

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Northern Lights School Division No. 69

Legal Name of School Jurisdiction

6005 - 50th Avenue, Bonnyville, Alberta T9N 2L4

Mailing Address

Telephone 780-826-3145 Fax 780-826-4600

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Northern Lights School Division No. 69 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school jurisdiction's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the school jurisdiction's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong system of budgetary control.

Board of Trustees Responsibility

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

External Auditors

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors were given full access to school jurisdiction records.

Declaration of Management and Board Chairman

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with generally accepted accounting principles and follow the financial reporting requirements prescribed by Alberta Education.

BOARD CHAIR

Walter Hrycauk

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

Roger Nippard

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

Beverley Topylki

Name

"ORIGINAL SIGNED"

Signature

24-Nov-10

Board-approved Release Date

TABLE OF CONTENTS

	Page
AUDITORS' REPORT INSERT	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF REVENUES AND EXPENSES	5
STATEMENT OF CASH FLOWS	6
STATEMENT OF CHANGES IN NET ASSETS	7
STATEMENT OF CAPITAL ALLOCATIONS	8
NOTES TO THE FINANCIAL STATEMENTS INSERT	9

2900 Bell Tower

10104-103 Avenue

Edmonton, Alberta

TSJ 0H8

Tel: 780.424.3000

Fax: 780.429.4817

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AUDITORS' REPORT

November 5, 2010
Edmonton, Alberta

To the Members of Northern Lights School Division No. 69

We have audited the statement of financial position of the Northern Lights School Division No. 69 as at August 31, 2010 and the statements revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Division as at August 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Kingston Ross Pasnak LLP
Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at August 31, 2010

(in dollars)

		2010	2009 (Note)
ASSETS			
Current assets			
Cash and temporary investments	(Note x)	\$7,315,823	\$13,082,085
Accounts receivable (net after allowances)	(Note x)	\$3,185,160	\$2,412,721
Prepaid expenses	(Note x)	\$937,258	\$786,744
Other current assets	(Note x)	\$0	\$0
Total current assets		\$11,438,241	\$16,281,550
School generated assets			
Trust assets	(Note x)	\$54,154	\$56,509
Long term accounts receivable	(Note x)	\$27,480	\$30,293
Long term investments	(Note x)	\$0	\$0
Capital assets (Note x)			
Land		\$961,729	\$961,729
Construction in Progress		\$731,430	\$0
Buildings	\$96,339,195		
Less: accumulated amortization	(\$36,565,052)	\$59,774,143	\$60,199,944
Equipment	\$8,762,974		
Less: accumulated amortization	(\$4,211,506)	\$4,551,468	\$4,610,410
Vehicles	\$3,050,255		
Less: accumulated amortization	(\$1,526,060)	\$1,524,195	\$1,611,113
Total capital assets		\$67,542,965	\$67,383,196
TOTAL ASSETS		\$80,335,320	\$85,057,035
LIABILITIES			
Current liabilities			
Bank indebtedness	(Note x)	\$0	\$0
Accounts payable and accrued liabilities	(Note x)	\$2,195,912	\$6,237,747
Deferred revenue	(Note x)	\$2,215,243	\$2,557,725
Deferred capital allocations	(Note x)	\$296,920	\$292,967
Current portion of long term debt		\$738,193	\$761,185
Total current liabilities		\$5,446,268	\$9,849,624
School generated liabilities			
Trust liabilities	(Note x)	\$54,154	\$56,509
Employee future benefit liabilities	(Note x)	\$29,800	\$21,400
Long term debt (Note x)			
Supported: Debentures and other supported debt		\$4,029,107	\$4,790,291
Less: Current portion		(\$738,193)	(\$761,185)
Unsupported: Debentures and Capital Loans		\$0	\$0
Capital Leases		\$0	\$0
Mortgages		\$0	\$0
Less: Current portion		\$0	\$0
Other long term liabilities	(Note x)	\$0	\$0
Unamortized capital allocations	(Note x)	\$55,160,440	\$54,866,322
Total long term liabilities		\$59,807,788	\$60,278,824
TOTAL LIABILITIES		\$65,254,056	\$70,128,448
NET ASSETS			
Unrestricted net assets		\$611	\$1,830
Operating Reserves		\$3,634,285	\$6,600,178
Accumulated Operating Surplus (Deficit)		\$3,634,896	\$6,602,008
Investment in capital assets		\$8,353,416	\$7,726,579
Capital Reserves		\$3,092,952	\$600,000
Total Capital Funds		\$11,446,368	\$8,326,579
Total net assets		\$15,081,264	\$14,928,587
TOTAL LIABILITIES AND NET ASSETS		\$80,335,320	\$85,057,035

Note: Please input "(Restated)" in 2009 column heading where comparatives are not taken from the finalized 2008-2009 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES
for the Year Ended August 31, 2010
(in dollars)

	Actual 2010	Budget 2010 (Note)	Actual 2009 (Note)
REVENUES			
Government of Alberta	\$63,279,890	\$64,022,340	\$61,141,976
Federal Government and First Nations	\$2,319,655	\$2,391,037	\$2,538,812
Other Alberta school authorities	\$0	\$0	\$0
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$212,775	\$237,900	\$44,251
Transportation fees	\$142,155	\$105,000	\$131,047
Other sales and services	\$268,926	\$200,900	\$214,434
Investment income	\$49,876	\$220,000	\$118,691
Gifts and donations	\$288,501	\$80,000	\$127,944
Rental of facilities	\$18,551	\$7,200	\$10,550
Gross school generated funds	\$1,948,721	\$910,000	\$906,754
Gains on disposal of capital assets	\$7,500	\$0	\$20,522
Amortization of capital allocations	\$2,683,005	\$2,509,151	\$1,671,887
Other revenue	\$0	\$0	\$0
Total Revenues	\$71,219,555	\$70,683,528	\$66,926,868
EXPENSES			
Certificated salaries (Note x)	\$29,813,632	\$29,470,390	\$27,078,795
Certificated benefits (Note x)	\$3,376,184	\$3,221,858	\$3,133,504
Non-certificated salaries and wages (Note x)	\$11,985,784	\$11,252,476	\$11,093,130
Non-certificated benefits (Note x)	\$3,092,659	\$2,573,186	\$2,722,197
Services, contracts and supplies	\$16,788,378	\$17,730,932	\$17,696,689
Gross school generated funds	\$1,948,721	\$910,000	\$906,754
Capital and debt services			
Amortization of capital assets			
Supported	\$2,683,005	\$2,509,151	\$1,671,887
Unsupported	\$955,352	\$926,449	\$755,964
Total Amortization of capital assets	\$3,638,357	\$3,435,600	\$2,427,851
Interest on capital debt			
Supported	\$483,775	\$479,790	\$565,477
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$483,775	\$479,790	\$565,477
Other interest and charges	\$0	\$1,200	\$2,862
Losses on disposal of capital assets	\$0	\$0	\$4,703
Other expense	(\$60,611)	\$0	\$0
Total Expenses	\$71,066,879	\$69,075,432	\$65,631,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	\$152,677	\$1,608,096	\$1,294,906
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$152,677	\$1,608,096	\$1,294,906

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statements filed with Alberta Education. Budget 2010 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2010

(in dollars)

	2010	2009 (Note)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	\$152,677	\$1,294,906
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$2,683,005)	(\$1,671,887)
Total amortization expense	\$3,638,357	\$2,427,851
Gains on disposal of capital assets	(\$7,500)	(\$20,522)
Losses on disposal of capital assets	\$0	\$4,703
Changes in:		
Accounts receivable	(\$772,439)	(\$262,976)
Prepays and other current assets	(\$150,514)	\$417,408
Long term accounts receivable	\$2,813	\$8,247
Long term investments	\$0	\$0
Accounts payable and accrued liabilities	(\$4,041,835)	(\$1,374,840)
Deferred revenue	(\$342,482)	(\$357,773)
Employee future benefit liabilities	\$8,400	\$11,600
Other (describe)	\$0	\$0
Total cash flows from Operations	(\$4,195,529)	\$476,717
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	(\$5,080)
Buildings	(\$2,836,825)	(\$20,717,614)
Equipment	(\$686,522)	(\$3,677,020)
Vehicles	(\$274,779)	(\$220,099)
Net proceeds from disposal of capital assets	\$7,500	\$72,179
Other (describe) donated capital assets	\$390,000	\$0
Total cash flows from Investing activities	(\$3,400,626)	(\$24,547,634)
C. FINANCING ACTIVITIES		
Capital allocations	\$1,829,891	\$5,518,763
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$761,184)	(\$819,076)
Add back: supported portion	\$761,185	\$819,075
Other (describe)	\$0	\$0
Total cash flows from financing activities	\$1,829,892	\$5,518,762
Net cash flows from during the year	(\$5,766,262)	(\$18,552,155)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/09	\$13,082,085	\$31,634,240
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$7,315,823	\$13,082,085

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statement filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2010**

School Jurisdiction Code: 1245

(in dollars)

	(1) TOTAL NET ASSETS Cols. 2+3+4+5	(2) INVESTMENT IN CAPITAL ASSETS	(3) UNRESTRICTED NET ASSETS	(4) TOTAL OPERATING RESERVES Cols. 6+8+10+12+14 7+9+11+13+15		(5) TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15		INTERNALLY RESTRICTED NET ASSETS						(14) Operating Reserves	(15) Capital Reserves
				(6) School & Instruction Related		(7) Operations & Maintenance		(8) Board & System Admin.		(9) Transportation		(10) External Services			
				(6) Operating Reserves	(6) Capital Reserves	(7) Operating Reserves	(7) Capital Reserves	(8) Operating Reserves	(8) Capital Reserves	(9) Operating Reserves	(9) Capital Reserves	(10) Operating Reserves	(10) Capital Reserves		
Balance at August 31, 2009	\$14,928,567	\$7,726,579	\$1,830	\$6,600,178	\$600,000	\$2,776,316	\$0	\$2,854,070	\$600,000	\$377,306	\$0	\$592,486	\$0	\$0	
Prior period adjustments (describe)															
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Adjusted Balance, Aug. 31, 2009	\$14,928,567	\$7,726,579	\$1,830	\$6,600,178	\$600,000	\$2,776,316	\$0	\$2,854,070	\$600,000	\$377,306	\$0	\$592,486	\$0	\$0	
Excess (deficiency) of revenues over expenses	\$152,677		\$152,677												
Board funded capital additions		\$1,562,189	(\$2,034)	(\$885,607)	(\$664,548)	(\$143,308)	\$0	(\$652,283)	(\$664,548)	\$43,027	\$0	(\$133,043)	\$0	\$0	
Disposal of unsupported capital assets	\$0	\$0	(\$7,500)		\$7,500				\$7,500				\$0	\$0	
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0	\$0	\$0				\$0				\$0	\$0	
Direct credits to net assets	\$0	\$0	\$0												
Amortization of capital assets		(\$3,638,357)	\$3,638,357												
Amortization of capital allocations		\$2,683,005	(\$2,683,005)												
Debt principal repayments (unsupported)		\$0	\$0												
Net transfers to operating reserves			(\$637,016)	\$637,016		\$98,109		\$326,967		\$211,940		\$0	\$0	\$0	
Net transfers from operating reserves			\$2,717,302	(\$2,717,302)		(\$182,885)		(\$2,500,000)		\$0		(\$34,417)	\$0	\$0	
Net transfers to capital reserves			(\$3,150,000)		\$3,150,000				\$3,150,000				\$0	\$0	
Net transfers from capital reserves			\$0		\$0				\$0				\$0	\$0	
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Balance at August 31, 2010	\$15,081,264	\$8,353,416	\$611	\$3,634,285	\$3,092,952	\$2,548,232	\$0	\$28,754	\$3,092,952	\$632,273	\$0	\$425,026	\$0	\$0	

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2010
(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2009	\$292,967	\$54,866,322
Prior period adjustments	\$0	\$0
Adjusted balance, August 31, 2009	\$292,967	\$54,866,322
Add:		
Restricted capital allocations from:		
Alberta Education including school and modular projects	\$1,251,024	
Other Government of Alberta	\$313,703	
Federal Government and First Nations	\$0	
Other sources	\$28,000	
Interest earned on provincial government capital allocations	\$0	
Other capital grants and donations	\$237,164	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$390,000
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$761,185
Expended capital allocations - current year	(\$1,825,938)	\$1,825,938
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$2,683,005
Balance at August 31, 2010	\$296,920	\$55,160,440

* Infrastructure Maintenance Renewal/Infrastructure Maintenance Program allocations are excluded from this Statement, since those contributions are not externally restricted to capital.

Northern Lights School Division No. 69

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010

1. AUTHORITY AND PURPOSE

Northern Lights School Division No. 69 (the "Division") delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3.

The jurisdiction receives instruction and support allocations under Regulation 77/2003. The regulation allows for the setting of conditions and use of grant monies. The School Jurisdiction is limited on certain funding allocations and administration expenses. The Division is a registered charity under the Income Tax Act (Canada) and is therefore exempt from the payment of income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Revenue Recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Unrestricted contributions are recognized as revenue when received or receivable. Contributions in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with. Endowment contributions are recognized as direct increases in net assets in the period in which they are received or receivable.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue Recognition (continued)

Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are either included in investment income and recognized as revenue in the statement of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Investment earnings on internally designated funds are recognized as revenue when received or receivable. Other unrestricted investment income is recognized as revenue when earned.

Contributions received or receivable without a previously determined allocation of the expense or an indicated period in which the expense must occur, then the contribution is no longer considered to be restricted. Contributions that are unrecognized meet this requirement and are recorded as a liability.

b) Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives on a straight-line basis, at the following rates:

Buildings	2.5% to 4%
Vehicles	10% to 20%
Computer Hardware & Software	20%
Other Equipment & Furnishings	10% to 20%

Capital assets with costs in excess of \$5,000 are capitalized. Capital allocations received for asset additions are amortized into revenue over the same period as the amortization expense.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) School Generated Funds

These are funds which come under the control and responsibility of a school principal for school activities. They are usually collected, retained, and expended at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.).

d) Vacation Pay

Vacation pay is accrued in the period in which the employee earns the benefit.

e) Pensions

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

The current and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the Division does not make pension contributions for certificated staff.

The school board participates in a multi-employer pension plan, the Local Authorities Pension Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$ 980,719 for the year ended August 31, 2010 (2009 - \$633,776). At December 31, 2009, the Local Authorities Pension Plan reported a deficiency of \$3,998,614,000 (2008, a deficiency of \$4,413,971,000). In 2010, the Province recorded a liability of \$314,000,000 (2009 - \$186,000,000) for its portion of the unfunded pension obligation related to organizations controlled by the Province.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Pensions (continued)

The Division participates in the Supplemental Executive Retirement Program (SERP). The plan provides a supplement to the Local Authorities Pension Plan or Teacher's Retirement Fund (As appropriate) to provide an annual retirement benefit of 2% of final average earnings. A portion of this SERP constitutes a multi-employer pension plan that is accounted for in the same manner as the Local Authorities Pension Plan. The Division's expense for this plan is \$8,400 (2009 - \$10,819) for the year ended August 31, 2010, including the unfunded liability of \$29,800 (2009 - \$21,400). The unfunded defined benefit plan, the cost of which is sponsored by the Division, is actuarially determined using the projected accrued benefit cost method with proration on service and managements' best estimate of expected salary and benefit escalation, retirement ages of employees, and plan investment performance.

f) Prepaid Expenses

Certain expenditures incurred before the close of the school year are for school supplies which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses also fall into this category.

g) Contributed Services

Volunteers contribute a considerable number of hours per year to schools to ensure that certain programs are delivered, such as kindergarten, lunch services and the raising of school generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

h) Financial Instruments

These consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. Cash and temporary investments are classified as held-for-trading and are measured at fair value. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. Both accounts receivable and accounts payable and accrued liabilities are measured at amortized cost. It is management's opinion that the Division is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The Division has invested surplus funds in accordance with Section 60 (2) (d) of the *School Act*.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Operating and Capital Reserves

Reserves are established at the discretion of the Board of Trustees of the Division, to set aside funds for operating and capital purposes. Such reserves are appropriations of unrestricted net assets.

j) Investments

The Division's investments are classified as held-for-trading, recorded at fair value and consist of money market, fixed income and equity based instruments. The fair values of the recognized investments are determined based on the available market information. The main objective of the investment policy is the growth and preservation of capital.

k) Foreign currency translation

Monetary assets and liabilities in foreign currencies have been translated into Canadian dollars at the year end exchange rate. Revenues and expenses have been translated at the average rates of exchange during the year, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

l) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases, wherein rental payments are expensed as incurred.

m) Statement of Cash Flows

The Division is using the indirect method in its presentation of the Statement of Cash Flows.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Changes in accounting policies

During the 2010 fiscal year, the Society has chosen to continue to apply CICA Handbook Section 4400 "Financial Statement Presentation by Not-for-Profit Organizations" presentation of net assets invested in capital assets as a component of net assets separately from the unrestricted net assets balance.

The Institute of Chartered Accountants has announced amendments to Handbook Section 1000 "Financial Statement Concepts" and the definition of an asset. The amendments disallow the recognition of assets and liabilities solely based on the principle of matching revenues and expenses. This change in accounting policy has been applied retroactively. There was no impact to the financial statements of the Division as a result of this change in policy.

Effective for year ends commencing after January 1, 2009 the Canadian Institute of Chartered Accountants Handbook requires that not for profit organizations who raise funds from the public separately disclose the related fundraising costs and general expenses. The Division does not allocate fundraising or general expenses to different expense accounts. Fundraising costs for the year totaled \$nil.

The CICA has issued Section 3862 "Financial Instruments - Disclosures", and Section 3863 "Financial Instruments - Presentation". These Sections revise and enhance the disclosure requirements and carry forward unchanged the presentation requirements set out in Section 3861 "Financial Instruments - Disclosure and Presentation". In the current year, the Division has chosen to continue to apply Section 3861 instead of adopting 3862 and 3863 Handbook Sections.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

3. FUTURE ACCOUNTING STANDARDS

The Accounting Standards Board (AcSB) has issued a March 2010 exposure draft of accounting standards for not-for-profit organizations. The proposed changes to these standards include using the existing section 4400 as the primary source of accounting standards for not-for-profit organizations and material relating specifically to not-for-profit organizations in certain sections of the existing handbook. Not-for-profit organizations may select to either adopt International Financial Reporting Standards (IFRS) or the proposed new set of accounting standards with application required to fiscal years beginning on or after January 1, 2012 with the option to early adopt.

4. ACCOUNTS RECEIVABLE

	<u>2010</u>	<u>2009</u>
Alberta Education	\$ 1,633,396	\$ 282,885
Alberta Finance	162,334	191,888
Federal Government	304,693	692,635
First Nations	731,810	1,192,343
Other Alberta School Jurisdictions	18,687	52,970
Other	258,710	-
Total	\$ 3,109,630	\$ 2,412,721

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

5. CAPITAL ASSETS

	Land	Construction In Progress - Buildings	Buildings		Equipment		Vehicles	Total Aug. 31, 2010	Total Aug. 31, 2009
			25-40 Years	3-5 Years	5-10 Years	5-10 Years			
Historical cost									
September 1, 2009	\$ 961,729	\$ -	\$ 94,233,800	\$ 3,047,950	\$ 5,111,847	\$ 2,775,476	\$ 106,130,802	\$ 81,845,819	
Additions	-	731,430	2,105,395	58,387	628,135	274,779	3,798,126	24,619,815	
Transfers in (out)	-	-	-	-	-	-	-	-	
Less disposals including write-offs	-	-	-	-	(83,345)	-	(83,345)	(334,832)	
August 31, 2010	\$ 961,729	\$ 731,430	\$ 96,339,195	\$ 3,106,337	\$ 5,656,637	\$ 3,050,255	\$ 109,845,583	\$ 106,130,802	
Accumulated amortization									
September 1, 2009	\$ -	\$ -	\$ 34,033,856	\$ 2,152,812	\$ 1,396,575	\$ 1,164,363	\$ 38,747,606	\$ 36,598,225	
Amortization expense	-	-	2,531,196	185,391	560,073	361,697	3,638,357	2,427,853	
Transfers in (out)	-	-	-	-	-	-	-	-	
Effect of disposals	-	-	-	-	(83,345)	-	(83,345)	(278,472)	
August 31, 2010	\$ -	\$ -	\$ 36,565,052	\$ 2,338,203	\$ 1,873,303	\$ 1,526,060	\$ 42,302,618	\$ 38,747,606	
Net Book Value at August 31, 2010	\$ 961,729	\$ 731,430	\$ 59,774,143	\$ 768,134	\$ 3,783,334	\$ 1,524,195	\$ 67,542,965	\$ 67,383,196	

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

6. BANK INDEBTEDNESS

The jurisdiction has negotiated a line of credit in the amount of \$3,000,000 that bears interest at the bank prime rate less 0.25%. This line of credit is secured by a borrowing bylaw and a security agreement, covering all revenue of the jurisdiction. The aggregate amount borrowed is not to exceed the amount reported as accounts receivable. There was no balance outstanding on the line of credit at August 31, 2010.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
Alberta Education	\$ -	\$ 218,853
Alberta Finance	162,334	191,888
Alberta Municipalities	-	5,419
Other Alberta School Jurisdictions	-	3,318
Other Trade Payables and Accrued Liabilities	2,033,578	5,818,269
Total	\$ 2,195,912	\$ 6,237,747

8. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2009	ADD: 2009/2010 Restricted Funds Received/ Receivable	DEDUCT: 2009/2010 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2009/2010 Adjustments or Returned Funds	DEFERRED REVENUE as at Aug. 31, 2010
Alberta Education Restricted					
Operational Funding:					
Alberta Initiative for School Improvement	\$ 40,917	\$ -	\$ (40,917)	\$ -	\$ -
Co-operative Transportation	216,945	12,809	-	-	229,754
Infrastructure Maintenance Renewal	1,467,430	1,052,975	(1,473,958)	-	1,046,447
Technology Infrastructure	78,455	-	(52,932)	-	25,523
Other Deferred Revenue:	753,978	420,983	(261,442)	-	913,519
Total	\$ 2,557,725	\$ 1,486,767	\$ (1,829,249)	\$ -	\$ 2,215,243

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

9. TRUST ASSETS AND LIABILITIES

These balances represent cash that is held in trust by the jurisdiction.

	2010	2009
Scholarship Trusts	\$ 54,154	\$ 56,509

10. LONG TERM DEBT

Debenture Debt – Supported

The debenture debt bears interest at rates varying between 7.5% and 12.0%. The debenture debt is fully supported by Alberta Finance. Debenture payments due over the next five years and beyond are:

	Principal	Interest	Total
2010-2011	\$ 738,193	\$ 401,049	\$ 1,139,242
2011-2012	721,848	325,067	1,046,915
2012-2013	721,848	250,679	972,527
2013-2014	549,848	176,291	726,139
2014-2015	445,848	121,253	567,101
2015 to maturity	851,522	138,308	989,830
Total	\$ 4,029,107	\$ 1,412,647	\$ 5,441,754

11. DEFERRED CAPITAL ALLOCATIONS

Deferred capital allocations represent externally-restricted supported capital funds provided for a specific capital purpose received or receivable by the Division, but the related expenditure had not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

12. UNAMORTIZED CAPITAL ALLOCATIONS

Unamortized capital allocations represent externally-restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized capital allocations account balance is increased by transfers of deferred capital allocations expended, as well as fully-supported debenture principal repayments.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

13. COMMITMENTS

- a) Electricity Service Agreement: The Division is committed through an agreement with Enmax Energy for the provision of electricity services until December 31, 2015. Under the terms of the agreement the Division pays 7.89 cents per kilowatt for electricity delivered to each Division site up to the threshold amount until December 31, 2015. If the threshold amount is exceeded at any site during any month the price is equal to the Flow-Through Rate.

- b) Natural Gas Agency Agreement: The Division has appointed Gas Alberta Energy as its agent in obtaining favorable natural gas pricing, thereby authorizing Gas Alberta Energy to enter into fixed price gas purchase contracts on the School Division's behalf.

- c) Office Equipment Lease: The Division is committed to minimum annual lease payments of \$440,586 for photocopiers pursuant to a lease expiring August, 2015.

14. CONTINGENCIES

- a) The Division is a member of a reciprocal insurance exchange called ASBIE. A portion of the premiums paid each year represent equity contributions to the insurance fund. These payments have been recorded as expenditures in the financial statements as the value of equity is subject to liability claims.

- b) On July 13, 2009, a claim was filed against the Division for an unspecified amount by the Alberta Teachers' Association in regards to the calculation of summer school teacher compensation. The Division believes that the likelihood and the amount of the claim are undeterminable at this time.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

15. RELATED PARTY TRANSACTIONS

Effective 2005/2006, school jurisdictions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta. The Division had related party transactions for the year ended August 31, 2010 with the related parties recorded on the Statement of Revenues and Expenses and Statement of Financial Position measured at the exchange amount, which is the amount of consideration agreed upon between the related parties.

	Balances		Transactions	
	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
2009-2010				
Government of Alberta:				
Education	\$ 1,633,397	\$ 1,931,617	\$ 61,626,403	\$ -
Employment and Immigration	-	151,131	146,974	-
Youth and Childrens' Services	-	282,925	7,068	-
Other Government of Alberta departments	9,983	30,686	188,612	10,872
Other:				
Health Authorities	56,678	17,399	412,329	51,481
Post-secondary Institutions	-	-	-	57,707
Other Alberta School Jurisdictions	20,746	7,671	-	232,939
Crown Corporations and Agencies	162,334	4,191,441	898,504	479,790
Total 2009-2010	\$ 1,883,138	\$ 6,612,870	\$ 63,279,890	\$ 832,789
Total 2008-2009	\$ 585,747	\$ 8,086,512	\$ 61,115,241	\$ 1,291,112

16. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

The Division's primary source of income is from the Alberta Government. The Division's ability to continue viable operations is dependent on this funding.

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

17. REMUNERATION AND MONETARY INCENTIVES

The Division had paid or accrued expenses for the year ended August 31, 2010 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Negotiated Allowances	Performance Bonuses	ERIP's / Other	Expenses
Hrycauk (Chair)	1.0	\$ 28,283	\$ 959	\$ -	-	-	\$ 8,443
Hrynyk	1.0	25,170	847	-	-	-	9,368
Kissel	1.0	16,255	521	-	-	-	6,720
Kunec	1.0	23,178	178	-	-	-	8,082
Smaiel	1.0	13,508	421	-	-	-	6,988
Soholt	1.0	21,767	722	-	-	-	6,991
Snyder	1.0	19,465	638	-	-	-	6,677
Suhan	1.0	17,715	574	-	-	-	5,425
Welwood	1.0	12,188	373	-	-	-	1,584
Subtotal	9.0	\$ 177,529	\$ 5,233	\$ -	-	-	\$ 60,278
Superintendent	1.0	153,910	17,959	5,500	-	-	18,898
Secretary - Treasurer	1.0	139,540	35,832	-	-	-	15,852
Certificated Teachers	324.1	29,715,794	3,358,225	-	-	-	-
Non-certificated - Other	365.8	11,592,876	3,051,594	-	-	14,267	-
TOTALS	700.9	\$ 41,779,649	\$ 6,468,843	\$ 5,500	\$ -	\$ 14,267	-

(Superintendent and Secretary-Treasurer expenses does not include division provided vehicle expenses of \$18,202 and \$10,290 respectively)

Northern Lights School Division No. 69
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010

18. FINANCIAL INSTRUMENTS

The Division's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt.

Fair Value

The Division's cash and temporary investments, accounts receivable, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Division for debt with similar terms.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Division is exposed to credit risk from customers. In order to reduce its credit risk, the Division reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. As at August 31, 2010, the Government of Alberta and Federal Government and First Nations totaled 94% of the accounts receivable balance.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Division manages exposure through its normal operating and financing activities. The Division is exposed to interest rate risk primarily through its floating interest rate bank indebtedness.

19. BUDGET AMOUNTS

The budget was prepared by the Division and approved by the Board of Trustees on November 26, 2009. It is presented for information purposes only and has not been audited.

20. COMPARATIVE FIGURES

The comparative figures were audited by another firm of Chartered Accountants and have been reclassified where necessary to conform to the 2010 presentation.

UNAUDITED SCHEDULES
TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010
[School Act, Section 276]

Northern Lights School Division No. 69

Legal Name of School Jurisdiction

6005 - 50th Avenue, Bonnyville, Alberta T9N 2L4

Mailing Address

Telephone 780-826-3145 Fax 780-826-4600

Telephone and Fax Numbers

Declaration of Secretary-Treasurer / Chief Financial Officer

To the best of my knowledge and belief, these unaudited schedules have been prepared following Alberta Education's reporting requirements for Alberta school jurisdictions. These schedules were submitted to the board for information purposes.

SECRETARY TREASURER OR TREASURER

Beverley Topylki

Name

"ORIGINAL SIGNED"

Signature

24-Nov-10

Dated _____

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch,
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: Cindy.Wang@gov.ab.ca
PHONE: (780) 644-5672 FAX: (780) 422-6996

TABLE OF CONTENTS

		Page
SCHEDULE A	Allocation of Revenues and Expenses to Programs	3
SCHEDULE B	School Generated Funds (SGF)	4
SCHEDULE C	Operations and Maintenance Program Expenses	5

SCHEDULE A

School Jurisdiction Code: 1245

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2009-2010

REVENUES	ECS Instruction	Grades 1-12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Administration	External Services	TOTAL
(1) Alberta Education	\$2,245,363	\$44,175,301	\$6,642,501	\$6,103,139	\$2,460,099	\$0	\$61,626,403
(2) Other - Government of Alberta	\$0	\$1,018,590	\$479,790	\$0	\$29,766	\$125,341	\$1,653,487
(3) Federal Government and First Nations	\$43,142	\$1,956,803	\$223,573	\$0	\$96,137	\$0	\$2,319,655
(4) Other Alberta school authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(6) Alberta Municipalities-special tax levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Instruction resource fees	\$0	\$212,775					\$212,775
(8) Transportation fees-ECS				\$17,227			\$17,227
(9) Transportation fees-Grades 1-12				\$124,928			\$124,928
(10) Other sales and services	\$0	\$71,001	\$34,169	\$0	\$24,475	\$139,281	\$268,926
(11) Investment income	\$0	\$34,759	\$7,242	\$4,345	\$3,530	\$0	\$49,876
(12) Gifts and donations	\$0	\$284,205	\$0	\$0	\$4,296	\$0	\$288,501
(13) Rental of facilities	\$0	\$6,713	\$11,838	\$0	\$0	\$0	\$18,551
(14) Gross school generated funds	\$0	\$1,948,721	\$0	\$0	\$0	\$0	\$1,948,721
(15) Gains on disposal of capital assets	\$0	\$0	\$7,500	\$0	\$0	\$0	\$7,500
(16) Amortization of capital allocations	\$0	\$281,554	\$2,401,451	\$0	\$0	\$0	\$2,683,005
(17) Other revenue	\$0	(\$12,084)	\$0	\$0	\$12,084	\$0	\$0
(18) TOTAL REVENUES	\$2,288,505	\$49,978,338	\$9,808,064	\$6,249,639	\$2,630,387	\$264,622	\$71,219,555
EXPENSES							
(19) Certificated salaries	\$1,794,362	\$27,571,038			\$448,232	\$0	\$29,813,632
(20) Certificated benefits	\$210,669	\$3,103,962			\$61,553	\$0	\$3,376,184
(21) Non-certificated salaries and wages	\$554,008	\$8,263,465	\$1,780,892	\$271,447	\$937,675	\$178,297	\$11,985,784
(22) Non-certificated benefits	\$156,944	\$2,258,498	\$390,236	\$56,694	\$217,470	\$12,816	\$3,092,659
(23) SUB - TOTAL	\$2,715,983	\$41,196,964	\$2,171,129	\$328,141	\$1,664,930	\$191,113	\$48,268,260
(24) Services, contracts and supplies	\$155,122	\$5,411,246	\$4,382,918	\$5,951,850	\$813,732	\$73,509	\$16,788,377
(25) Gross school generated funds	\$0	\$1,948,721					\$1,948,721
(26) Amortization of capital assets	\$0	\$872,039	\$2,670,665	\$3,893	\$91,759	\$0	\$3,638,357
(27) Interest and charges	\$0	\$0	\$479,790	\$173	\$3,813	\$0	\$483,775
(28) Losses on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(29) Other expense	\$0	\$7,230	(\$23,404)	\$0	(\$44,437)	\$0	(\$60,611)
(30) TOTAL EXPENSES	\$2,871,105	\$49,436,200	\$9,681,098	\$6,284,056	\$2,529,796	\$264,622	\$71,066,878
(31) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$582,601)	\$542,138	\$126,966	(\$34,417)	\$100,591	(\$0)	\$152,677

**SCHEDULE B
SCHOOL GENERATED FUNDS (SGF) - 2009-2010**

Unexpended SGF - Opening Balance August 31, 2009 (Note 1)			\$1,305,487
Sources of School Generated Funds:	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$1,410,122	\$832,975	\$577,147
Student fees (Non-Instructional) (Note 1)	\$380,162	\$248,723	\$131,439
Donations and grants to schools	\$153,308	\$0	\$153,308
Other (describe):	\$5,130	\$0	\$5,130
Net Additions to SGF	\$1,948,721	\$1,081,698	\$867,023
Net SGF Available			\$2,172,510
Uses of Net School Generated Funds:			
Extra-curricular activities			\$580,309
Field Trips			\$171,074
Other (describe):			\$148,647
Total Uses of Net SGF (Note 2)			\$900,030
Unexpended SGF - Closing Balance August 31, 2010 (Note 3)			\$1,272,480
<p>School Generated Funds (SGF) are funds raised in the community for student activities that come under the control and responsibility of school management. These funds are usually collected and retained at the school for expenditures paid at the school level. SGF does not include any other funds collected at the school but remitted to central office and accounted for by central office (facility rentals, capital assets purchases, etc.)</p> <p>Notes:</p> <ol style="list-style-type: none"> 1 Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees related to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Fees charged for CEU-related activities are recorded as instruction resource fees, not SGF. 2 The sum of "total related expenses" and "total uses of net SGF" is reported as "gross school generated funds" in the Statement of Revenues & Expenses. 3 Unexpended SGF is reported as SGF assets and SGF liabilities in the Statement of Financial Position. 			

**SCHEDULE C
Operations and Maintenance of Schools & Maintenance Shops Program Expense Details - 2009-2010**

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed IMR and Modular Unit Relocations	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$570,400	\$961,963	\$0	\$0	\$248,529		\$1,780,892		\$1,780,892
Uncertificated benefits	\$134,931	\$201,262	\$0	\$0	\$54,045		\$390,238		\$390,238
Sub-total Remuneration	\$705,331	\$1,163,225	\$0	\$0	\$302,574		\$2,171,130		\$2,171,130
Supplies and services	\$1,189,099	\$561,000	\$0	\$1,084,409	\$5,284		\$2,839,792		\$2,839,792
Electricity			\$777,469				\$777,469		\$777,469
Natural Gas/Heating Fuel			\$467,892				\$467,892		\$467,892
Sewer and Water			\$64,909				\$64,909		\$64,909
Telecommunications			\$25,809				\$25,809		\$25,809
Insurance					\$183,643		\$183,643		\$183,643
Amortization of capital assets									
Supported								\$2,414,555	\$2,414,555
Unsupported						\$205,570	\$256,110		\$256,110
Total Amortization						\$205,570	\$256,110	\$2,414,555	\$2,670,665
Interest on capital debt									
Supported								\$479,790	\$479,790
Unsupported									
Other interest charges									
Losses on disposal of capital assets									
TOTAL EXPENSES	\$1,894,430	\$1,724,225	\$1,336,079	\$1,185,489	\$491,501	\$205,570	\$6,786,754	\$2,894,345	\$9,681,099
SQUARE METRES									
School Buildings									78,662.0
Non School Buildings									3,666.0

Note:

Custodial: All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.

Maintenance: All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit relocations, as they are reported on separately.

Utilities & Telecommunications: All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.

Expensed IMR & Modular Unit Relocations: All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects (AKA IMP and BQRP) and modular unit (portable) relocations.

Facility Planning & Operations Administration: All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project administration, administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.

Supported Capital & Debt Services: All expenses related to supported capital assets amortization and interest on supported capital debt.