

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Alberta Distance Learning Centre

Legal Name of School Jurisdiction

5310 - 49 Street Barrhead AB T7N 1P3

Mailing Address

(780)674-8500 (780)674-3262 tracy.meunier@phpschools.ca

Telephone & Fax Numbers, and Email Address

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Alberta Distance Learning Centre 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 Canadian Public Sector Accounting Standards 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 Chair

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position, results of operations and cash flows for the year in accordance with Canadian Public Sector Accounting Standards.

BOARD CHAIR

Jennifer Tuininga
Name


Signature

SUPERINTENDENT

Colleen Symyrozum-Watt
Name


Signature

SECRETARY-TREASURER OR TREASURER

Tracy Meunier
Name


Signature

November 23, 2016
Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: mei-ling.irwin@gov.ab.ca AND robert.mah@gov.ab.ca
PHONE: Mei-Ling: (780) 415-8940; Robert: (780) 427-3855 FAX: (780) 422-6996

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Shoemaker, Viney & Friesen

CHARTERED ACCOUNTANTS

John S. Shoemaker Professional Corporation

Tina J. Viney Professional Corporation

Timothy J. Friesen Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Pembina Hills Regional School Division #7 - Alberta Distance Learning Centre

We have audited the accompanying financial statements of Pembina Hills Regional School Division #7 - Alberta Distance Learning Centre, which comprise the statement of financial position as at August 31, 2016 and the statements of revenues and expenditures, changes in net assets and 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 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pembina Hills Regional School Division #7 - Alberta Distance Learning Centre as at August 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards.

Westlock, Alberta
November 23, 2016



CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
As at August 31, 2016 (in dollars)

		2016	2015
FINANCIAL ASSETS			
Cash and cash equivalents	(Schedule 5; Note 3)	\$ 4,191,118	\$ 2,858,797
Accounts receivable (net after allowances)	(Note 4)	\$ 513,025	\$ 1,788,302
Portfolio investments		\$ -	\$ -
Other financial assets		\$ -	\$ -
Total financial assets		\$ 4,704,143	\$ 4,647,099
LIABILITIES			
Bank indebtedness	(Note 5)	\$ -	\$ -
Accounts payable and accrued liabilities	(Note 6)	\$ 4,015,803	\$ 3,635,243
Deferred revenue	(Note 7)	\$ 516,811	\$ 484,676
Employee future benefit liabilities		\$ -	\$ -
Liability for contaminated sites		\$ -	\$ -
Other liabilities	(Note 8)	\$ -	\$ -
Debt	(Note 9)		
Supported: Debentures and other supported debt		\$ -	\$ -
Unsupported: Debentures and capital loans		\$ -	\$ -
Mortgages		\$ -	\$ -
Capital leases		\$ -	\$ -
Total liabilities		\$ 4,532,614	\$ 4,119,919
Net financial assets (debt)		\$ 171,529	\$ 527,180
NON-FINANCIAL ASSETS			
Tangible capital assets	(Schedule 6)		
Land		\$ -	\$ -
Construction in progress		\$ -	\$ -
Buildings		\$ 871,684	
Less: Accumulated amortization		\$ (566,890)	\$ 304,794
Equipment		\$ 921,838	
Less: Accumulated amortization		\$ (832,133)	\$ 89,705
Vehicles		\$ 422,328	
Less: Accumulated amortization		\$ (238,673)	\$ 183,655
Computer Equipment		\$ 351,496	
Less: Accumulated amortization		\$ (185,765)	\$ 165,730
Total tangible capital assets		\$ 743,884	\$ 860,104
Prepaid expenses	(Note 10)	\$ 339,999	\$ 63,826
Other non-financial assets	(Note 11)	\$ 1,722,761	\$ 1,911,643
Total non-financial assets		\$ 2,806,644	\$ 2,835,573
Accumulated surplus	(Schedule 1; Note 12)	\$ 2,978,173	\$ 3,362,753
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 2,978,173	\$ 3,362,753
Accumulated rereasurement gains (losses)		\$ -	\$ -
		\$ 2,978,173	\$ 3,362,753
Contractual obligations	(Note 13)		
Contingent liabilities	(Note 14)		

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

STATEMENT OF OPERATIONS
For the Year Ended August 31, 2016 (in dollars)

	Budget 2016	Actual 2016	Actual 2015
REVENUES			
Alberta Education	\$ 17,631,719	\$ 17,676,270	\$ 17,631,719
Other - Government of Alberta	\$ -	\$ -	\$ -
Federal Government and First Nations	\$ -	\$ -	\$ 15,000
Other Alberta school authorities	\$ -	\$ -	\$ -
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees	\$ -	\$ -	\$ -
Other sales and services	\$ 3,860,000	\$ 4,519,675	\$ 3,636,434
Investment income	\$ 100,000	\$ 77,791	\$ 101,044
Gifts and donations	\$ -	\$ -	\$ -
Rental of facilities	\$ -	\$ -	\$ -
Fundraising	\$ -	\$ -	\$ -
Gains on disposal of capital assets	\$ -	\$ -	\$ -
Other revenue	\$ -	\$ -	\$ -
Total revenues	\$ 21,591,719	\$ 22,273,736	\$ 21,384,197
EXPENSES			
Instruction - ECS	\$ -	\$ -	\$ -
Instruction - Grades 1 - 12	\$ 20,763,746	\$ 21,815,998	\$ 20,511,232
Plant operations and maintenance	\$ -	\$ -	\$ -
Transportation	\$ -	\$ -	\$ -
Board & system administration	\$ 827,973	\$ 842,317	\$ 857,215
External services	\$ -	\$ -	\$ -
Total expenses	\$ 21,591,719	\$ 22,658,315	\$ 21,368,447
Operating surplus (deficit)	\$ -	\$ (384,580)	\$ 15,750

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

STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2016 (in dollars)

	2016	2015
CASH FLOWS FROM:		
A. OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ (384,580)	\$ 15,750
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 265,972	\$ 298,006
Gains on disposal of tangible capital assets	\$ -	\$ -
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ -	\$ -
Deferred capital revenue write-down / adjustment	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ 1,275,277	\$ 321,079
Prepays	\$ (276,173)	\$ 13,238
Other financial assets	\$ -	\$ -
Non-financial assets	\$ 188,882	\$ (28,821)
Accounts payable, accrued and other liabilities	\$ 390,560	\$ (1,207,696)
Deferred revenue (excluding EDCR)	\$ 32,135	\$ (28,989)
Employee future benefit liabilities	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from operating transactions	\$ 1,482,073	\$ (617,434)
B. CAPITAL TRANSACTIONS		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ -	\$ -
Equipment	\$ (30,293)	\$ (21,983)
Vehicles	\$ (29,982)	\$ (64,043)
Computer equipment	\$ (89,476)	\$ -
Net proceeds from disposal of unsupported capital assets	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from capital transactions	\$ (149,751)	\$ (86,026)
C. INVESTING TRANSACTIONS		
Purchases of portfolio investments	\$ -	\$ -
Dispositions of portfolio investments	\$ -	\$ -
Remeasurement (gains) losses reclassified to the statement of operations	\$ -	\$ -
Change in endowments	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from investing transactions	\$ -	\$ -
D. FINANCING TRANSACTIONS		
Issue of debt	\$ -	\$ -
Repayment of debt	\$ -	\$ -
Other factors affecting debt (describe)	\$ -	\$ -
Issuance of capital leases	\$ -	\$ -
Repayment of capital leases	\$ -	\$ -
Other factors affecting capital leases (describe)	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from financing transactions	\$ -	\$ -
Increase (decrease) in cash and cash equivalents	\$ 1,332,321	\$ (703,459)
Cash and cash equivalents, at beginning of year	\$ 2,858,797	\$ 3,562,256
Cash and cash equivalents, at end of year	\$ 4,191,118	\$ 2,858,797

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

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

For the Year Ended August 31, 2016 (in dollars)

	Budget 2016	2016	2015
Operating surplus (deficit)	\$ -	\$ (384,580)	\$ 15,750
Effect of changes in tangible capital assets			
Acquisition of tangible capital assets	\$ (154,200)	\$ (149,751)	\$ (86,026)
Amortization of tangible capital assets	\$ 260,035	\$ 265,972	\$ 298,006
Net carrying value of tangible capital assets disposed of	\$ -	\$ -	\$ -
Write-down carrying value of tangible capital assets	\$ -	\$ -	\$ -
Other changes	\$ -	\$ -	\$ -
Total effect of changes in tangible capital assets	\$ 105,835	\$ 116,220	\$ 211,980
Changes in:			
Prepaid expenses	\$ -	\$ (276,173)	\$ 13,238
Other non-financial assets	\$ -	\$ 188,882	\$ (28,821)
Net remeasurement gains and (losses)	\$ -	\$ -	\$ -
Endowments	\$ -	\$ -	\$ -
Increase (decrease) in net financial assets (net debt)	\$ 105,835	\$ (355,650)	\$ 212,147
Net financial assets (net debt) at beginning of year	\$ 521,905	\$ 527,180	\$ 315,033
Net financial assets (net debt) at end of year	\$ 627,740	\$ 171,529	\$ 527,180

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

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
For the Year Ended August 31, 2016 (in dollars)

	2016	2015
Operating surplus (deficit)	\$ (384,580)	\$ 15,750
Effect of changes in tangible capital assets		
Acquisition of tangible capital assets	\$ (149,751)	\$ (86,026)
Amortization of tangible capital assets	\$ 265,972	\$ 298,006
Net carrying value of tangible capital assets disposed of	\$ -	\$ -
Write-down carrying value of tangible capital assets	\$ -	\$ -
Other changes	\$ -	\$ -
Total effect of changes in tangible capital assets	\$ 116,220	\$ 211,980
Changes in:		
Prepaid expenses	\$ (276,173)	\$ 13,238
Other non-financial assets	\$ 188,882	\$ (28,821)
Net remeasurement gains and (losses)	\$ -	\$ -
Endowments	\$ -	\$ -
Increase (decrease) in net financial assets (net debt)	\$ (355,650)	\$ 212,147
Net financial assets (net debt) at beginning of year	\$ 527,180	\$ 315,033
Net financial assets (net debt) at end of year	\$ 171,529	\$ 527,180

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

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended August 31, 2016 (in dollars)

	2016	2015
Accumulated remeasurement gains (losses) at beginning of year	\$ -	\$ -
Prior Period Adjustment (Explain)	\$ -	\$ -
Prior Period Adjustment (Explain)	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Net remeasurement gains (losses) for the year	\$ -	\$ -
Accumulated remeasurement gains (losses) at end of year	\$ -	\$ -

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

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2016 (in dollars)

	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN TANGIBLE CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED	
							TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
Balance at August 31, 2015	\$ 3,362,753	\$ -	\$ 3,362,753	\$ 854,830	\$ -	\$ 0	\$ 1,807,923	\$ 700,000
Prior period adjustments:								
Loss on Vehicle Sale Reported to Amort	\$ 5,275	\$ -	\$ 5,275	\$ 5,275	\$ -	\$ -	\$ -	\$ -
Loss on Vehicle Sale Reported to Amort	\$ (5,275)	\$ -	\$ (5,275)	\$ -	\$ -	\$ -	\$ (5,275)	\$ -
Adjusted Balance, August 31, 2015	\$ 3,362,753	\$ -	\$ 3,362,753	\$ 860,105	\$ -	\$ 0	\$ 1,802,648	\$ 700,000
Operating surplus (deficit)	\$ (384,560)	\$ -	\$ (384,560)	\$ -	\$ -	\$ (384,560)	\$ -	\$ -
Board funded tangible capital asset additions	\$ -	\$ -	\$ -	\$ 149,751	\$ -	\$ -	\$ -	\$ (149,751)
Disposal of unsupported tangible capital assets or board funded portion of supported	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write-down of unsupported tangible capital assets or board funded portion of supported	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net remeasurement gains (losses) for the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endowment expenses & disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endowment contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reinvested endowment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct credits to accumulated surplus (Describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets	\$ -	\$ -	\$ (265,972)	\$ (265,972)	\$ -	\$ 265,972	\$ -	\$ -
Capital revenue recognized	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt principal repayments (unsupported)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional capital debt or capital leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers to operating reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,608	\$ (118,608)	\$ -
Net transfers from operating reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers to capital reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers from capital reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assumption/transfer of other operations' surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2016	\$ 2,978,173	\$ -	\$ 2,978,173	\$ 743,884	\$ -	\$ 0	\$ 1,684,040	\$ 550,249

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2016 (in dollars)

	INTERNALLY RESTRICTED RESERVES BY PROGRAM											
	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services			
	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
Balance at August 31, 2015	\$ 1,807,923	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period adjustments:												
Loss on Vehicle Sale Reported to Amort	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on Vehicle Sale Reported to Amort	\$ (5,275)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2015	\$ 1,802,648	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating surplus (deficit)												
Board funded tangible capital asset additions	\$ -	\$ (149,751)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of unsupported tangible capital assets or board funded portion of supported		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Write-down of unsupported tangible capital assets or board funded portion of supported		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Net remeasurement gains (losses) for the year												
Endowment expenses & disbursements												
Endowment contributions												
Reinvested endowment income												
Direct credits to accumulated surplus (Describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets												
Capital revenue recognized												
Debt principal repayments (unsupported)												
Additional capital debt or capital leases												
Net transfers to operating reserves	\$ (118,608)		\$ -		\$ -		\$ -		\$ -		\$ -	
Net transfers from operating reserves	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Net transfers to capital reserves		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Net transfers from capital reserves		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2016	\$ 1,684,040	\$ 550,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF CAPITAL REVENUE
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)
for the Year Ended August 31, 2016 (in dollars)**

	Unexpended Deferred Capital Revenue				
	Provincially Approved & Funded Projects ^(A)	Surplus from Provincially Approved Projects ^(B)	Proceeds on Disposal of Provincially Funded Tangible Capital Assets ^(C)	Unexpended Deferred Capital Revenue from Other Sources ^(D)	Expended Deferred Capital Revenue
Balance at August 31, 2015	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted balance, August 31, 2015	\$ -	\$ -	\$ -	\$ -	\$ -
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education school building & modular projects (excl. IMR)	\$ -				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education school building & modular (excl. IMR)	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ -	\$ -	\$ -	\$ -	
Other unexpended capital revenue:				\$ -	
Proceeds on disposition of supported capital			\$ -	\$ -	
Insurance proceeds (and related interest)			\$ -	\$ -	
Donated tangible capital assets:					\$ -
Alberta Infrastructure managed projects					\$ -
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
Deduct:					
Net book value of supported tangible capital dispositions or write-offs					\$ -
Other adjustments:		\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ -
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
Balance at August 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2016 (A) + (B) + (C) + (D)				\$ -	

Unexpended Deferred Capital Revenue

- (A) - Represents funding received from the Government of Alberta to be used toward the acquisition of new approved tangible capital assets with restricted uses only. Please specify department if funds received from a source other than Alberta Education.
- (B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures with restricted uses only.
- (C) - Represents proceeds on disposal of provincially funded restricted-use capital assets to be expended on approved capital assets per 10(2)(a) of Disposition of Property Reg. 181/2010.
- (D) - Represents capital revenue received from entities OTHER THAN the Government of Alberta for the acquisition of restricted-use tangible capital assets.

SCHEDULE OF PROGRAM OPERATIONS
for the Year Ended August 31, 2016 (in dollars)

REVENUES	2016						2015	
	Instruction		Plant Operations and Maintenance	Transportation	Board & System Administration	External Services		TOTAL
	ECS	Grades 1 - 12						
(1) Alberta Education	\$ -	\$ 16,833,953	\$ -	\$ -	\$ 842,317	\$ -	\$ 17,676,270	
(2) Other - Government of Alberta	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(3) Federal Government and First Nations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	
(4) Other Alberta school authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(8) Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(9) Other sales and services	\$ -	\$ 4,519,675	\$ -	\$ -	\$ -	\$ -	\$ 4,519,675	
(10) Investment income	\$ -	\$ 77,791	\$ -	\$ -	\$ -	\$ -	\$ 77,791	
(11) Gifts and donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(12) Rental of facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(13) Fundraising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(14) Gains on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(15) Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(16) TOTAL REVENUES	\$ -	\$ 21,431,419	\$ -	\$ -	\$ 842,317	\$ -	\$ 22,273,736	
EXPENSES								
(17) Certificated salaries	\$ -	\$ 6,951,799	\$ -	\$ -	\$ 248,400	\$ -	\$ 7,200,199	
(18) Certificated benefits	\$ -	\$ 706,066	\$ -	\$ -	\$ 43,600	\$ -	\$ 749,666	
(19) Non-certificated salaries and wages	\$ -	\$ 3,568,871	\$ -	\$ -	\$ 295,000	\$ -	\$ 3,863,871	
(20) Non-certificated benefits	\$ -	\$ 824,665	\$ -	\$ -	\$ 71,500	\$ -	\$ 896,165	
(21) SUB - TOTAL	\$ -	\$ 12,051,401	\$ -	\$ -	\$ 658,500	\$ -	\$ 12,709,901	
(22) Services, contracts and supplies	\$ -	\$ 9,431,397	\$ -	\$ -	\$ 183,817	\$ -	\$ 9,615,214	
(23) Amortization of supported tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(24) Amortization of unsupported tangible capital assets	\$ -	\$ 265,972	\$ -	\$ -	\$ -	\$ -	\$ 265,972	
(25) Supported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(26) Unsupported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(27) Other interest and finance charges	\$ -	\$ 67,229	\$ -	\$ -	\$ -	\$ -	\$ 67,229	
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(30) TOTAL EXPENSES	\$ -	\$ 21,815,998	\$ -	\$ -	\$ 842,317	\$ -	\$ 22,658,315	
(31) OPERATING SURPLUS (DEFICIT)	\$ -	\$ (384,580)	\$ -	\$ -	\$ -	\$ -	\$ (384,580)	

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES
for the Year Ended August 31, 2016 (in dollars)

EXPENSES	Custodial	Maintenance	Utilities and Telecomm.	Expensed IMR, Modular Unit Relocations & Lease Payments	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	Supported Capital & Debt Services	2016 TOTAL Operations and Maintenance	2015 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -
Uncertificated benefits	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -
Sub-notal Remuneration	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -
Supplies and services	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -
Electricity		\$ -	\$ -					\$ -	\$ -
Natural gas/heating fuel		\$ -	\$ -					\$ -	\$ -
Sewer and water		\$ -	\$ -					\$ -	\$ -
Telecommunications		\$ -	\$ -					\$ -	\$ -
Insurance					\$ -			\$ -	\$ -
ASAP maintenance & renewal payments							\$ -	\$ -	\$ -
Amortization of tangible capital assets									
Supported							\$ -	\$ -	\$ -
Unsupported							\$ -	\$ -	\$ -
Total Amortization							\$ -	\$ -	\$ -
Interest on capital debt									
Supported							\$ -	\$ -	\$ -
Unsupported							\$ -	\$ -	\$ -
Lease payments for facilities				\$ -				\$ -	\$ -
Other interest charges								\$ -	\$ -
Losses on disposal of capital assets								\$ -	\$ -
TOTAL EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SQUARE METRES									
School buildings								0.0	0.0
Non school buildings								0.0	0.0

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 Relocation & Lease Pmts: All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects, modular unit (portable) relocation, and payments on leased facilities.

Facility Planning & Operations Administration: All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, 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.

Unsupported Amortization & Other Expenses: All expenses related to unsupported capital assets amortization and interest on unsupported capital debt.

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

**SCHEDULE OF CASH, CASH EQUIVALENTS, AND PORTFOLIO INVESTMENTS
for the Year Ended August 31, 2016 (in dollars)**

Cash & Cash Equivalents

	2016			2015
	Average Effective (Market) Yield	Cost	Amortized Cost	Amortized Cost
Cash		\$ -	\$ 4,191,118	\$ 2,858,797
Cash equivalents				
Government of Canada, direct and guaranteed	0.00%	-	-	-
Provincial, direct and guaranteed	0.00%	-	-	-
Corporate	0.00%	-	-	-
Municipal	0.00%	-	-	-
Pooled investment funds	0.00%	-	-	-
Other, including GIC's	0.00%	-	-	-
Total cash and cash equivalents	0.00%	\$ -	\$ 4,191,118	\$ 2,858,797

See Note 3 for additional detail.

Portfolio Investments

	2016			2015	
	Average Effective (Market) Yield	Cost	Fair Value	Balance	Balance
Long term deposits	0.00%	\$ -	\$ -	\$ -	\$ -
Guaranteed interest certificates	0.00%	-	-	-	-
Fixed income securities					
Government of Canada, direct and guaranteed	0.00%	\$ -	\$ -	\$ -	\$ -
Provincial, direct and guaranteed	0.00%	-	-	-	-
Municipal	0.00%	-	-	-	-
Corporate	0.00%	-	-	-	-
Pooled investment funds	0.00%	-	-	-	-
Total fixed income securities	0.00%	-	-	-	-
Equities					
Canadian	0.00%	\$ -	\$ -	\$ -	\$ -
Foreign	0.00%	-	-	-	-
Total equities	0.00%	-	-	-	-
Supplemental integrated pension plan assets	0.00%	\$ -	\$ -	\$ -	\$ -
Restricted investments	0.00%	-	-	-	-
Other (Specify)	0.00%	-	-	-	-
Other (Specify)	0.00%	-	-	-	-
Total portfolio investments	0.00%	\$ -	\$ -	\$ -	\$ -

See Note 5 for additional detail.

The following represents the maturity structure for portfolio investments based on principal amount:

	2016	2015
Under 1 year	0.0%	0.0%
1 to 5 years	0.0%	0.0%
6 to 10 years	0.0%	0.0%
11 to 20 years	0.0%	0.0%
Over 20 years	0.0%	0.0%
	0.0%	0.0%

SCHEDULE 6

School Jurisdiction Code: **ADLC**

SCHEDULE OF CAPITAL ASSETS
for the Year Ended August 31, 2016 (in dollars)

	2016						2015	
	Land	Construction In Progress	Buildings 25-50 Years	Equipment 5-10 Years	Vehicles 5-10 Years	Computer Hardware & Software 3-5 Years	Total	Total
Estimated useful life								
Historical cost								
Beginning of year	\$ -	\$ -	\$ 871,684	\$ 1,008,932	\$ 445,748	\$ 317,859	\$ 2,644,123	\$ -
Prior period adjustments	-	-	-	-	-	-	-	-
Additions	-	-	-	30,293	29,982	89,476	149,751	-
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	(117,287)	(53,402)	(55,839)	(226,528)	-
	\$ -	\$ -	\$ 871,684	\$ 921,938	\$ 422,328	\$ 351,496	\$ 2,567,346	\$ -
Accumulated amortization								
Beginning of year	\$ -	\$ -	\$ 499,674	\$ 843,847	\$ 229,578	\$ 210,920	\$ 1,784,019	\$ -
Prior period adjustments	-	-	-	-	-	-	-	-
Amortization	-	-	67,216	105,574	62,497	30,685	265,972	-
Other additions	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	(117,287)	(53,402)	(55,839)	(226,528)	-
	\$ -	\$ -	\$ 566,890	\$ 832,133	\$ 238,673	\$ 185,765	\$ 1,823,462	\$ -
Net Book Value at August 31, 2016	\$ -	\$ -	\$ 304,794	\$ 89,705	\$ 183,655	\$ 165,730	\$ 743,884	\$ -
Net Book Value at August 31, 2015	\$ -	\$ -	\$ 372,010	\$ 164,985	\$ 216,170	\$ 106,939	\$ 860,104	\$ -

	2016	2015
Total cost of assets under capital lease	\$ -	\$ -
Total amortization of assets under capital lease	\$ -	\$ -

ALBERTA DISTANCE LEARNING CENTRE

Operating as a Subsidiary of Pembina Hills Regional Division No. 7

Notes to the Financial Statements

For the Year Ended August 31, 2016

1. AUTHORITY AND PURPOSE

PS 1000, PS 1100

Alberta Distance Learning Centre and Pembina Hills Regional Division No. 7 delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3.

The School Division receives funding for the Alberta Distance Learning Centre under an agreement between the Division and Alberta Education, dated September 11, 2008 and amended July 3, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the CICA Canadian Public Sector Accounting Standards (PSAS). 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) Cash and Cash Equivalents

PS 1201.104-.105

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

b) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts.

c) Portfolio Investments

PS 3041, PS 3450

The Alberta Distance Learning Centre has no investments in GIC's, term deposits, bonds, equity instruments or mutual funds that have no maturity dates or have a maturity of greater than three months. GIC's, term deposits and other investments not quoted in an active market are reported at cost or amortized cost.

d) Tangible capital assets

PS 3150

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost, including amounts directly related to the acquisition, design, construction, development, or betterment of the asset. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value at the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at original cost less accumulated amortization.
- Work-in-progress is recorded as a transfer to the applicable asset class at substantial completion.

- Buildings include site and leasehold improvements as well as assets under capital lease.
- Sites and buildings are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. For supported assets, the write-downs are accounted for as reductions to Expended Deferred Capital Revenue (EDCR).
- Buildings that are demolished or destroyed are written-off.
- Tangible capital assets with costs in excess of \$5,000 are capitalized.
- Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the Board are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease. A schedule of repayments and amount of interest on the leases is provided in Note 14.
- Tangible capital assets are amortized over their estimated useful lives on a straight-line basis, at the following rates:

Buildings	2% to 4%
Vehicles & Buses	10% to 20%
Computer Hardware & Software	20% to 25%
Other Equipment & Furnishings	10% to 20%

e) Deferred Revenue
PS 3100, 3410.16, .17, .19, .25

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability per *Public Sector Accounting Standard (PSAS) PS 3200*. These contributions are recognized by the Alberta Distance Learning Centre once it has met all eligibility criteria to receive the contributions. When stipulations are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability.

f) Employee Future Benefits
PS 3250.84, .100 -.104, PS 3255.35-.36

The Alberta Distance Learning Centre has no Employee Future Benefits.

g) Asset Retirement Obligations
HB 3110.21, PS 3300

The Alberta Distance Learning Centre has no asset retirement obligations at August 31, 2016.

h) Operating and Capital Reserves
PSG-4

Certain amounts are internally or externally restricted for future operating or capital purposes. Transfers to and from reserves are recorded when approved by the Board of Trustees. Capital reserves are restricted to capital purposes and may only be used for operating purposes with approval by the Minister of Education. Reserves are disclosed in the Schedule of Changes in Accumulated Surplus.

i) Revenue Recognition
PS 3410.08, .16, .17, .19, 3510

Revenues are recorded on an accrual basis. 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.

Eligibility criteria are criteria that the Alberta Distance Learning Centre has to meet in order to receive certain contributions. *Stipulations* describe what the Alberta Distance Learning Centre

must perform in order to keep the contributions. Contributions without eligibility criteria or stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity. Contributions with eligibility criteria but without stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity and all eligibility criteria have been met.

Contributions with stipulations are recognized as revenue in the period the stipulations are met, except when and to the extent that the contributions give rise to an obligation that meets the definition of a liability in accordance with *Section PS 3200*. Such liabilities are recorded as deferred revenue.

j) Expenses
PS 1201.85 - .88

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Allocation of Costs

- Actual salaries of personnel assigned to two or more programs are allocated based on the time spent in each program.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

k) Pensions
PS 3250

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

As a result of the divestiture of the Alberta Distance Learning Centre from the Provincial Government, specific certificated are "grandfathered" under their prior pension plan with the provincial government, namely the Public Service Pension Plan.

Current and past service costs of the Alberta Teachers Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers' Pension Plan Act, the School Division does not make pension contributions for certificated staff. For the school year ended August 31, 2016, the amount contributed by the Government was \$4,081,405 (2015 \$3,548,794). NOTE: These contributions for teachers are reported on the Pembina Hills Regional Division No. 7 audited financial statements.

The School Division participates in a multi-employer pension plan, the Local Authorities Pension Plan and Public Service Pension Plan, and does not report on any unfunded liabilities. The expense for these pension plans is equivalent to the following annual contributions for the year ended August 31, 2015:

	<u>2016</u>	<u>2015</u>
Local Authorities Pension Plan	\$379,435	\$343,950
Public Service Pension Plan	<u>14,255</u>	<u>13,984</u>
Total Employer Contribution	<u>\$393,690</u>	<u>\$347,934</u>

At December 31, 2015, the Local Authorities Pension Plan reported a deficiency of \$923,416,000 (2014 deficiency of \$2,454,636,000).

l) Program Reporting
PS 2700.04, .07, .26

Alberta Distance Learning Centre's operations have been segmented as follows:

- **Grade 1-12 Instruction:** The provision of instructional services for grades 1 - 12 that fall under the basic public education mandate

- **Board & System Administration:** The provision of board governance and system-based / central office administration

The allocation of revenues and expenses are reported by program, source, and object on the Schedule of Program Operations. Respective instruction expenses include the cost of certificated teachers, non-certificated teaching assistants as well as a proportionate share of supplies & services, school administration & instruction support, and System Instructional Support.

m) Financial Instruments
PS 3450

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Alberta Distance Learning Centre recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, bank indebtedness, accounts payable and accrued liabilities, debt and other liabilities. Unless otherwise noted, it is management's opinion that the Alberta Distance Learning Centre is not exposed to significant credit and liquidity risks, or market risk, which includes currency, interest rate and other price risks.

Portfolio investments in equity instruments quoted in an active market and derivatives are recorded at fair value. All other financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of items in the cost or amortized cost upon initial recognition. The gain or loss arising from derecognition of a financial instrument is recognized in the Statement of Operations. Impairment losses such as write-downs or write-offs are reported in the Statement of Operations.

n) Measurement Uncertainty
PS 2130

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. Significant areas requiring the use of management estimates relate to the potential impairment of assets, rates for amortization and estimated employee future benefits.

3. CASH AND CASH EQUIVALENTS

	2016			2015
	Average Effective (Market) Yield	Cost	Amortized Cost	Amortized Cost
Cash	-	\$ -	\$ 4,191,118	\$ 2,858,797
Cash equivalents				
Other, including GICs	%	-	-	-
Total cash and cash equivalents		\$ -	\$ 4,191,118	\$ 2,858,797

4. ACCOUNTS RECEIVABLE

	2016		2015	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Education - Grants		\$ -	\$ -	\$ 1,346,833
Other Alberta school jurisdictions	330,373	-	330,373	359,704
Federal government	182,652	-	182,652	81,765
Total	\$ 513,025	\$ -	\$ 513,025	\$ 1,788,302

5. BANK INDEBTEDNESS

The Alberta Distance Learning Centre has negotiated a line of credit in the amount of \$1,000,000 that bears interest at the bank prime rate. This line of credit is secured by a borrowing bylaw and a security agreement, covering all revenue of the jurisdiction. There was no balance at August 31, 2016 (2015: \$0).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Accrued vacation pay liability	137,540	521,106
Other trade payables and accrued liabilities	3,878,263	3,114,137
Total	\$ 4,015,803	\$ 3,635,243

7. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2015	ADD: 2015/2016 Restricted Funds Received/ Receivable	DEDUCT: 2015/2016 Restricted Funds Expended (Paid / Payable)	DEFERRED REVENUE as at Aug. 31, 2016
Unexpended deferred operating revenue				
Other Deferred Revenue:				
Fees	462,157	3,598	-	465,755
FIRST grant	22,519	51,056	(22,519)	51,056
Total unexpended deferred operating revenue	\$ 484,676	\$ 54,654	\$ (22,519)	\$ 516,811
Total	\$ 484,676	\$ 54,654	\$ (22,519)	\$ 516,811

8. OTHER LIABILITIES

The Alberta Distance Learning Centre has no other liabilities for the year ended August 31, 2016.

9. DEBT

The Alberta Distance Learning Centre has no outstanding debt for the year ended August 31, 2016.

10. PREPAID EXPENSES:

Prepaid Expenses consist of the following:

	2016	2015
Prepaid insurance	\$ -	\$ -
Prepaid video credits - instructional design	\$ 200,152	
Individual computer work stations	\$ 52,982	
Prepaid rent (September 2016)	\$ 39,090	
Educational supplies related to FIRST Robotics grant	\$ 8,256	
Canadian E-Learning - 2016-2017 membership	5,020	
Other	34,499	63,826
Total	\$ 339,999	\$ 63,826

11. OTHER NON-FINANCIAL ASSETS:

Other non-financial assets consist of the following:

	2016	2015
Inventory	\$ 1,722,761	\$ 1,911,643
Total	\$ 1,722,761	\$ 1,911,643

12. ACCUMULATED SURPLUS:

Detailed information related to accumulated surplus is available on the Schedule of Changes in Accumulated Surplus. Accumulated surplus may be summarized as follows:

	2016	2015
Unrestricted surplus	\$ -	\$ -
Operating reserves	1,684,040	1,802,648
Accumulated surplus (deficit) from operations	1,684,040	1,802,648
Investment in tangible capital assets	743,884	860,105
Capital reserves	550,249	700,000
Endowments ⁽¹⁾	-	-
Accumulated remeasurement gains (losses)	-	-
Accumulated surplus (deficit)	\$ 2,978,173	\$ 3,362,753

13. CONTRACTUAL OBLIGATIONS:

	2016	2015
Building leases ⁽¹⁾	\$ 1,826,848	\$ 1,163,369
Total	\$ 1,826,848	\$ 1,163,369

⁽¹⁾Building leases: The Alberta Distance Learning Centre is committed to lease office space in the following locations:

	Expiry Date	Total
Calgary	July 20, 2020	\$ 329,470
Edmonton	December 31, 2016	102,790
Edmonton - renewal	December 31, 2021	1,118,175
Lethbridge	December 31, 2020	276,413
Total		\$ 1,826,848

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Building Leases
2016-2017	\$ 249,001
2017-2018	333,223
2018-2019	426,687
2019-2020	419,677
2020-2021	305,080
Thereafter	93,180
	\$ 1,826,848

14. CONTINGENT LIABILITIES:

Pembina Hills Regional Division No. 7/Alberta Distance Learning Centre is a member of a reciprocal insurance exchange called ASBIE. A portion of the premiums paid each year represents equity contributions to the insurance fund. These payments have been recorded as expenses in the financial statements.

15. RELATED PARTY TRANSACTIONS

All entities that are consolidated in the accounts of the Government of Alberta are related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

	Balances		Transactions	
	Financial Assets (at cost or net realizable value)	Liabilities (at amortized cost)	Revenues	Expenses
Government of Alberta (GOA):				
Alberta Education				
Other revenues & expenses			17,676,270	-
Other Alberta school jurisdictions	327,672	-	-	-
TOTAL 2015/2016	\$ 327,672	\$ -	\$ 17,676,270	\$ -
TOTAL 2014/2015	\$ 1,706,537	\$ -	\$ 17,631,719	\$ -

16. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

Pembina Hills Regional Division No. 7/Alberta Distance Learning Centre primary source of income is from the Alberta Government. The Division's ability to continue viable operations is dependent on this funding.

17. BUDGET AMOUNTS

The budget was prepared by the school jurisdiction and approved by the Board of Trustees on June 24, 2015. It is presented for information purposes only and has not been audited.

18. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2015/2016 presentation.

19. ADLC – MANAGEMENT SERVICES FEE

Effective June 2, 1997, Pembina Hills Regional Division No. 7 assumed responsibility for the operation of the Alberta Distance Learning Centre from Alberta Education. Pembina Hills Regional Division No. 7 charges their subsidiary, ADLC, a management services fee to provide them with Board and System Administration for services. The fee is calculated similar to the calculation used for the remainder of Pembina Hills' operations. The fee is netted out of Pembina Hills Board and System Administration expenses. For the year ended August 31, 2016, the management services fee amounted to \$842,317.

	2016	2015
Board Governance Fees	\$ 45,000	\$ 45,000
Benefits – Board Governance	9,000	9,000
Certificated Salaries	248,400	230,480
Uncertificated Salaries	250,000	260,351
Benefits – System Administration	106,100	100,859
Services, Contracts and Supplies	183,817	211,525
	\$ 842,317	\$ 857,215

SCHEDULE 8

UNAUDITED SCHEDULE OF FEE REVENUES
for the Year Ending August 31, 2016 (in dollars)

	Actual 2016	Actual 2015
FEES		
Transportation fees	\$0	\$0
Basic instruction supplies (text books, including lost or replacement fees, course materials)	\$0	\$0
Technology user fees	\$0	\$0
Alternative program fees	\$0	\$0
Fees for optional courses (band, art, etc.)	\$0	\$0
Fees for students from other boards	\$0	\$0
Tuition fees (international & out of province)	\$0	\$0
Kindergarten & preschool	\$0	\$0
Extracurricular fees (sports teams and clubs)	\$0	\$0
Field trips (related to curriculum)	\$0	\$0
Lunch supervision fees	\$0	\$0
Locker rental; locks; student ID; uniforms; library, student union, and fitness fees	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
TOTAL FEES	\$0	\$0

*PLEASE DO NOT USE "SCHOOL GENERATED FUNDS" AS A CATEGORY

Please disclose amounts paid by parents of students that are recorded as "Other sales and services" or "Other revenue" (rather than fee revenue):	Actual 2016	Actual 2015
Cafeteria sales, hot lunch, milk programs	\$0	\$0
Special events, graduation, tickets	\$0	\$0
Student travel (international, recognition trips, non-curricular)	\$0	\$0
Sales or rentals of other supplies/services (clothing, agendas, yearbooks)	\$0	\$0
Adult education revenue	\$0	\$0
Child care & before and after school care	\$0	\$0
Other (describe)	\$0	\$0
Other (describe)	\$0	\$0
Other (describe)	\$0	\$0
TOTAL	\$0	\$0

UNAUDITED SCHEDULE OF DIFFERENTIAL FUNDING for the Year Ended August 31, 2016 (in dollars)					
	PROGRAM AREA				
	First Nations, Metis & Inuit (FNMI)	ECS Program Unit Funding (PUF)	English as a Second Language (ESL)	Inclusive Education	Small Schools by Necessity (Revenue only)
Funded Students in Program					
Federally Funded Students					
REVENUES					
Alberta Education allocated funding	\$ -	\$ -	\$ -	\$ -	\$ -
Other funding allocated by the board to the program	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENSES (Not allocated from BASE, Transportation, or other funding)					
Instructional certificated salaries & benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional non-certificated salaries & benefits	\$ -	\$ -	\$ -	\$ -	\$ -
SUB TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies, contracts and services	\$ -	\$ -	\$ -	\$ -	\$ -
Program planning, monitoring & evaluation	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities (required specifically for program area)	\$ -	\$ -	\$ -	\$ -	\$ -
Administration (administrative salaries & services)	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
NET FUNDING SURPLUS (SHORTFALL)	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE 10

School Jurisdiction Code: **ADIC**

**UNAUDITED SCHEDULE OF CENTRAL ADMINISTRATION EXPENSES
for the Year Ended August 31, 2016 (in dollars)**

EXPENSES	Allocated to Board & System Administration				Allocated to Other Programs				TOTAL
	Salaries & Benefits	Supplies & Services	Other	TOTAL	Salaries & Benefits	Supplies & Services	Other	TOTAL	
Office of the superintendent	\$ 130,130	\$ 16,000	\$ -	\$ 146,130	\$ -	\$ -	\$ -	\$ 146,130	
Educational administration (excluding superintendent)	\$ 88,500	\$ 10,000	\$ -	\$ 98,500	\$ -	\$ -	\$ -	\$ 98,500	
Business administration	\$ 143,750	\$ 59,000	\$ -	\$ 202,750	\$ -	\$ -	\$ -	\$ 202,750	
Board governance (Board of Trustees)	\$ 54,000	\$ -	\$ -	\$ 54,000	\$ -	\$ -	\$ -	\$ 54,000	
Information technology	\$ 62,500	\$ 27,000	\$ -	\$ 89,500	\$ -	\$ -	\$ -	\$ 89,500	
Human resources	\$ 129,620	\$ 30,000	\$ -	\$ 159,620	\$ -	\$ -	\$ -	\$ 159,620	
Central purchasing, communications, marketing	\$ -	\$ 21,817	\$ -	\$ 21,817	\$ -	\$ -	\$ -	\$ 21,817	
Payroll	\$ 50,000	\$ 20,000	\$ -	\$ 70,000	\$ -	\$ -	\$ -	\$ 70,000	
Administration - insurance			\$ -	\$ -			\$ -	\$ -	
Administration - amortization			\$ -	\$ -			\$ -	\$ -	
Administration - other (admin building, interest)			\$ -	\$ -			\$ -	\$ -	
Other (describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other (describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other (describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL EXPENSES	\$ 658,500	\$ 183,817	\$ -	\$ 842,317	\$ -	\$ -	\$ -	\$ 842,317	

BOARD AND SYSTEM ADMINISTRATION (FOR INFORMATION ONLY - NOT PART OF FINANCIAL STATEMENTS)	
2015/2016 EXPENSES UNDER (OVER) MAXIMUM LIMIT	
TOTAL EXPENSES (From "Total" column of Line 30 of Schedule of Program Operations)	\$22,658,315
Enter Number of Net Enrolled Students:	0
"C" if Charter School	
STEP 1	
Calculation of maximum expense limit percentage for Board and System Administration expenses	
If "Total Net Enrolled Students" are 6,000 and over	= 3.6%
If "Total Net Enrolled Students" are 2,000 and less	= 5.4%
<p>The Maximum Expense Limit for Board and System Administration is based on an arithmetical prororation for the TOTAL FTE count for grades 1-12. Per the Home Education AND Adult students, between 2,000 to 6,000 at .00045 per FTE (Example: 4,500 FTE count grades 1-12 = 6,000 - 4,500 = 1,500 X .00045 = 0.675% plus 3.6% = maximum expense limit of 4.275%).</p>	
STEP 2	
A. Calculate maximum expense limit amounts for Board and System Administration expenses	
Maximum Expense Limit percentage (Step 1) x TOTAL EXPENSES	\$1,223,549
B. Considerations for Charter Schools and Small School Boards:	
If charter schools and small school boards.	
The amount of Small Board Administration funding (<i>Funding Manual</i> Section 1.13)	
2015/2016 MAXIMUM EXPENSE LIMIT (the greater of A or B above)	\$470,826
Actual Board & System Administration from Line 30 of "Schedule of Program Operations" (Board & System Administration Column)	\$1,223,549
Amount Overspent	\$842,317
	\$0