.



Work in partnership to advance the goals and aspirations of Nunavummiut.

These priorities are accompanied by practical actions that are expected to yield measurable outcomes over the term of this Fifth Assembly.

Enrolment

Post-secondary enrolments are influenced by a number of factors, but particularly by funding and the economy. When federal or territorial funding is available, enrolments tend to strengthen. When the economy strengthens, enrolments tend to weaken as potential learners join the workforce.

One-fifth of total revenue of all Arctic College programs are third-party funded. Increases in third-party funding are currently the main reason for an increase in enrolments. Enrolment in Adult Basic Education has declined over the past ten years because learners cannot get financial sponsorship.

	2013	2014	2015	2016	2017	2018
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2013 - 2018 Full-time enrolment by Campus

Region	2013	2014	2015	2016	2017	2018
Kivalliq	272	288	306	335	312	304
Kitikmeot	112	159	143	208	153	182
Nunatta	910	827	877	843	764	829
Total by Campus	1,294	1,274	1,326	1,386	1,229	1,315

2013 - 2018 Full-time enrolment by Division

Academic	107	73	115	62	134	123
University Partnerships	265	267	226	55	69	115
Sanatuliqsarvik	162	119	158	198	147	127
Credit Programs	537	429	571	760	656	702
Career Development	163	298	242	279	176	194
Personal Development	60	88	14	32	47	54
Total by Division	1,294	1,274	1,326	1,386	1,229	1,315

**Please note: Once Nunavut Arctic College has finished implementing the new Student Information System (SIS), the College will be moving away from the old formula for calculating enrolment and towards a reporting method based on headcount by academic program. This is a standard practice in other jurisdictions and is more representative of the footprint of the College.*



Management Discussion

The fiscal year of 2017-2018 was a year of great change and opportunity for Nunavut Arctic College. During this fiscal year, the new Government formally appointed to Nunavut Arctic College a new President in addition to two new Board members to the Nunavut Arctic College Board of Governors.

Under the new President's tenure, Nunavut Arctic College conducted a realignment, formally approved by Cabinet (early July). The purpose of this realignment was to ensure a "One Learner, One College" experience which standardizes management practices across College facilities to ensure consistency in service delivery. Practically this meant that the Deans of the College saw a change in their responsibilities. While previously the Deans had a regional focus, there is now a greater emphasis on the academic portfolio of each Dean.

- The Nunatta Dean is now the Dean, Education, Inuit, and University Studies;
- The Kivalliq Dean is now the Dean, Trades and Technology;
- The Kitikmeot Dean is now the Dean, Health and Wellness;
- And, a new Dean position was created in Arviat, a Dean, Communities and Distance Learning.

Additional changes included centralizing administrative operations of finance, human resources, capital planning and information technology under the Senior Business Officer, revising the previous Director of Student Services role which focused exclusively on the Nunatta Campus into the Director of Learner Services which encompasses learner services across the territory, and formalizing the Vice-President position with the College's organizational chart. This realignment has effectively created a new Executive Team of the College which is comprised of the President, Vice-President, Senior Business Officer, and Director, Policy and Strategic Planning. Furthermore, early in January a new Senior Education Team was struck to coordinate academic operations and policy changes across the College. This team is chaired by the Vice-President of the College and its membership includes all four deans, the Director of Learner Services, the Director of the Nunavut Innovation and Research Institute, and the College Registrar. The Director, Policy and Strategic Planning and the Executive Secretary to the President also attend Senior Education Team meetings in advisory and support capacities.

In addition to the internal changes at the Nunavut Arctic College there have been a number of external partnerships which improve the College's administration of academic programs. The College has maintained strong partnerships with the University of Regina, Dalhousie University, University of Victoria, and Memorial University of Newfoundland for the delivery of programs. In addition to these partnerships, the College has been working actively with the Government of Nunavut's Department of Education and Nunavut Tunngavik Inc. through a joint committee to select a university partner to both improve the College's business processes as well as expand the suite of post-secondary options available to Nunavummiut in their home territory. This selection process was in its final stages at the end of the College's 2017-2018 fiscal year with a Request for Decision on the final partner being submitted to Cabinet early in the 2018-2019 fiscal year.

Additional initiatives in the upcoming fiscal year which will guide further Executive management will include; negotiating a 10 Year Memorandum of Understanding with the selected partner university, drafting a 10 Year Long Term Strategy to set the overall direction of the College, and creating a 5 year Academic Plan for the College's future programs.

Nunavut Arctic College

Highlights

2017-2018



Learner Services

LEARNER ENGAGEMENT

The College is continuously looking for ways to improve learner services, which includes learner accommodations, recreation activities, counselling services, and food services.

At the end of each academic year, a learner survey is undertaken to assess how well the College is delivering on these services. Because of the timing of the end of the academic year and the learner survey, there is a lag of an academic year to include the survey results in the Annual Report. This Annual Report contains results from the 2016-2017 academic year.

In the upcoming fiscal year, the College will strive to create greater linkages to labour market opportunities for learners so that the percentage of College graduates able to find employment as a result of their academic studies rises.

2016-2017 Learner Survey Results

Nunavut Arctic College conducted a survey of 114 learners who graduated from the College in 2017 which constitutes approximately 36% of all NAC graduates in that academic year. This represents a slight decline in respondents of approximately 4% from the previous academic year. General information from that survey yielded that:

- **97%** of respondents indicated they would recommend Nunavut Arctic College to others;
- **96%** of respondents indicated that they were satisfied overall;
- **49%** of respondents indicated that at the time of the survey they were employed full-time;
- **9%** of respondents indicated that at the time of the survey they were employed part-time;
- **1%** of respondents indicated that at the time of the survey they were self-employed;
 - **43%** of employed respondents indicated that they were employed by the Government of Nunavut;
 - **17%** of employed respondents indicated they were employed with other community organizations;
 - **12%** of employed respondents indicated they were employed with an Inuit owned Business;
 - **11%** of employed respondents indicated they were employed with a non-Inuit owned Business;
 - **9%** of employed respondents indicated they were employed with a Municipal Hamlet;
 - And, **6%** of employed respondents indicated they were employed with an Inuit organization.

Nunavut Arctic College Highlights

2017-2018

ELDER IN RESIDENCE PILOT

This fiscal year saw Nunavut Arctic College test pilot an Elder-in-Residence program to great success at the Nunatta Campus. The College's Elder-In-Residence Lew Philip provided an excellent source of support for the College's learners as well as to College staff looking to ensure the Inuit worldview was reflected in their programming. The College is continuing the Elder-In-Residence program at the Nunatta campus as well as exploring options to expand the program to the other two regional campuses.

REDESIGNATION OF FANS FUNDING

Nunavut Arctic College successfully submitted for the re-designation of 4 programs under the Financial Assistance for Nunavut Students (FANS) funding post-secondary education designation policy through the Department of Family Services. These programs included the Nunavut Teacher Education Program, the Bachelor of Science in Arctic Nursing Program, the Management Studies Program, and the Jewelry and Metalwork Program.



Nunavut Arctic College Highlights

2017-2018

EDUCATION, INUIT LANGUAGE AND CULTURE PROGRAMS

Piqqusilirivvik

Nunavut Arctic College continues its work on the preservation of Inuit language and culture through program deliveries at the Piqqusilirivvik Inuit Cultural Learning Facility. Core classroom courses include: Inuit Qaujimagatugangit, Traditional Games, Drum Making, Drum Dancing, Throat Singing, Hunting, and Kamik and Mitt Making.



Law Program

Nunavut Arctic College's new Juris Doctorate of Law program delivered in collaboration with the University of Saskatchewan has successfully concluded its first year. This unique 4-year program will be entering into its second year with a 96% retention rate of learners. Furthermore, the College has committed to conduct a review of this program as well as a feasibility study for a second delivery, in the 2019-2020 academic year.



Interpreter/Translator Program

During this fiscal year, Nunavut Arctic College has completed the work necessary to expanded the delivery of the Interpreter/Translator Program. In the upcoming academic year, the College will be running cohorts of the program in both Iqaluit and Rankin Inlet. This initiative was possible through support from the Inuit Language Incentive Fund (ILIF) through the Government of Nunavut Department of Culture and Heritage.

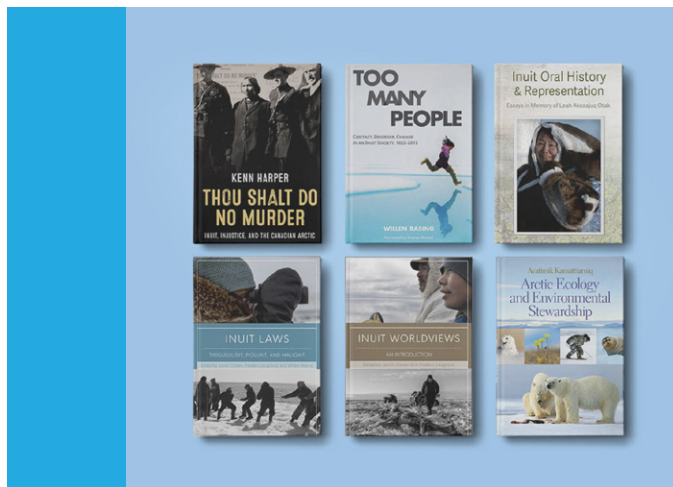


Nunavut Arctic College Highlights 2017-2018

EDUCATION, INUIT LANGUAGE AND CULTURE PROGRAMS

NAC Media

NAC Media, the publishing arm of Nunavut Arctic College originally started in April 2015, worked to expand the College's Igloolik Oral History program. This included the purchase of mobile oral history kits to facilitate the collection of oral histories in more communities across Nunavut. This expansion also included the establishment of a Kivalliq Oral History Project, which officially began in February 2018.



HEALTH AND WELLNESS

Social Service Worker Diploma Program

Nunavut Arctic College completed the necessary work to expand delivery options of the Social Service Worker Diploma program. The 2 year cohort program usually run in Cambridge Bay will also be delivered in Iqaluit starting in the 2018-2019 academic year, and will be offered on a full-time as well as on a part-time basis.

Home and Continuing Care Courses

Nunavut Arctic College delivered 10 courses across 6 different communities in support of Elder-care across the territory. These courses included; dementia care, respectful caring, nutrition, and personal care skills. For the upcoming academic year, the College anticipates delivering at least 10 of these courses across 7 different communities.

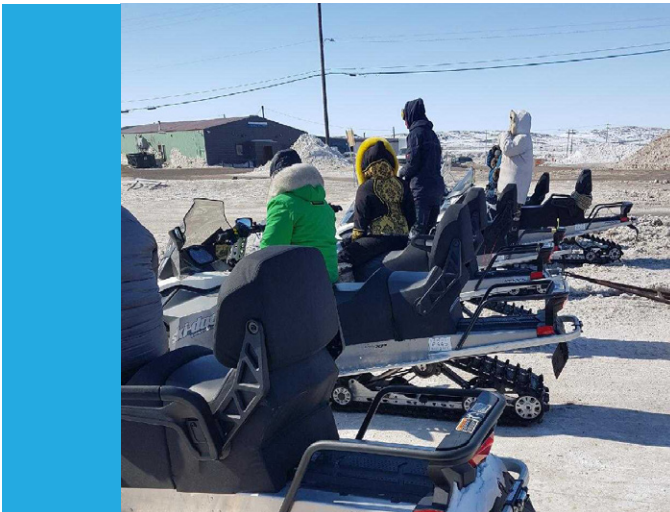


Nunavut Arctic College Highlights 2017-2018

TRADES AND TECHNOLOGY PROGRAMS

Environmental Technology Program

Nunavut Arctic College's Environmental Technology Program celebrated its 30th anniversary during the 2017-2018 fiscal year having been in continuous delivery since 1987. In addition to this historic milestone, the College successfully completed a 2-year cohort in Cambridge Bay and is preparing to offer an additional 2-year cohort of the program in Pond Inlet.



Mine Training Programs

Nunavut Arctic College has successfully collaborated with Val d'Or College to create certified underground mine training curriculum for delivery through the Sanatuliqsarvik Trades School. The delivery of all Mine Training courses will be dependent on 3rd party funding. Through this agreement, Nunavut Arctic College continues to offer relevant mining-related programs for Nunavummiut to benefit from the territory's growing mining industry.

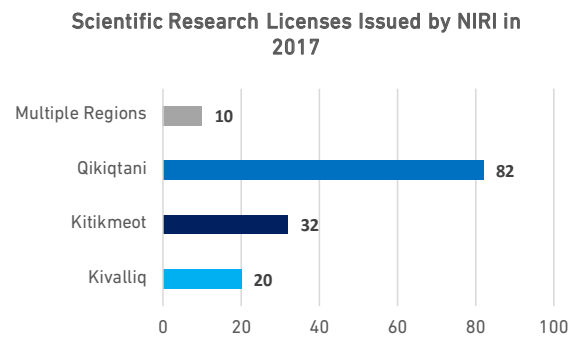
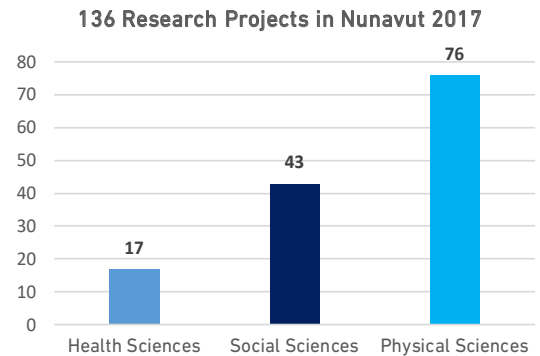


Nunavut Innovation and Research Institute: Research Highlights

The Nunavut Innovation and Research Institute is responsible for issuing scientific research in the Nunavut Settlement area in accordance with Nunavut's Scientists Act.

NIRI scientific research licenses are required for research in the social, physical/natural and health research disciplines but not for wildlife research (licensed by the Department of Environment), or for archaeological and paleontological research (licensed by the Department of Culture and Heritage).

NIRI research licenses account for approximately 60% of research undertaken in Nunavut. The Nunavut Innovation and Research Institute publishes an annual compendium of licensed research in Nunavut. Previous editions can be downloaded from www.nri.nu.ca. The 2017 compendium will be posted in 2018.



FACTS AND FIGURES 2017

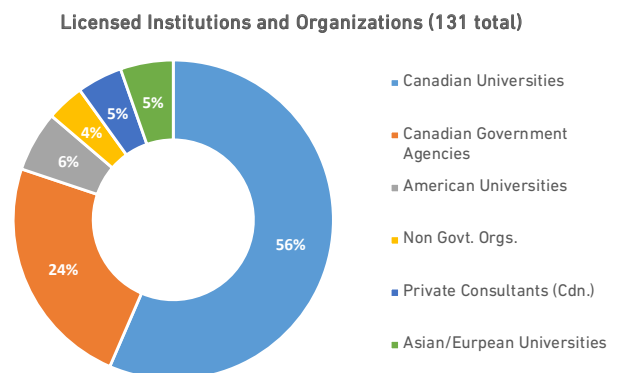
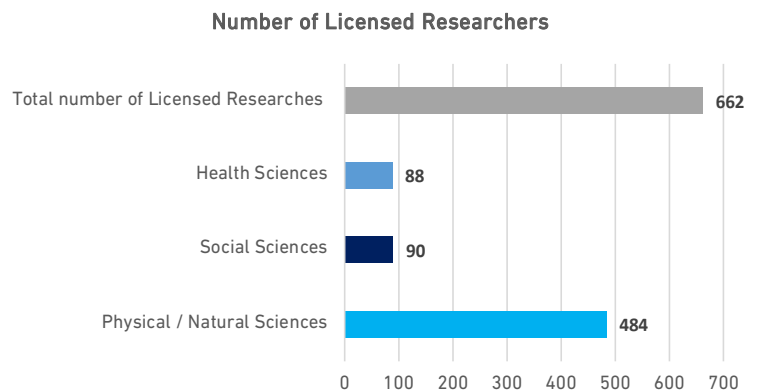
- 136** *Research Projects in Nunavut*
- 17 *Health Research Projects*
- 43 *Social Sciences Research Projects*
- 76 *Physical Sciences Research Projects*

- 20 *Kivalliq Region*
- 32 *Kitikmeot Region*
- 82 *Qikiqtani Region*
- 10 *Multiple Regions*

- 662** *Total Licensed Researches*
- 88 *Health*
- 90 *Social Sciences*
- 484 *Physical Sciences*

- 10 *License Holders from Nunavut*

- 131** *Institutions and Organizations*
- 74 *Canadian Universities*
- 31 *Canadian Government Agencies*
- 5 *Canadian Non-Govt. Organizations*
- 8 *American Universities*
- 6 *Private Consultants (Cdn.)*
- 7 *Asian / European Universities*



Nunavut Arctic College Audited Financial Statements

June 30th, 2018



Nunavut Arctic College: Management's Responsibility For Financial Statements

The accompanying financial statements of the Nunavut Arctic College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Board of Governors. The financial statements include some amounts, such as the allowance for doubtful accounts receivable and the provision for employee future benefits, which are necessarily based on management's best estimates and judgment.

The financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS). Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

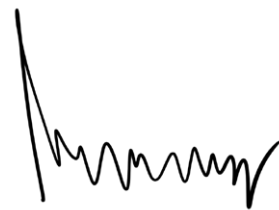
In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled and proper records are maintained.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

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Governors, the majority whom are not employees of the College, meets periodically with management and the external auditors. The external auditors have full and free access to the Board of Governors.

The College's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the College and for issuing his report thereon.



Sheila Kolola
President
18 September, 2018



Marcelo Parungao
Bursar
18 September, 2018



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Nunavut Arctic College

Report on the Financial Statements

I have audited the accompanying financial statements of Nunavut Arctic College, which comprise the statement of financial position as at 30 June 2018, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

.../2

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Nunavut Arctic College as at 30 June 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

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

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



Chantale Perreault, CPA, CA
Principal
for the Auditor General of Canada

18 September 2018
Ottawa, Canada

NUNAVUT ARCTIC COLLEGE
Statement of Financial Position
as at June 30

(in thousands of dollars)

	2018	2017
Financial assets		
Cash (Note 4)	46,671	41,947
Accounts receivable (Note 5)	2,978	2,358
Total financial assets	49,649	44,305
Liabilities		
Accounts payable and accrued liabilities (Note 6)	4,140	3,580
Due to the Government of Nunavut (Note 11)	7,407	4,722
Deferred contract income	598	250
Capital lease obligations (Note 7)	182	190
Professional development fund (Note 8)	1,854	1,656
Employee future benefits (Note 9)	1,468	1,826
Total liabilities	15,649	12,224
Net financial assets	34,000	32,081
Non-financial assets		
Tangible capital assets (Schedule A)	1,206	911
Prepaid expenses	12	63
Total non-financial assets	1,218	974
Accumulated surplus	35,218	33,055
Contractual obligations (Note 12)		
Contingencies (Note 15)		

The accompanying notes and schedule are an integral part of these financial statements.

Approved by the Board



Sue Ball
 Chairperson of the Board

NUNAVUT ARCTIC COLLEGE
Statement of Operations and Accumulated Surplus
for the year ended June 30
(in thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
Revenues			
Contract income (Note 11)	9,642	9,709	9,002
Tuition fees	1,100	1,144	1,061
Room and board	850	944	681
Miscellaneous revenue and recoveries	2,065	515	499
Investment income	350	392	309
Total revenues	14,007	12,704	11,552
Expenses (Note 10)			
Trades, Community and Distance Learning Programs	13,267	14,212	12,713
Services Provided without Charge (Note 11)	-	11,729	10,738
Student Services	5,518	8,004	6,242
General Administration	8,314	7,684	7,712
Education and Early Childhood Education Programs	7,738	4,598	5,057
Health and Wellness and Business Programs	6,313	3,831	4,960
Inuit Language and Cultural Programs	3,214	3,656	3,664
Piqqusilirivvik Centre	3,649	3,429	4,106
Research and Technology Office	2,001	2,553	2,543
Law Program	1,612	708	60
Total expenses	51,626	60,404	57,795
Deficit for the year before Government Funding	(37,619)	(47,700)	(46,243)
Government Funding (Note 11)	37,619	49,863	48,357
Surplus for the year	-	2,163	2,114
Accumulated surplus - beginning of the year	33,055	33,055	30,941
Accumulated surplus - end of the year	33,055	35,218	33,055

The accompanying notes and schedule are an integral part of these financial statements.

NUNAVUT ARCTIC COLLEGE
Statement of Change in Net Financial Assets
for the year ended June 30
(in thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
Surplus for the year	-	2,163	2,114
Tangible capital assets (Schedule A)			
Additions	(265)	(618)	(546)
Disposals	-	199	-
Amortization	150	124	181
	(115)	(295)	(365)
Net (additions) use of prepaid expenses	-	51	29
Change in net financial assets	(115)	1,919	1,778
Net financial assets - beginning of the year	32,081	32,081	30,303
Net financial assets - end of the year	31,966	34,000	32,081

The accompanying notes and schedule are an integral part of these financial statements.

NUNAVUT ARCTIC COLLEGE
Statement of Cash Flow
for the year ended June 30
(in thousands of dollars)

	2018	2017
Cash provided by (used for) operations		
Government contributions	38,134	37,619
Contracts	9,333	9,773
Other contributions	2,464	2,110
Paid to employees	(27,181)	(37,462)
Paid to suppliers	(17,771)	(15,074)
Interest	371	283
Cash provided by (used for) operations	5,350	(2,751)
Cash provided by (used for) capital activities		
Tangible capital asset acquisitions	(526)	(391)
Cash (used for) provided by capital activities	(526)	(391)
Cash provided by (used for) investing activities		
Purchase of short term investment	-	5,263
Cash (used for) provided by investing activities	-	5,263
Cash provided by (used for) financing activities		
Principal payments on capital leases	(100)	(83)
Cash (used for) provided by financing activities	(100)	(83)
Increase (Decrease) in cash and cash equivalents	4,724	2,038
Cash, beginning of the year	41,947	39,909
Cash, end of the year	46,671	41,947

The accompanying notes and schedule are an integral part of these financial statements.

NUNAVUT ARCTIC COLLEGE

Notes to Financial Statements

June 30th, 2018

1. The College

a) Authority and purpose

The Nunavut Arctic College (“the College”) is a Schedule B Public Agency as listed in the Financial Administration Act (“FAA”) of Nunavut and accordingly operates in accordance with Part IX of the FAA and the Nunavut Arctic College Act. The College is exempt from income taxes.

The purpose of the College is to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Innovation and Research Institute, the College is also responsible for the facilitation and preparation of scientific research activity in Nunavut.

b) Contributions from the Government of Nunavut

The College receives contributions from the Government of Nunavut (“the Government”) as set out in the Government’s Main Estimates (adjusted by supplementary appropriations) and contributions in kind in the form of services provided without charge. The contributions are to be utilized for the administration and delivery of the College’s adult and post-secondary education programs in Nunavut. The College is allowed to retain all surpluses and is responsible for all deficits.

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

c) Budget

Canadian public sector accounting standards require a territorial corporation to present in its financial statements a comparison of the results of operations and changes in net financial assets for the period with those originally planned. March 31, 2018 budgeted figures which approximate one operating year have been provided for comparison purposes and have been derived from the Main Estimates and Business Plan.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS). The following is a summary of the significant accounting policies.

a) Use of estimates and measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The more significant areas requiring the use of management estimates are the allowance for doubtful accounts, amortization and the provision for employee future benefits (including sick leave, severance and removal). Actual results may differ from those estimated. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, management believes the estimates and assumptions to be reasonable.

NUNAVUT ARCTIC COLLEGE

Notes to Financial Statements

June 30th, 2018

b) Cash and cash equivalents

Cash is comprised of bank account balances net of outstanding cheques. Cash equivalents consist of short term highly liquid investments that are readily convertible to cash with a maturity term of three months or less from the time of their acquisition.

c) Contributions from the Government of Nunavut

Annual appropriation

Government transfers are recognized as government funding when the funding is authorized and all eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability.

The College receives its annual appropriation (base contribution) based on the Government's fiscal year which is different than the College's fiscal year. The College's annual appropriation is recognized as government funding in the period in which the funding relates once all eligibility criteria have been met and it has been authorized by the Legislative Assembly of the Government. The College also receives supplementary appropriation funding when it is determined that additional funding is required. Supplementary funding is recognized as government funding on the same basis as its annual appropriation.

Services provided without charge

The Government provides certain services without charge to the College. These services are recorded at the Government's carrying amount in the College's financial statements as government contributions, and an equivalent amount is included in the expenses.

If the Government reallocates an appropriation from the College to a Government department to provide services to the College, only the actual costs incurred in excess of the reallocated appropriation are recorded in the College's financial statements as government contributions, and an equivalent amount is included in the expenses. The amount of the appropriation reallocated to the department to provide these services is disclosed in the notes to the financial statements.

d) Contract, tuition, room and board revenue and deferred revenue

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues.

The College enters into contracts with private companies, Inuit organizations, federal and territorial government departments, agencies and territorial corporations to develop and deliver courses across Nunavut. Payments received under these contracts for which the development and delivery of courses is not completed are recorded as deferred contract income.

The College collects tuition fees and other student fees in order to support the delivery of programs, courses and other student related activities. Room and board fees are also collected to support the student residence operations.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

Other indemnification agreements

In the normal course of operations, the College signs agreements whereby funds are provided to the College for execution of projects which are subject to restrictions as to the use of funds. The sponsors of these projects can execute an audit of the financial records of the College to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

e) Expenses

Expenses are recorded on an accrual basis when goods are received or services are rendered.

f) Tangible capital assets and leased assets

Equipment, furniture, buildings and building improvements are recorded at cost and amortized on a straight-line basis over their estimated useful lives as follows:

Computers and printers	4 years
Furniture and equipment	10 years
Building improvements	20 years
Buildings	25 years
Mobile equipment	10 years
Equipment under capital lease	shorter of lease term or useful life

The College classifies leases for equipment as either capital or operating leases, as appropriate.

Capital leases

Those leases which transfer substantially all the benefits and risks of ownership of property to the College are accounted for as tangible capital assets along with the related capital lease obligation. Both are initially recorded at the lesser of the present value of minimum lease payments and fair value of the leased asset, effective at the beginning of the lease.

Operating leases

Operating leases are those leases where substantially all the benefits and risks of ownership are not transferred to the College. Lease payments under operating leases are expensed on a straight line basis over the term of the lease and are not amortized.

g) Annual leave

The College's employees are entitled to annual leave under the terms of employment. The liability for employee leave benefits is recorded in the Accounts payables and accrued liabilities of the Statement of Financial Position as benefits accrue to employees.

h) Employee future benefits

NUNAVUT ARCTIC COLLEGE

Notes to Financial Statements

June 30th, 2018

Pension benefits

Eligible employees of the College are covered by the Public Service Pension Plan (the "Plan"), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the College to cover current service cost. Pursuant to legislation currently in place, the College has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, the employer contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the College.

Non-pension benefits

Under the conditions of employment, eligible employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates. The College provides severance benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and their community of residence. These benefits represent the employee future benefit obligation of the College that entails settlement by future payment.

Included in the non-pension benefits is an amount for employees who are permitted to accumulate unused sick leave. However, such entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which are expected to be used in future years is determined by an actuarial valuation and has been recorded in the financial statements.

i) Financial instruments

Financial instruments are identified by financial asset and financial liability classifications.

The following is a list of the College's financial instruments and their related measurement bases as at June 30, 2018.

Financial Assets:	Measurement Basis:
Cash	Cost
Accounts receivable	Cost
Short-term investments	Cost
Financial Liabilities:	Measurement Basis
Accounts payable and accrued liabilities	Cost
Due to the Government of Nunavut	Cost
Professional development fund	Cost

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus. The allowance for doubtful accounts is based on management's best estimate of probable losses.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

j) Contingencies

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. To the extent that the future event is likely to occur and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements and no liability is accrued.

k) Related party transactions

Inter-entity transactions

The College is related in terms of common ownership to all Government of Nunavut created departments and Territorial corporations. The College enters into transactions with these entities in the normal course of business, at normal trade terms. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Other related party transactions

Other related parties are key management personnel (President, CFO, Deans, Senior Management, Board of Directors, etc.), close family members of key management personnel, and entities that are controlled by key management personnel or their close family members.

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

l) Prepaid expenses

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

3. Adoption of new accounting standards

The Public Sector Accounting Board (PSAB) issued new accounting standards effective for fiscal years beginning on or after April 1, 2017.

As a result, the College adopted an accounting policy for Inter-entity transactions (PS 3420). This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. There was no financial impact on the College's financial statements by adopting this new standard. Refer to note 2(k) for the College's inter-entity accounting policy.

The College also adopted the new accounting standards for Related party disclosures (PS 2200), Assets (PS 3210), Contingent assets (PS 3320) and Contractual rights (PS 3380). There was no financial impact on the College's financial statements by adopting these policies. The adoption of PS 3380 required additional information to be disclosed. Refer to Note 13 for Contractual rights disclosure.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

The College adopted these policies on a prospective basis. The adoption of these new standards did not result in any financial impact on the College's financial statements, other than disclosure.

4. Cash

	2018	2017
Cash	\$ 46,671	\$ 41,947

There are no cash equivalents held as at 30 June 2018 or 2017.

5. Accounts receivable

	2018	2017
Student receivable		
Government of Nunavut	\$ 430	\$ 474
Student accounts	592	988
	<u>1,022</u>	<u>1,462</u>
Contracts receivable		
Government of Nunavut	813	1,002
Others	2,026	1,206
	<u>2,839</u>	<u>2,208</u>
Other receivable		
Government of Nunavut	8	4
Other	254	253
	<u>262</u>	<u>257</u>
Total receivable	<u>4,123</u>	<u>3,927</u>
Less: Allowance for doubtful accounts		
Student receivable	(870)	(1,318)
Contract receivable	(273)	(223)
Other receivable	(2)	(28)
	<u>\$ 2,978</u>	<u>\$ 2,358</u>

There is no concentration of accounts receivable with any customer, except the Government – \$1,251 (2017 - \$1,480) which has an allowance of \$430 (2017 - \$482).

In accordance with Section 82 of the FAA, there were write-offs requiring approval by the Board of Governors during the year 2018 of \$666 (2017 - nil).

6. Accounts payable and accrued liabilities

	2018	2017
Trade payables and accrued liabilities	\$ 2,298	\$ 1,698
Employee benefits payable	1,600	1,668
Deposits payable	242	214
	<u>\$ 4,140</u>	<u>\$ 3,580</u>

The total amounts above are non-interest bearing.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

7. Capital lease obligations

Capital lease obligations are based upon contractual minimum lease payments for leases in effect as of June 30.

	2018	2017
Total minimum lease payments	\$ 217	\$ 209
Less: Imputed Interest (total interest expense to be incurred)	(35)	(19)
Present value of minimum lease payments	<u>\$ 182</u>	<u>\$ 190</u>

The future minimum lease payments for each of the next five (5) fiscal years are:

2019	\$ 92
2020	63
2021	29
2022	26
2023	7
	<u>\$ 217</u>

Lease payments are allocated between repayments of the liability and interest expense. The total minimum lease payments less the initial liability represent the total interest cost of the lease. The interest expense is calculated using the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

Interest expense related to capital lease obligations for the year was \$21 (2017 - \$16) at an implied average interest rate of 27.47% (2017 - 32.17%). The capital lease obligations expire in fiscal years 2019 to 2023.

8. Professional development fund

The College is required under the Nunavut Employees Union Collective Agreement to contribute an amount equivalent to 4% (2017 - 4%) of instructors' salaries for professional development activities. Contributions to the professional development fund during the year were \$326 (2017 - \$341) and this amount is recorded as an expense in the Statement of Operations and Accumulated Surplus.

The professional development fund represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

	2018	2017
Opening fund balance	\$ 1,656	\$ 1,624
Add: Contributions	326	341
Add: Interest earned	16	16
Less: Professional development expenditures	(144)	(325)
Closing fund balance	<u>\$ 1,854</u>	<u>\$ 1,656</u>

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

9. Employee future benefits

a) Pension benefits

Eligible employees of the College are covered by the Plan. Contributions are required by both the employees and the College. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was 1.01 times for members enrolled before January 1, 2013 and 1.00 times for members enrolled beginning January 1, 2013 (1.01 and 1.00 times respectively for prior year).

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and they are indexed to inflation.

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

	2018	2017
College's contributions	\$ 1,811	\$ 1,955
Employees' contributions	1,781	1,792

b) Non-pension benefits

The College provides severance benefits to eligible employees based on years of service and final salary, removal benefits based on years of service and their community of residence and sick leave benefits based on number of hours an employee receives pay. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations.

Actuarial valuations, of the accrued employee severance, resignation and retirement, removal and sick leave benefit obligations for accounting purposes, are performed triennially using the projected unit credit method. The most recent actuarial report was prepared as at March 31, 2018.

The accrued obligations at year end are as follows:

	2018	2017
Severance, resignation and retirement	\$ 598	\$ 837
Sick leave	535	519
Removal	335	470
Total employee future benefits	<u>\$ 1,468</u>	<u>\$ 1,826</u>

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

Significant assumptions used towards the calculation of these benefits are based on management's best estimate and are as follows:

	2018	2017
Benefit obligation as of March 31:		
Discount rate	3.0%	2.6%
Rate of compensation increase	3.0%	3.0%
Benefit costs for years ended on March 31		
Discount rate	2.6%	2.9%
Rate of compensation increase	3.0%	3.0%

10. Expenses by object

	Related Party	Other	2018	2017
Salaries and employee benefits	\$ 1,556	\$ 29,827	\$ 31,383	\$ 32,043
Fees and professional services	1,550	8,103	9,653	8,800
Buildings and utilities	8,623	648	9,271	7,988
Housing	-	2,859	2,859	1,547
Travel	-	2,337	2,337	2,585
Materials and supplies	-	1,720	1,720	1,909
Telecommunications	-	727	727	682
Furniture and equipment	-	699	699	688
Freight and postage	-	473	473	364
Advertising and promotion	-	390	390	554
Contributions to the professional development fund (Note 8)	-	326	326	341
Amortization (Schedule A)	-	324	324	181
Bad debt expense (recovery)	-	242	242	113
	<u>\$ 11,729</u>	<u>\$ 48,675</u>	<u>\$ 60,404</u>	<u>\$ 57,795</u>

11. Related party transactions

The College is related in terms of common ownership to all Government of Nunavut created departments and territorial corporations. The College enters into transactions with these entities in the normal course of business, at normal trade terms (except for services provided without charge which are based on the Government's carrying amount). In addition to those related party transactions disclosed elsewhere in these financial statements, the College had the following transactions:

(See Next Page)

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

Government funding

	2018	2017
Appropriations received from the Government	\$ 38,134	\$ 37,619
Services provided without charge	11,729	10,738
Total government funding	<u>\$ 49,863</u>	<u>\$ 48,357</u>

The Government provides funding to the College for the period April 1 to March 31 annually. The College recognizes government funding as revenue on April 1. Seventy five percent (75%) of the amount recognized includes government funding designated for the first nine (9) months of the College's 2018/19 fiscal year.

Contract Income

Of the \$9,709 (2017 - \$9,002) of contract income earned in the year, \$4,977 (2017 - \$5,349) is for courses delivered on behalf of the Government.

Due to the Government of Nunavut

	2018	2017
Due to the Government of Nunavut	\$ 7,407	\$ 4,722

This amount represents expenditures originally paid by the Government, primarily payroll, and invoiced to the College for payment within the current year.

Services provided without charge

The College receives payroll processing, insurance and risk management services, human resources, employee benefits and information technology services without charge from the Government. The College also receives, without any rental charges, the use of facilities for its campuses, head office, student housing units and community learning centers. The Government's amortization expense for these assets has been used as the basis for measuring the expense relating to the use of these facilities.

	2018	2017
Use of facilities	\$ 8,623	\$ 7,710
Payroll processing and other services	1,550	1,456
Employee benefits	1,443	1,457
Intern salary	113	115
	<u>\$ 11,729</u>	<u>\$ 10,738</u>

There are \$2,354 (2017 - \$2,354) of appropriations that were reallocated from the College to a Government department for the use of facilities that have not been recognized in the College's financial statements as services provided without charge.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

12. Contractual obligations

The college entered into agreement for, or is contractually obligated for, the following basic payments subsequent to June 30, 2018:

Description	Related Party	Other	Total
Leases on student accommodation	-	\$ 7,720	\$ 7,720
University transfer agreement	-	3,599	3,599
Applied research service contracts	-	885	885
Lease on office and classroom space	-	677	677
Catering services contract	-	647	647
	-	<u>\$ 13,528</u>	<u>\$ 13,528</u>

Contractual obligations by fiscal year are as follows:

2019	\$ 5,706
2020	3,766
2021	3,337
2022	517
2023 and beyond	<u>202</u>
	<u>\$ 13,528</u>

The contractual obligations expire during the fiscal year 2024/25.

13. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. NAC's contractual rights arise because of contracts entered into for educational services (contract income) and government funding. The following table summarizes the contractual rights of NAC for future assets:

Contractual rights	2019	2020	2021	2022	Thereafter	Total
Future contract income	\$ 8,784	\$ 4,186	\$ 153	-	-	\$ 13,123

14. Financial risk management

The College has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. There have been no changes to the level of risks compared to prior year and no changes to the risk management practices used to manage risks.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet their obligations. Such risks arise principally from certain financial assets held by the College consisting of cash, accounts receivable and short term investments.

The maximum exposure to credit risk of the College at June 30, 2018 is the carrying value of these assets.

(i) Cash and short term investments

The College manages its credit risk relating to cash and short term investments by dealing with senior Canadian chartered banks. The College invests surplus funds to earn interest income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements.

(ii) Accounts receivable

The College's exposure to credit risk associated with accounts receivable is influenced mainly by the type of debtor. The types of debtor as at June 30, 2018 are the Government, students and others.

To mitigate credit risk related to accounts receivable, the College does regular follow-up on its accounts receivable. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies. The College also enforces approved collection policies for student accounts.

As of June 30, 2018, the total accounts receivable past due but not impaired are aged as follows: 0-120 days - \$ 759, 121-240 days - \$71, and over 241 days - \$299.

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

The allowance is calculated based on a percentage of aged receivables that are 120 days and over. The allowance for doubtful accounts is shown as a reduction to accounts receivable. Management recommends write-offs of student accounts that are 500+ days overdue. Student and other receivables related write-offs are submitted to the Board of Governors for their approval. Any write-offs greater than \$20 must be submitted to the Financial Management Board (FMB) for approval.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Because the College accounts for its fixed rate instruments at cost, a change in interest rates would not affect the Statement of Operations and Accumulated Surplus with respect to these fixed rate instruments.

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

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30th, 2018

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

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities.

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

The College's financial liabilities are expected to mature in less than one year. The College does not currently believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The College believes that it has access to sufficient capital through internally generated cash flows, government support and external sources to meet current spending forecasts.

15. Contingencies

At June 30, 2018, the College recognized a contingent liability of \$0 (2017 - \$0).

NUNAVUT ARCTIC COLLEGE
Schedule of Tangible Capital Assets
for the year ended June 30

SCHEDULE A*(in thousands of dollars)*

	Buildings	Furniture & Equipment	Building Improvements	Computers and Printers	Mobile Equipment	Capital Leases	2018 Totals	2017 Totals
Cost of tangible capital assets								
Opening balance	84	680	538	103	723	592	2,720	2,174
Additions	-	95	403	-	28	92	618	546
Disposals	-	-	-	-	-	(199)	(199)	-
Closing balance	84	775	941	103	751	485	3,139	2,720
Accumulated amortization								
Opening balance	(27)	(390)	(414)	(101)	(446)	(431)	(1,809)	(1,628)
Amortization	(3)	(47)	(127)	(2)	(45)	(99)	(323)	(181)
Disposals	-	-	-	-	-	199	199	-
Closing balance	(30)	(437)	(541)	(103)	(491)	(331)	(1,933)	(1,809)
Work in progress								
Opening balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Transferred to cost of tangible capital assets	-	-	-	-	-	-	-	-
Net book value	54	338	400	0	260	154	1,206	911
Estimated useful life	25 years	10 years	20 years	4 years	10 years	Shorter of lease term or useful life		