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NUNAVUT
ARCTIC
COLLEGE

Annual Report

2016-2017

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Letter of Transmittal

November 27, 2017

Minister responsible for Nunavut Arctic College
Legislative Assembly of Nunavut
926 Queen Elizabeth II Way
P.O. Box 2410, Iqaluit, NU 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 2016-2017 Annual Report for the fiscal year ending June 30, 2017.

Respectfully submitted,



Sue Ball
Acting Chairperson of the Board
Nunavut Arctic College

Message from the Chair



Nunavut Arctic College (NAC) plays an essential role in preparing Nunavummiut for careers in our territory's economy. During 2016-2017, the College continued to "re-invent" itself in the changing times in which we live. We are becoming an institution that is more relevant to our students and Nunavummiut. We continue to advance our collective goal of developing new and innovative programs that will lead to productive and rewarding careers.

The Government of Nunavut recognizes the importance of education and job training as its top priority in *Sivumut Abluqta: Stepping Forward Together*. The Board is committed to working with the Government of Nunavut to continue building a strong College, expanding adult learning programs, and offering services across Nunavut.

This past year we established the Nunavut Law program, Nunavut Arctic College's new delivery towards a Juris Doctorate of Law (JD) set to begin in 2017-18. We initiated a curriculum review process college-wide, and as a result of years of work, this year culminated in changes to the Inuit Studies program and Interpreter/Translator programs. In particular, the Interpreter/Translator will have a two-year diploma and a third year, as a post-diploma certificate.

As Nunavut grows, we must strengthen our collective commitment to academic excellence. The new Makigiaqta Inuit Training Corporation, led by Nunavut Tunngavik Incorporated (NTI), will support training and skills development for Nunavut Inuit to enhance their ability to qualify for and advance in their employment.

Nunavut Arctic College will continue to collaborate with NTI and enhance its programs where necessary.

We continue to develop new approaches to recruiting and retaining students and staff. We encourage all Nunavummiut to visit their local campus, community learning centres and high schools to discover the many exciting options we have to offer.

Nunavut Arctic College looks forward to working with our many partners to deliver enhanced training opportunities for Inuit, by Inuit, right here at home. Stepping forward together, these opportunities will make significant contributions to building a representative workforce for Inuit as set out in Article 23 of the *Nunavut Land Claims Agreement*.

2017-2018 will be an exciting year for everyone.

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

Sue Ball,
Acting Chairperson of the Board

President's Message



Nunavut Arctic College has a unique challenge: We serve the largest territory in Canada with the smallest population density.

While distances are great, we deliver programs to our students at campuses, learning centres and homes by working with our community partners including: government, non-profits and territorial groups, universities, businesses, industries and associations. With the support of so many, we meet the ever-changing needs of Nunavut's growing economy.

In 2016-17, we focused on improving and evolving programs, technology and facilities, resulting in many positive outcomes.

We updated programs including: **Inuit Studies**; the **Interpreter Translator Program** and Legal courses; and the **Social Services Worker** diploma. We are also increasing our outreach with the **Government of Nunavut (GN)** and others to **deliver more language training**.

NAC added the **Juris Doctorate Law Program** with the **University of Saskatchewan** to meet the demand for lawyers, and provide greater access to justice for Nunavummiut. Building on last year's expansion, the **Early Childhood Education** program is now offered in **Cambridge Bay**.

In 2016-17, **Kivalliq** campus graduated a **record number of students** in Arviat, Baker Lake and Rankin Inlet. Local businesses donated an impressive **\$12,000 in financial awards** – a vote of confidence for NAC students. The new **Ivvavik Daycare** will provide children with traditional learning resources and programs in Inuit Languages.

Preserving and celebrating our culture, **Piqqusilirivvik** graduated **18 students** in 2017. Highlights included **hands-on learning** with a hunting trip to **Igloolik**, where elders assisted students in learning traditional ways of walrus hunting and caching.

Drawing inspiration from Inuit tradition, eight **Jewellery and Metalwork** students were invited to exhibit their work at L.A. Pai gallery in Ottawa. **Anne Qammaniq-Hellwig** won the **BMO Art 1st**! national competition for her traditional 'qaruriit' or headbands.

According to Stats Canada, Nunavut has the fastest growing population in Canada, rising by 12% between 2011-16. This offers a great opportunity to build on the educational foundations already in place, and plan for new programs, technologies, research and training. We'll be ready to meet the future needs of Nunavut.



Joe Adla Kunuk, President
Nunavut Arctic College

Corporate Overview

Nunavut Arctic College is a public agency as defined in Part IX of the *Financial Administration Act* of Nunavut, one of five territorial corporations of the Government of Nunavut. The College's legal authority is derived from the *Nunavut Arctic College Act*.

The College's operations and maintenance (O & M) budget (Main Estimates) is voted on in the Legislative Assembly. The College's capital budget is voted on as part of the Department of Finance's capital budget.

The College is the only post-secondary institution in Nunavut and delivers adult and post-secondary education, including university level programs, and grants university degrees and applied bachelor degrees. It has three regional campuses in Cambridge Bay, Rankin Inlet, and Iqaluit. Each community in Nunavut has a Community Learning Centre. In March 2016, the College officially opened its new Cambridge Bay student residence.

The Nunavut Research Institute (NRI), is a division of Nunavut Arctic College and the central science agency for the Government of Nunavut. The NRI is the gateway to scientific research in Nunavut. NRI is responsible for licensing research in the health, natural, and social science disciplines, as required under Nunavut's *Scientists Act*.

Piqqusilirivvik is the Inuit Cultural Learning Facility in Clyde River with satellite programming in Baker Lake and Igloodik. It is dedicated to enabling the transfer of traditional culture and knowledge, taught in the Inuit language and based on the guiding principles of Inuit Qaujimajatuqangit.

Sanatuliqsarvik, the Nunavut Trades Training Centre in Rankin Inlet is Nunavut's leading skilled trades training facility. The facility delivers pre-trades access, pre-apprenticeship, and apprenticeship programming to train workers to be tradespersons.

Mission, Vision, Values and Principles

Our Mission

To strengthen the people and communities of Nunavut by providing life-long learning opportunities for Nunavummiut adults by appropriately delivering quality career programs developed with input from our partners throughout the Arctic, 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 culturally relevant programs of the highest national standard. In the advancement of their language and culture, our graduates will value education and will 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 students in learner-centered programs
- Supporting learners through personal interaction, small scale learning environments, and sensitivity to the needs of students
- Integrating Inuit culture and knowledge into our programs

We value a 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 student 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 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 College life
- Promotes an understanding of Inuit culture and languages
- Values students' connections to family and community
- Prepares students for meaningful careers and healthy lives
- Places the well-being of students 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 students 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 respecting 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.



NAC Board of Governors, L to R: Larry Nalunqiaq, Sue Ball, and Susie Evyagotailak. Brendan Peterson, and Elizabeth Ryan (former members).

Current Members of the Board of Governors:

KITIKMEOT REGION

Vacant
Cambridge Bay

Mrs. Susie Evyagotailak
Kugluktuk
Term expires: 25 March 2019

KIVALLIQ REGION

Ms. Susan Ball
Arviat
Term expires: 11 February 2019

Mr. Christopher Eccles
Rankin Inlet
Term expires: 19 January 2020

QIKIQTAAALUK REGION

Vacant
Iqaluit

Rhoda Ungalaq
Iqaluit
Term expires: 24 January 2019

STUDENT AND STAFF REPRESENTATIVES

Larry Nalunqiaq, Student Representative
Kugaaruk
Term expires: 11 February 2018

Dawn Archambault, Staff Representative
Cambridge Bay
Term expires: 23 March 2019

EX-OFFICIO, NON-VOTING

Joe Adla Kunuk, President
Ex-officio, Non-voting
Iqaluit

Employment Summary, by Category

	Total Positions*				Nunavut Inuit	
	Total Positions	Vacancies	Filled	% Capacity	Hired	% IEP**
Executive	2	-	2	100%	1	50%
Senior Management	7	2	5	71%	2	40%
Middle Management	27	5	22	81%	8	36%
Professional	126.1	42.6	83.5	66%	36	43%
Paraprofessional	22.5	2.5	20	89%	14	70%
Administrative Support	46	9	37	80%	34	92%
TOTAL EMPLOYMENT CATEGORIES	230.6	61.1	169.5	74%	95	56%
EMPLOYMENT SUMMARY, BY COMMUNITY						
Arctic Bay	1	-	1	100%	1	100%
Cape Dorset	1	-	1	100%	1	100%
Clyde River	16	5	11	69%	8	73%
Grise Fiord	1	-	1	100%	1	100%
Hall Beach	1	-	1	100%	1	100%
Igloolik	4	-	4	100%	3	75%
Iqaluit	100.1	22.6	77.5	77%	36	46%
Kimmirut	2	1	1	50%	1	100%
Pangnirtung	2	1	1	50%	1	100%
Pond Inlet	2	1	1	50%	1	100%
Qikiqtarjuaq	1	-	1	100%	1	100%
Resolute Bay	1	-	1	100%	-	0%
Sanikiluaq	2	1	1	50%	-	0%
Arviat	17	9	8	47%	7	88%
Baker Lake	3	1	2	67%	2	100%
Chesterfield Inlet	1	-	1	100%	-	0%
Coral Harbour	1	-	1	100%	1	100%
Nauyasat	1	-	1	100%	1	100%
Rankin Inlet	45.5	9.5	36	79%	21	58%
Whale Cove	1	1	-	0%	-	0%
Cambridge Bay	20	8	12	60%	5	42%
Gjoa Haven	2	1	1	50%	1	100%
Kugaaruk	2	-	2	100%	1	50%
Kugluktuk	1	-	1	100%	1	100%
Taloyoak	2	-	2	100%	-	0%
TOTAL COMMUNITY	230.6	61.1	169.5	74%	95	56%
EMPLOYMENT SUMMARY, BY IQALUIT AND OTHER COMMUNITIES						
Iqaluit	100.1	22.6	77.5	77%	36	46%
Other communities	130.5	38.5	92	70%	59	64%
TOTAL	230.6	61.1	169.5	74%	95	56%

* as of June 30, 2017.

** IEP is defined as Inuit Employment as a percentage of filled positions.

Strategic Link to Sivumut Abluqta: Stepping Forward Together

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

- Self-reliance and optimism through education and training
- Healthy families through strong and resilient communities
- Economic growth through responsible development across all sectors
- Good government through wise use of our resources

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

2013-2017 Enrolments

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 students 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 students cannot get financial sponsorship.

2013-2017 FULL-TIME ENROLMENT BY CAMPUS

	2013	2014	2015	2016	2017
REGION					
KIVALLIQ	272	288	306	335	312
KITIKMEOT	112	159	143	208	153
NUNATTA	910	827	877	843	764
TOTAL BY CAMPUS	1294	1274	1326	1386	1229

2013-2017 FULL-TIME ENROLMENT BY DIVISION

	2013	2014	2015	2016	2017
ACADEMIC	107	73	115	62	134
UNIVERSITY PARTNERSHIPS	265	267	226	55	69
SANATULIQSARVIK	162	119	158	198	147
CREDIT PROGRAMS	537	429	571	760	656
CAREER DEVELOPMENT	163	298	242	279	176
PERSONAL DEVELOPMENT	60	88	14	32	47
TOTAL BY DIVISION	1294	1274	1326	1386	1229

Student Engagement

The College continuously looks for ways to improve its student services, which includes student accommodation, recreational activities, counselling services, and food services.

At the end of each academic year, a student survey is undertaken. Because of the timing of the end of the academic year and the student survey, there is a lag of an academic year to include survey results in the Annual Report. This Annual Report contains results from the 2015-16 academic year student survey.

2015-2016 Student Survey Results

Students who graduated from the 2015-16 academic year were surveyed in the summer of 2017. In 2016, there were a total of 313 graduates – a 17% increase over the previous year. Of the 313 graduates, 114 responded

to the survey – this represents 36% of the graduate population. Of those surveyed, 93% were Inuit.

Highlights

Graduates continued to express satisfaction with the College, with results slightly higher over other years. Of those surveyed 96% were satisfied with the programs, 92% said it was easy to find information and 97% would recommend NAC to others.

Less than a year after graduation, 49% were employed full-time, 9% part-time and 1% self-employed – and an additional 7% continued as students. Of those employed full-time, 43% were employed by the Government of Nunavut and 12% were employed by Inuit-owned businesses.



Nunavut Research Institute: Research Highlights

The Nunavut Research Institute is responsible for issuing scientific research in the Nunavut Settlement area in accordance with Nunavut's *Scientists Act*. NRI 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 archeological and paleontological research (licensed by the Department of Culture and Heritage). NRI research licenses account for approximately 60% of research undertaken in Nunavut.

The Nunavut Research Institute publishes an annual compendium of licensed research in Nunavut. Previous editions can be downloaded from www.nri.nu.ca, or www.arcticcollege.ca. The 2016 compendium will be posted in 2017.

2016 FACTS AND FIGURES

128 **Research Projects in Nunavut**
 22 Health Research Projects
 53 Social Sciences Research Projects
 53 Physical Sciences Research Projects

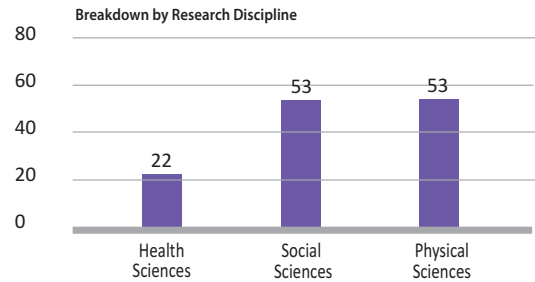
16 Kivalliq Region
 16 Kitikmeot Region
 76 Qikiqtani Region
 20 Multiple Regions

521 **Total Licensed Researchers**
 91 Health
 116 Social Sciences
 314 Physical Sciences

9 License Holders from Nunavut

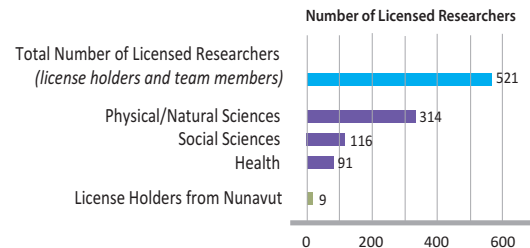
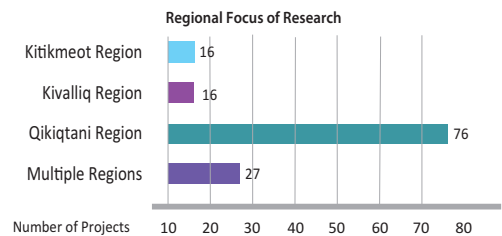
59 **Institutions and Organizations**
 30 Canadian Universities
 7 Canadian Government Agencies
 5 Canadian Non-Govt. Organizations
 6 American Universities
 7 Private Consultants (Cdn.)
 4 Asian/European Universities

128 Research Projects in Nunavut



Scientific Research Licenses Issued by NRI in 2016

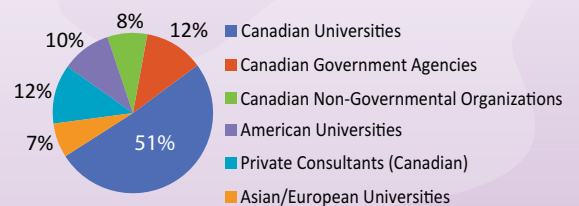
(Jan 01, 2016 to Dec 31, 2016)



Licensed Institutions and Organizations (59 total)



Affiliation of 2016 License Holders



Management Discussion

The fiscal year 2016-17 marked a year of opportunity for the College with new programs and partnerships across a number of academic portfolios.

The College made significant changes in 2016-17 to the way it delivered the Inuit Centre of Excellence programming specifically Interpreter/Translator and Inuit Studies through approvals by the Board of Governors.

Over the last year, the College has been engaged in building stronger partnerships towards the effective delivery of post-secondary programs. These include partnerships with Algonquin College, the University of Saskatchewan, and the Government of Greenland. These partnerships will strengthen on our capacity to increase opportunities for Nunavummiut into the future.

The year ahead has a number of items that the College will address, including:

- Expansion of Piqqusilirivvik programming to other communities
- Continuing to reach out to Nunavummiut and others to attract them to our College through our Communications Strategy
- Responding to the high interest and demand for skilled trades training
- Expanding the Environmental Technology Program



NAC College Highlights 2016-17

Nunatta Campus

Language and Culture

Piqqusilirivvik

The preservation of Inuit culture and language is in good hands thanks to strong leadership and teamwork. Students learned first-hand about the traditional Inuit diet, with a trip to Igloodik to hunt walrus meat where elders assisted by teaching them how to cache meat. Completing the circle, students retrieved and shared the cached meat with the community. A total of 18 students graduated in 2017.



Piqqusilirivvik campus applies the principals of Inuit Qaujimagatuqangit.

Language

Language courses continue to enhance student proficiency in Iqaluit, Rankin and Cambridge Bay, with funding from the Department of Culture and Heritage. Further, GN training is increasing, including the Department of Executive and Intergovernmental Affairs transferring their Inuit Language Initiative funds to NAC. The College will work with Pirurvik to train GN employees to help meet our obligation under the *Inuit Language Protection Act* (ILPA) and the *Official Languages Act* (OLA), to enhance language skills of Nunavummiut.

Elder in Residence

Nunavut Arctic College is very excited to welcome an Elder in Residence. Lew Philip will be work with students and staff starting in the fall of 2017.

Programs

Inuit Studies

Instructors have successfully updated course materials, with assistance from content experts. The Inuit Studies Certificate program will continue to provide students with the opportunity to explore the cultural, linguistic, historical and contemporary situation of Inuit.

Interpreter/Translator

Major work is underway in updating course material for the Interpreter/Translator Program and Legal courses, with support from the Inuit Language Initiative fund. In 2017, four students graduated with their Diploma from the Interpreter/Translator program.

A 3rd year Interpreter/Translator Program will be offered through the enhancement of the program under the Inuit Language Initiative fund. Year 1 and 2 will now be offered for the second time consecutively.



Interpreter/Translator Program

Jewellery and Metalwork

Discussions are underway with the Department of Economic Development and Transportation and the Department of Culture and Heritage regarding the possibility of a feasibility study; and identifying key areas for the development of a fine arts program/school.

Among the successes: six students graduated from the program; and eight students gained national exposure by participating in an exhibition 'Aggakta sanajangit' ('Made with our Hands') in Ottawa. Anne Qammaniq-Hellwig also won the BMO Art 1st! national competition for her traditional 'qaruriit' or headbands.

Early Childhood Education Program (ECE)

Demand for ECE programs is increasing. Applied certificate and diplomas are being offered in multiple communities across Nunavut. In Iqaluit and Pond Inlet approximately 25 students are participating in the programs, with six graduates from Pond Inlet and seven from Iqaluit in 2017. In the fall, Cambridge Bay will launch an Applied ECE.

Law Program

NAC's new Juris Doctorate of Law Program in collaboration with the University of Saskatchewan, generated many applications. Offers of admission were made and all students accepted. Stephen Mansell was hired by the College of Law as the Northern Director, starting in May 2017, in time for the fall program.



From top row to bottom:

Pascal MacLellan – Colin Mackay – Robert Comeau – Willis Allurut – Duncan Cunningham – James Takkiruaq – Guy d'Argencourt – David Lawson – David lou – Emily Karpik – Angnakuluk Friesen – Samantha Barnes – Nastania Mullin – Jessica Shabtai – Stephanie Tagalik Eccles – Christine Bens Ellsworth – Alanna Copland – Suzy Keenainak – Marion Lewis – Bonnie Osborne – Jasmine Redfern – Marley Dunkers – Nuka Olsen-Hakongak – Not pictured Mike Rafter and Andrew Morrison

Kivalliq

Growing Financial Awards to Students

Students received a boost from Nunavut's private sector which contributed more than \$12,000 in financial awards to graduates in Rankin Inlet in 2016-17. Financial awards to our post-secondary students not only provide recognition from community organizations, they motivate new and potential students.

Ivvavik Daycare Opens

With 56% of NAC students having children, the opening of Ivvavik Daycare was celebrated in Rankin Inlet. NAC provided the facilities, and in return the daycare prioritizes spots for students and staff, allowing them to focus on their education and work. Children will engage in traditional and cultural activities, with programs in the Inuit language. They will also receive country food at snack time.



Minister Quassa officially opens Ivvavik Daycare, May 3rd, 2017 in Rankin Inlet. Ivvavik Board member Stephanie Lachance, Honourable Minister of Nunavut Arctic College Paul Quassa, Ivvavik Board member Susanne Misheralak. (Photo credit Dorothy Tootoo)

Increase in Graduates

In 2016-17, the Kivalliq Campus awarded a record number of degrees, diplomas, certificates and certified trades levels. Twenty diplomas were awarded in Arviat, Baker Lake and Rankin Inlet. Further, there were 27 College Certificates and 34 Certified Trades Levels attained throughout the year; and many Records of Participation and Achievement.



Student Council President and Level 1 Electrician Apprentice Anita Kopak (L) is presented with a cheque from Sandy Napier; Director of Sanatuliqarvik Mining & Trades Training Centre (R) on behalf of Atuqtuarvik Corporation for the highest academic achievement in Trades (photo credit Dorothy Tootoo)

Kitikmeot

Programs

Curriculum revisions to the Social Services Worker Diploma program were approved by the Board of Governors, with the new program being offered in fall of 2017.

The Campus has hosted the delivery of the University of Victoria Language Revitalisation program for the last two years. This initiative sponsored by the Department of Culture and Heritage, promotes the use of Inuinnaqtun, offering students skills on how to teach language to others.

Community Engagement

The Kitikmeot Campus continues to collaborate with stakeholders from the mining industry, science organizations and Inuit associations, to maximize employment and learning opportunities.





NUNAVUT ARCTIC COLLEGE
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2017

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.

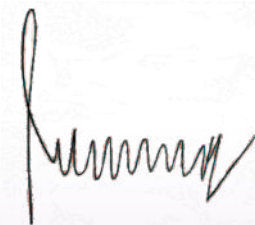
The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Governors, the majority who are not employees of the College, meets periodically with management and the external auditors. The external auditors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



Joe Adla Kunuk
President

September 21, 2017



Marcelo Parungao
Bursar

September 21, 2017



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 2017, 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.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Nunavut Arctic College as at 30 June 2017, 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

21 September 2017
Ottawa, Canada

NUNAVUT ARCTIC COLLEGE
Statement of Financial Position
as at June 30

(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Financial assets		
Cash (Note 3)	\$ 41,947	\$ 39,909
Accounts receivable (Note 4)	2,358	3,257
Short term investments (Note 5)	-	5,263
Total financial assets	<u>44,305</u>	<u>48,429</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	3,580	3,079
Due to the Government of Nunavut (Note 12)	4,722	11,059
Deferred contract income	250	406
Capital lease obligations (Note 7)	190	118
Professional development fund (Note 8)	1,656	1,624
Employee future benefits (Note 9)	1,826	1,840
Total liabilities	<u>12,224</u>	<u>18,126</u>
Net financial assets	<u>32,081</u>	<u>30,303</u>
Non-financial assets		
Tangible capital assets (Schedule A)	911	546
Prepaid expenses	63	92
Total non-financial assets	<u>974</u>	<u>638</u>
Accumulated surplus	<u>\$ 30,055</u>	<u>\$ 30,941</u>
Contractual obligations (Note 13)		
Contingencies (Note 15)		

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

Approved by the Board:



Sue Ball
Acting Chairperson of the Board

NUNAVUT ARCTIC COLLEGE

Statement of Operations and Accumulated Surplus for the year ended June 30

(in thousands of dollars)

	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Contract income (Note 12)	\$ 8,018	\$ 9,002	\$ 9,451
Tuition fees	1,249	1,061	1,215
Room and board	696	681	667
Miscellaneous revenue and recoveries	836	499	667
Investment income	321	309	301
Total revenues	<u>11,120</u>	<u>11,552</u>	<u>12,301</u>
Expenses (Note 11)			
Trades, Community and Distance Learning Programs	12,236	12,713	13,850
Services Provided without Charge (Note 12)	-	10,738	11,186
General Administration	6,931	7,712	7,930
Student Services	5,344	6,242	5,985
Education and Early Childhood Education Programs	7,057	5,057	4,448
Health and Wellness and Business Programs	5,136	4,960	4,376
Piqusilirivvik Centre	3,649	4,106	2,986
Inuit Language and Cultural Programs	3,350	3,664	3,064
Research and Technology Office	1,799	2,543	1,674
Law Program	-	60	-
Total expenses	<u>45,502</u>	<u>57,795</u>	<u>55,499</u>
Deficit for the year before Government Funding	(34,382)	(46,243)	(43,198)
Government Funding (Note 10)	<u>34,382</u>	<u>48,357</u>	<u>45,568</u>
Surplus for the year	<u>-</u>	<u>2,114</u>	<u>2,370</u>
Accumulated surplus – beginning of the year	<u>30,941</u>	<u>30,941</u>	<u>28,571</u>
Accumulated surplus – end of the year	<u>\$30,941</u>	<u>\$ 33,055</u>	<u>\$ 30,941</u>

The accompanying notes and schedules 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)

	2017 <u>Budget</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
Surplus for the year	\$ -	\$ 2,114	\$ 2,370
Tangible capital assets (Schedule A)			
Additions	(265)	(546)	(55)
Disposals	-	-	-
Amortization	<u>150</u>	<u>181</u>	<u>171</u>
	<u>(115)</u>	<u>(365)</u>	<u>116</u>
Net (additions) use of prepaid expenses	<u>-</u>	<u>29</u>	<u>106</u>
Change in net financial assets	(115)	1,778	2,592
Net financial assets – beginning of the year	<u>30,303</u>	<u>30,303</u>	<u>27,711</u>
Net financial assets – end of the year	<u><u>\$ 30,188</u></u>	<u><u>\$ 32,081</u></u>	<u><u>\$ 30,303</u></u>

The accompanying notes and schedules 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)

	<u>2017</u>	<u>2016</u>
Cash provided by (used for) operations		
Government contributions	\$ 37,619	\$ 34,382
Contracts	9,773	9,000
Other contributions	2,110	2,605
Paid to employees	(37,462)	(28,532)
Paid to suppliers	(15,074)	(11,558)
Interest	283	281
Cash provided by (used for) operations	<u>(2,751)</u>	<u>6,178</u>
Cash provided by (used for) capital activities		
Tangible capital asset acquisitions	<u>(391)</u>	<u>(55)</u>
Cash (used for) provided by capital activities	<u>(391)</u>	<u>(55)</u>
Cash provided by (used for) investing activities		
Redemption (purchase) of short term investments, net	<u>5,263</u>	<u>(43)</u>
Cash (used for) provided by investing activities	<u>5,263</u>	<u>(43)</u>
Cash provided by (used for) financing activities		
Principal payments on capital leases	<u>(83)</u>	<u>(64)</u>
Cash (used for) provided by financing activities	<u>(83)</u>	<u>(64)</u>
Increase (Decrease) in cash	2,038	6,016
Cash – beginning of the year	<u>39,909</u>	<u>33,893</u>
Cash – end of the year (Note 3)	<u>\$ 41,947</u>	<u>\$ 39,909</u>

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

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

SCHEDULE A

(in thousands of dollars)

							<u>2017</u>	<u>2016</u>
	Buildings	Furniture and Equipment	Building Improvements	Computers and Printers	Mobile Equipment	Capital Leases	Total	Total
Cost of tangible capital assets								
Opening balance	\$ 84	\$ 526	\$ 538	\$ 103	\$ 486	\$ 437	\$ 2,174	\$ 2,119
Additions	-	154	-	-	237	155	546	55
Disposals	-	-	-	-	-	-	-	-
Closing balance	84	680	538	103	723	592	2,720	2,174
Accumulated amortization								
Opening balance	(24)	(359)	(398)	(98)	(401)	(348)	(1,628)	(1,457)
Amortization	(3)	(31)	(16)	(3)	(45)	(83)	(181)	(171)
Disposals	-	-	-	-	-	-	-	-
Closing balance	(27)	(390)	(414)	(101)	(446)	(431)	(1,809)	(1,628)
Net book value	\$ 57	\$ 290	\$ 124	\$ 2	\$ 277	\$ 161	\$ 911	\$ 546
Estimated useful life	25 years	10 years	20 years	4 years	10 years	shorter of lease term or useful life		

Nunavut Arctic College uses tangible capital assets that are owned and maintained by the Government of Nunavut's Department of Community and Government Services. The use of these assets is accounted for as a services provided without charge (Note 12).

NUNAVUT ARCTIC COLLEGE

Notes to Financial Statements

June 30, 2017

(in thousands of dollars)

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 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

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 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 30, 2017

(in thousands of dollars)

2. Significant accounting policies (continued)

(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) Short term investments

Short term investments are investments that have a maturity term of more than three months but less than one year from the time of their acquisition.

(d) Contributions from the Government of Nunavut

Annual appropriation

Government funding is recognized as revenue when the funding is authorized and all eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the 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 revenue 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 revenue 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 is 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.

NUNAVUT ARCTIC COLLEGE

Notes to Financial Statements

June 30, 2017

(in thousands of dollars)

2. Significant accounting policies (continued)

(e) Revenue recognition

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.

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.

(f) Tangible capital 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

(g) Lease obligations

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.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

2. Significant accounting policies (continued)

(g) Lease obligations (continued)

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.

(h) 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.

(i) Employee future benefits

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.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

2. Significant accounting policies (continued)

(j) 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, 2017.

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.

(k) 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, 2017 budgeted figures which approximate one operating year have been provided for comparison purposes and have been derived from the Main Estimates and Business Plan.

(l) 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.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

3. Cash

	<u>2017</u>	<u>2016</u>
Cash	\$ 41,947	\$ 39,909

There are no cash equivalents held as at June 30, 2017 or 2016.

4. Accounts receivable

	<u>2017</u>	<u>2016</u>
Student receivable		
Government of Nunavut	\$ 474	\$ 457
Student accounts	988	934
	<u>1,462</u>	<u>1,391</u>
Contracts receivable		
Government of Nunavut	1,002	1,591
Others	1,206	1,548
	<u>2,208</u>	<u>3,139</u>
Other receivable		
Government of Nunavut	4	3
Other	253	180
	<u>257</u>	<u>183</u>
Total receivable	3,927	4,713
Less: Allowance for doubtful accounts		
Student receivable	(1,318)	(1,223)
Contract receivable	(223)	(208)
Other receivable	(28)	(25)
	<u>\$ 2,358</u>	<u>\$ 3,257</u>

There is no concentration of accounts receivable with any customer, except the Government – \$1,480 (2016 – \$2,051) which has an allowance of \$482 (2016 – \$468).

In accordance with Section 82 of the FAA, there were no write-offs requiring approval by the Board of Governors during the year (2016 – nil).

5. Short term investments

There are no short term investments held as at June 30, 2017. Short term investments as at June 30, 2016 consisted of two (2) Guaranteed Investment Certificates (GICs), bearing interest of 0.90% which were purchased in April 2016 and redeemed on maturity in April 2017. The market value and fair value of the short term investments approximated their carrying value because of the short term to maturity.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

6. Accounts payable and accrued liabilities

	<u>2017</u>	<u>2016</u>
Trade payables and accrued liabilities	\$ 1,698	\$ 1,370
Employee benefits payable	1,668	1,513
Deposits payable	214	196
	<u>\$ 3,580</u>	<u>\$ 3,079</u>

7. Capital lease obligations

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

	<u>2017</u>	<u>2016</u>
Total minimum lease payments	\$ 209	\$ 148
Less: Imputed interest (total interest expense to be incurred)	(19)	(30)
Present value of minimum lease payments	<u>\$ 190</u>	<u>\$ 118</u>

The future minimum lease payments for each of the next four (4) fiscal years are:

2018	\$ 102
2019	66
2020	38
2021	3
	<u>\$ 209</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 \$16 (2016 – \$19) at an implied average interest rate of 32.17% (2016 – 32.18%). The capital lease obligations expire in fiscal years 2019 to 2021.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

8. Professional development fund

The College is required under the Nunavut Employees Union Collective Agreement to contribute an amount equivalent to 4% (2016 – 4%) of instructors' salaries for professional development activities. Contributions to the professional development fund during the year were \$341 (2016 – \$318) 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.

	<u>2017</u>	<u>2016</u>
Opening fund balance	\$ 1,624	\$ 1,407
Add: Contributions	341	318
Add: Interest earned	16	11
Less: Professional development expenditures	<u>(325)</u>	<u>(112)</u>
Closing fund balance	<u>\$ 1,656</u>	<u>\$ 1,624</u>

9. Employee future benefits

Pension

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 (1.15 and 1.11 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:

	<u>2017</u>	<u>2016</u>
College's contributions	\$ 1,955	\$ 1,993
Employees' contributions	1,792	1,623

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

9. Employee future benefits (continued)

Non-pension

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, 2017.

The accrued obligations at year end are as follows:

	<u>2017</u>	<u>2016</u>
Severance, resignation and retirement	\$ 837	\$ 729
Sick leave	519	702
Removal	470	409
Total employee future benefits	<u>\$ 1,826</u>	<u>\$ 1,840</u>

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

	<u>2017</u>	<u>2016</u>
Benefit obligation as of March 31:		
Discount rate	2.6%	2.9%
Rate of compensation increase	3.0%	3.0%
Benefit costs for years ended on March 31:		
Discount rate	2.9%	2.6%
Rate of compensation increase	3.0%	3.0%

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

10. Government funding

	<u>2017</u>	<u>2016</u>
Contributions received from the Government	\$ 37,619	\$ 34,382
Services provided without charge (Note 12)	10,738	11,186
Total government contributions	<u>\$ 48,357</u>	<u>\$ 45,568</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 2017/18 fiscal year.

11. Expenses by object

	<u>2017</u>	<u>2016</u>
Salaries and employee benefits (Note 9)	\$ 32,043	\$ 31,366
Fees and professional services	8,800	7,680
Buildings and utilities	7,988	8,489
Travel	2,585	2,627
Materials and supplies	1,909	1,530
Housing	1,547	1,300
Furniture and equipment	688	514
Telecommunications	682	693
Advertising and promotion	554	365
Freight and postage	364	396
Contributions to the professional development fund (Note 8)	341	318
Amortization (Schedule A)	181	171
Bad debt expense (recovery)	113	50
	<u>\$ 57,795</u>	<u>\$ 55,499</u>

12. Related party transactions

The College is related in terms of common ownership to all Government created departments, agencies and territorial corporations. The College enters into transactions with these entities in the normal course of business under terms and conditions similar to those with unrelated parties (except for services provided without charge which are based on cost). In addition to those related party transactions disclosed elsewhere in these financial statements (except for Schedule B), the College had the following transactions:

Contract Income

Of the \$9,002 (2016 - \$9,451) of contract income earned in the year, \$5,349 (2016 - \$5,389) is for courses delivered on behalf of the Government.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

12. Related party transactions (continued)

Due to the Government

	<u>2017</u>	<u>2016</u>
Due to the Government	\$ 4,722	\$ 11,059

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 centres. 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.

	<u>2017</u>	<u>2016</u>
Use of facilities	\$ 7,710	\$ 8,326
Employee benefits	1,572	1,464
Payroll processing and other services	1,456	1,396
	<u>\$ 10,738</u>	<u>\$ 11,186</u>

There are \$2,354 (2016 – \$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.

13. Contractual obligations

In addition to the facilities provided by the Government, the College has three (3) operating leases, nine (9) arctic applied research agreements and three (3) university transfer agreements and is committed to the following basic payments over the next eight (8) years:

2018	\$ 1,899
2019	1,739
2020	1,197
2021	1,268
2022 and beyond	425
	<u>\$ 6,528</u>

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

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

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.

(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, 2017 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, 2017 are the Government, students and others.

To mitigate credit risk related to accounts receivable, the College does regular follow-up on their 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, 2017, the total accounts receivable past due but not impaired are aged as follows:
0-120 days – \$881, 121-240 days – \$48, and over 241 days – \$4.

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

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.

NUNAVUT ARCTIC COLLEGE
Notes to Financial Statements
June 30, 2017

(in thousands of dollars)

14. Financial risk management (continued)

(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.

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, 2017, the College recognized a contingent liability of \$0 (2016 – \$0).

16. Subsequent event

On August 31, 2017 the College signed a four year lease agreement for student housing in Iqaluit with a third party. The College is committed to annual rental payments for the housing of \$1,654, which will be paid in monthly installments. At the end of the four year term the College has an option to renew the lease for an additional four year term at a rate to be determined at the time of renewal.

NUNAVUT ARCTIC COLLEGE
 Schedule of Related Party Balances
 For the year ended June 30, 2017

Schedule B

(in thousands of dollars)

Consolidated Financial Reporting Entity	Asset Balances	Liability Balances	Revenue Balances	Expense Balances
Consolidated Revenue Fund				
Office of the Legislative Assembly				
Departments				
Community and Government Services	\$ 2	\$ 8	\$ 171	\$ 68
Culture and Heritage	293	-	1,623	5
Economic Development and Transportation	-	-	41	-
Education	592	34	2,298	-
Education FANS	423	-	-	-
Environment	6	1	9	1
Executive and Intergovernmental Affairs	2	-	3	-
Family Services	85	-	1,008	-
Finance	74	4,643	37,619	-
Health	3	-	253	-
Justice	-	-	-	-
Services provided without charge	-	-	10,738	10,738
Territorial Corporations				
Nunavut Arctic College	-	-	-	-
Nunavut Business Credit Corporation	-	-	-	-
Nunavut Development Corporation (including subsidiaries)	-	-	-	-
Nunavut Housing Corporation (including LHO subsidiaries)	-	8	-	-
Qulliq Energy Corporation	-	-	-	104
Revolving Funds				
Liquor Revolving Fund	-	-	-	-
Petroleum Products Revolving Fund	-	-	-	31
Other Public Service Bodies				
District Education Authorities	-	-	-	-
Human Rights Tribunal	-	-	-	-
Labour Standards Board	-	-	-	-
Legal Services Board	-	-	-	-
Nunavut Liquor Licensing Board	-	-	-	-
Quillit Nunavut Status of Women Council	-	-	-	-
Total Related Party Balances	\$ 1,480	\$ 4,694	\$ 53,763	\$ 10,947