Consolidated Financial Statements of

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditor's Report thereon

Year ended March 31, 2024

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Financial Statements

Year ended March 31, 2024, with comparative information for 2023

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Niagara College Canada
APPLIED DREAMS.

**May 10, 2024**

**Management's Responsibility For Financial Reporting**

The consolidated financial statements of The Niagara College of Applied Arts and Technology (the "College") are the responsibility of management and have been approved by the Board of Governors.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The College maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the College's assets are appropriately accounted for and adequately safeguarded.

The College`s liabilities have been reviewed by management. There are no material liabilities in either fact or contingency as at the date of this report that have been omitted from these financial statements.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Investment Committee.

The Audit and Investment Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor`s report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The financial statements have been audited by KPMG LLP, the external auditors in accordance with Canadian generally accepted auditing standards, on behalf of the Board, KPMG LLP has full and free access.

Sean Kennedy

**Sean Kennedy**
President

P Skinner

**Pamela Skinner**
Senior Vice President College Operations

**KPMG LLP**
80 King Street, Suite 620
St. Catharines, ON  L2R 7G1
Canada
Telephone 905 685 4811
Fax 905 682 2008

# INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Niagara College of Applied Arts and Technology

## *Opinion*

We have audited the consolidated financial statements of Niagara College of Applied Arts and Technology (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

### *Other Information*

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report of the Entity.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in annual report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### *Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

KPMG

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

June 6, 2024

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

As at March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 47,400,794 | $ 68,939,843 |
| Short-term investments | 276,362,099 | 303,828,875 |
| Accounts receivable (note 3) | 16,780,779 | 11,752,827 |
| Current portion of long-term receivables (note 5) | 1,810,000 | 1,710,000 |
| Inventories | 2,062,612 | 1,957,473 |
| Prepaid expenses and other assets | 2,708,775 | 2,405,305 |
| | 347,125,059 | 390,594,323 |
| Restricted assets: | | |
| Cash | 4,266,402 | 3,366,593 |
| Investments (note 4) | 21,208,338 | 18,334,531 |
| | 25,474,740 | 21,701,124 |
| Long-term receivables (note 5) | 18,912,436 | 20,000,133 |
| Investment in Niagara College KSA (note 6) | 8,565,219 | 14,418,119 |
| Capital assets (note 7) | 194,691,256 | 190,581,256 |
| | $ 594,768,710 | $ 637,294,955 |

## NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Financial Position

As at March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 51,097,694 | $ 34,746,640 |
| Accrued payroll and employee deductions | 5,557,648 | 4,641,485 |
| Accrued vacation (note 9) | 7,308,493 | 6,476,050 |
| Deferred revenue: | | |
| Specific purpose grants deferred and repayable | 9,811,111 | 12,637,352 |
| Tuition and related fees | 123,087,152 | 246,720,406 |
| Other | 1,840,038 | 1,870,061 |
| Current portion of long-term debt (note 8) | 575,192 | 537,910 |
| | 199,277,328 | 307,629,904 |
| Long-term debt (note 8) | 353,766 | 928,958 |
| Employee future benefits (note 9) | 4,196,000 | 4,138,000 |
| Asset retirement obligation (note 10) | 7,673,141 | 6,890,680 |
| Deferred contributions (note 11) | 6,022,380 | 5,596,153 |
| Deferred capital contributions (note 12) | 128,583,977 | 129,936,202 |
| Interest rate swaps (note 8) | 13,780 | 46,370 |
| Net assets: | | |
| Unrestricted | 2,205,624 | 1,176,272 |
| Vacation and future employment benefits (note 9) | (11,504,493) | (10,614,050) |
| Niagara College KSA (note 6) | 13,858,303 | 15,908,617 |
| Niagara Learning Enterprise Corporation | (1,844,639) | (1,238,857) |
| | 2,714,795 | 5,231,982 |
| Internally restricted for future expense (note 13) | 131,850,000 | 72,850,000 |
| | 134,564,795 | 78,081,982 |
| Endowments | 19,513,732 | 16,101,564 |
| Investment in capital assets (note 14) | 95,088,993 | 88,763,360 |
| | 249,167,520 | 182,946,906 |
| Accumulated remeasurement losses | (519,182) | (818,218) |
| | 248,648,338 | 182,128,688 |
| Contingent liabilities (note 16) | | |
| | $ 594,768,710 | $ 637,294,955 |

See accompanying notes to consolidated financial statements.

Approved by the Board

A. Balsom Board Chair

Sean Kennedy President

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Operations

Year ended March 31, 2024, with comparative information for, 2023

| | 2024 | 2023 |
|---|---|---|
| Revenue (schedule 1): | | |
| Grants and reimbursements | $ 50,818,624 | $ 56,271,054 |
| Student tuition and fees | 336,796,851 | 231,561,436 |
| Ancillary operations | 13,886,727 | 13,254,572 |
| Other | 42,749,484 | 31,824,915 |
| Amortization of deferred contributions related to capital assets | 7,750,925 | 7,445,791 |
| Loss from Niagara College KSA (note 6) | (2,050,314) | (2,911,602) |
| Total revenue | 449,952,297 | 337,446,166 |
| Expenses (schedule 2): | | |
| Salaries and benefits | 145,822,747 | 123,502,321 |
| Non-salary expenses | 216,630,455 | 150,154,430 |
| Flow through funds to third parties | 10,651,718 | 9,856,799 |
| Amortization of capital assets | 14,038,931 | 12,787,412 |
| Total expenses | 387,143,851 | 296,300,962 |
| Excess of revenue over expenses | $ 62,808,446 | $ 41,145,204 |

See accompanying notes to consolidated financial statements.

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2024, with comparative information for 2023

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Accumulated remeasurement losses, beginning of year | $ | (818,218) | $ | (1,377,895) |
| Unrealized gain attributable to: | | | | |
| Derivatives – interest rate swaps | | 32,590 | | 105,592 |
| Foreign exchange gain on Niagara College KSA | | 266,446 | | 454,085 |
| Net remeasurement gains for the year | | 299,036 | | 559,677 |
| Accumulated remeasurement losses at end of year | $ | (519,182) | $ | (818,218) |

See accompanying notes to consolidated financial statements.

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

| | Unrestricted | Vacation and future employee benefits | Niagara College KSA (note 6) | Niagara Learning Enterprise Corporation | Internally restricted for future expense (note 13) | Endowments | Investment in capital assets (note 14) | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Net assets (deficiency), Balance beginning of year | $ 1,176,272 | $ (10,614,050) | $ 15,908,617 | $ (1,238,857) | $ 72,850,000 | $16,101,564 | $88,763,360 | $182,946,906 | $ 142,190,975 |
| Excess of revenue over expenses (expenses over revenue) | 13,642,991 | (890,443) | (2,050,314) | (605,782) | 59,000,000 | - | (6,288,006) | 62,808,446 | 41,145,204 |
| Endowment contributions | - | - | - | - | - | 3,412,168 | - | 3,412,168 | (389,273) |
| Net change in investment in capital assets | (12,613,639) | - | - | - | - | - | 12,613,639 | - | - |
| Balance, end of year | $ 2,205,624 | $ (11,504,493) | $ 13,858,303 | $ (1,844,639) | $131,850,000 | $19,513,732 | $95,088,993 | $249,167,520 | $182,946,906 |

See accompanying notes to consolidated financial statements.

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Consolidated Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess of revenue over expenses | $ 62,808,446 | $ 41,145,204 |
| Items not involving cash: | | |
| Amortization of deferred contributions related to capital assets | (7,750,925) | (7,445,791) |
| Amortization of capital assets | 14,038,931 | 12,787,412 |
| Increase in employee future benefits | 58,000 | 98,000 |
| Increase in accrued vacation | 832,443 | 23,009 |
| Loss from Niagara College KSA | 2,050,314 | 2,911,602 |
| Change in non-cash operating working capital: | | |
| Accounts receivable | (5,027,952) | (4,944,029) |
| Inventories | (105,139) | (205,252) |
| Prepaid expenses and other assets | (303,470) | 700,708 |
| Accounts payable and accrued liabilities | 16,351,054 | (97,735,845) |
| Accrued payroll and employee deductions | 916,163 | (1,765,699) |
| Deferred revenue | (126,489,518) | 116,654,271 |
| | (42,621,653) | 62,223,590 |
| Capital activities: | | |
| Purchase of capital assets | (18,148,931) | (7,025,085) |
| Carrying value of assets disposed of during year | - | 2,821 |
| Increase in asset retirement obligation | 782,461 | - |
| Deferred capital contributions | 6,076,044 | 4,606,833 |
| | (11,290,426) | (2,415,431) |
| Investing activities: | | |
| Purchase of restricted investments | (2,873,807) | (42,169) |
| Dividends received from Niagara College KSA | 4,237,676 | - |
| Net change in due from Niagara College KSA | (168,644) | (277,782) |
| (Disposal) purchase of short-term investments | 27,466,776 | (62,256,648) |
| | 28,662,001 | (62,576,599) |
| Financing activities: | | |
| Collection of long-term receivables | 1,310,353 | 2,638,384 |
| Deferred contributions | 426,227 | 392,134 |
| Net change in endowments | 3,412,168 | (389,273) |
| Principal payments on long-term debt | (537,910) | (503,045) |
| | 4,610,838 | 2,138,200 |
| Decrease in cash | (20,639,240) | (630,240) |
| Cash, beginning of year | 72,306,436 | 72,936,676 |
| Cash, end of year | $ 51,667,196 | $ 72,306,436 |
| Cash is represented by: | | |
| Cash | $ 47,400,794 | $ 68,939,843 |
| Cash - restricted | 4,266,402 | 3,366,593 |
| | $ 51,667,196 | $ 72,306,436 |

See accompanying notes to consolidated financial statements.

Niagara College of Applied Arts and Technology (the “College”) is an Ontario College of applied arts and technology established pursuant to Ontario Regulation 34/03 made under the Ontario Colleges of Applied Arts and Technology Act, 2002. The College is an agency of the Crown and provides post-secondary, vocationally oriented education. The College is a registered charity and is exempt from income taxes under the Income Tax Act.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

## 1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the College and its wholly owned subsidiary, Niagara College Learning Enterprise Corporation. All inter-organization assets, liabilities, revenue and expenses have been eliminated.

Niagara College KSA (“KSA”) is a for-profit subsidiary of the College and Niagara College Learning Enterprise Corporation, which is accounted for on a modified equity method basis, consistent with Canadian public sector accounting standards. Under the modified equity basis, KSA’s accounting policies are not adjusted to conform to those of the College and inter-organizational transactions and balances are not eliminated. The College recognizes its equity interest in the annual income or loss of KSA in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account.

(b) Revenue recognition:

The College follows the deferral method of accounting for contributions which include donations and government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable.

Donations of assets are recorded at fair value when a fair value can be reasonably estimated. Long-term receivables for capital assets are recorded as an asset in the consolidated financial statements when the amount to be received can be reasonably estimated and collection is reasonably assured. Long-term receivables are commitment from students for the purchase of capital assets.

Tuition fees are recognized as revenue when earned through the provision of service. Ancillary revenue including residence, parking, rental income and other sundry revenues are recognized when products are delivered or services provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured.

**1. Significant accounting policies (continued):**

(b) Revenue recognition (continued):

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Endowment funds are for awards and bursaries. Endowment contributions are recognized as direct increases in endowment net assets.

(c) Short term investments:

Short terms investments include guaranteed investment certificates with a term of less than one year. Short term investments are recorded at cost, which approximates market value.

(d) Inventories:

Inventories are valued at the lower of cost and net realizable value, determined on the first-in, first-out basis, with the exception of wine and beer inventories held by the College's subsidiary for which cost is calculated on a weighted average cost basis.

(e) Financial instruments:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value. Subsequently, all financial instruments, with the exception of investments, are recorded at amortized cost using the effective interest method.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value, unless the investment income is externally restricted, are recognized in the consolidated statement of remeasurement gains and losses until they are realized, at which point they are transferred to the consolidated statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the consolidated statement of operations. When the related investment is sold, the unrealized gains and losses previously recognized in the consolidated statement of remeasurement gains and losses are reversed and recognized in the consolidated statement of operations.

**1. Significant accounting policies (continued):**

(e) Financial instruments (continued):

Foreign currency instruments are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are translated using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the consolidated statement of operations and the unrealized balances are reversed from the consolidated statement of remeasurement gains and losses.

Financial instruments are classified into fair value hierarchy levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

| | |
|---|---|
| *Level 1* | Fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities |
| *Level 2* | Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly |
| *Level 3* | Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data |

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs which do not result in a betterment are charged to expense in the consolidated statement of operations in the year occurred. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis, with one half-year taken in the year of acquisition and disposal, using the following rates:

| | |
|---|---:|
| Site improvements | 10 years |
| Buildings | 20-40 years |
| Building betterments | 10-20 years |
| Major equipment (value > $25,000) | 10 years |
| Leased assets | Evenly over the life of the lease or the asset |
| Furniture and equipment | 5 years |
| Information technology | 3-5 years |
| Vehicles | 5 years |
| Computer software | 3-5 years |

**1. Significant accounting policies (continued):**

(f) Capital assets (continued):

Construction in progress costs are capitalized as work progresses and amortization commences when the related asset is ready for productive use and placed into service.

(g) Retirement and post-employment benefits and compensated absences:

The College provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave, non-vesting sick leave and compensated absences. The College has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

(ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

(iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service lives of the employees.

(iv) The discount used in the determination of the above-mentioned liabilities is equal to the College's internal rate of borrowing.

(v) The cost of compensated absences is determined using management's best estimate of the length of the compensated absences.

(h) Student organizations:

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the Niagara College Student Administrative Council (“NCSAC”) as the College has determined it does not control NCSAC.

(i) Internally restricted assets and endowment contributions:

Net assets internally restricted by the Board of Governors of the College are for capital projects, strategic initiatives and future operating expenses. Use of these funds require approval by the Board of Governors.

Endowments represent restricted donations received by the College where the principal sum is held for investment while the income earned is expendable for the specific purpose outlined by the donor.

**1. Significant accounting policies (continued):**

(j) Private career colleges:

The College has entered into a contractual agreement that enable international students of the College to pursue a recognized Niagara College program at a private career college. The College receives payment of tuition and fees directly from the enrolled students, and the College then pays a service fee to the private career college for providing the agreed-upon provision of services as per the terms of the agreement. The College has determined that it is acting as a principal in the provision of academic delivery to international students enrolled with the private career college, and accordingly, the College recognizes revenue from the private career college agreement on gross basis in accordance with Canadian Public Sector Accounting Standards. The amount of tuition and fees received by the College for the students enrolled in these programs is recorded within the student tuition and fees revenue in the Statement of Operations. Expenses incurred by the College in fulfilling its obligations to the private career college are included in the Statement of Operations based on the nature of the expense. Expenses incurred by the private career college in fulfilling their contractual obligations are not included in the financial statements of the College.

(k) Asset retirement obligations:

The College recognizes the fair value of an asset retirement obligation when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the College has been recognized based on estimated future expenses on closure of the site and post-closure care. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly and any adjustments relating to reevaluation are recognized in the year.

The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The buildings tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in note 1(f).

**1. Significant accounting policies (continued):**

(j) Management estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during that period. Actual results could differ from these estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known. Areas of key estimation include determination of fair value for long-term investments, endowment assets and interest rate swaps, the amount of accrued liabilities, the useful lives of capital assets, the calculation of the long-term receivable from NCSAC, the valuation of asset retirement obligations, the calculation of post-employment benefit liabilities and the valuation of receivable from Niagara College KSA.

**2. Change in accounting policies:**

The College adopted the following accounting standards applicable for fiscal years beginning April 1, 2023:

- PS 3400 Revenue establishes standards on how to account for and report on revenue specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the College), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.
- PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.
- PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for public private partnerships between the College and private sector entities where the College procures infrastructure using a private sector partner.

There was no impact on the Consolidated Financial Statements of the College as a result of the adoption of these standards.

**3. Accounts receivable:**

| | 2024 | 2023 |
|---|---|---|
| Post-secondary and other grants recoverable | $ 3,976,142 | $ 3,167,819 |
| Student receivables | 1,497,594 | 1,113,611 |
| Other | 11,307,043 | 7,471,397 |
| | $ 16,780,779 | $ 11,752,827 |

Operating grants may be subject to adjustment pending a final review by the Ministry of Colleges and Universities ("MCU") of the various programs operated by the College for the year ended March 31, 2024. Any adjustment required would be expected to be accounted for as a charge or credit to revenue in the period in which adjustment occurs.

**4. Investments:**

| | Fair value Hierarchy | 2024 | 2023 |
|---|---|---|---|
| Investments designated at fair value | | | |
| Fixed income | Level 2 | $ 9,003,374 | $ 7,634,051 |
| Equity investments | | | |
| Common shares | Level 1 | 10,285,111 | 9,054,888 |
| Mutual funds | Level 1 | 1,919,853 | 1,645,592 |
| | | $ 21,208,338 | $ 18,334,531 |

**5. Long-term receivables:**

NCSAC has extended the agreement with the College to provide funding representing its commitment towards the total cost of the construction for different projects relating to Campus Redevelopment. The current portion of the receivable has been calculated based on a repayment schedule prepared using estimated enrolment figures over the term. The NCSAC receivable has been recognized at the present value of expected future cash flows to be received, discounted at a rate referenced to the Bank of Canada Prime rate as at March 31, 2023, and adjusted downward by 25 basis points which at March 31, 2024 was 6.95% (2023 - 6.45%). The projected receivable is based on projected enrolment for future periods as at March 31, 2024.

| | 2024 | 2023 |
|---|---|---|
| Student Centre receivables | $ 20,722,436 | $ 21,710,133 |
| Current portion of long-term receivable | (1,810,000) | (1,710,000) |
| | $ 18,912,436 | $ 20,000,133 |

## 6. Investment in Niagara College KSA:

Niagara College Kingdom of Saudi Arabia ("Niagara College KSA") is a limited liability company, incorporated on February 26, 2015 under the laws of the Kingdom of Saudi Arabia, as a for-profit entity with a December 31st year-end. It is a 100% subsidiary of the College. The amounts due from Niagara College KSA are subject to a service fee charge on outstanding balances and have no fixed terms of repayment.

**Equity investment in Niagara College KSA:**

| | 2024 | 2023 |
|---|---|---|
| Share capital | $ 594,578 | $ 594,578 |
| Equity investment | | |
| Statement of Operations: | | |
| Accumulated surplus, opening | 15,908,617 | 18,820,219 |
| Loss for the period | (2,050,314) | (2,911,602) |
| Accumulated surplus, ending | 13,858,303 | 15,908,617 |
| Statement of Remeasurement Gains and Losses: | | |
| Accumulated foreign currency translation adjustment, opening | (771,848) | (1,225,933) |
| Foreign currency translation adjustment | 266,446 | 454,085 |
| | (505,402) | (771,848) |
| Equity investment | 13,352,901 | 15,136,769 |
| Dividend paid to the College | (6,266,971) | (2,029,295) |
| Due from Niagara College KSA | 884,711 | 716,067 |
| Balance, end of year | $ 8,565,219 | $ 14,418,119 |

The financial position of Niagara College KSA and the results of its operations and its cash flows are as follows:

**Financial position:**

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Assets | $ 10,321,331 | $ 17,341,792 |
| Liabilities | $ 2,009,803 | $ 2,287,790 |
| Equity | | |
| Foreign currency translation adjustment | 266,446 | 454,085 |
| Shareholder's equity | 8,045,082 | 14,599,917 |
| | 8,311,528 | 15,054,002 |
| | $ 10,321,331 | $ 17,341,792 |

## 6. Investment in Niagara College KSA (continued):

**Results of operations:**

| | Year ended December 31, 2023 | Year ended December 31, 2022 |
|---|---|---|
| Revenue | $ 4,954,087 | $ 9,719,746 |
| Expenses | 7,004,401 | 12,631,348 |
| Loss for the period | $ (2,050,314) | $ (2,911,602) |

**Cash flows:**

| | Year ended December 31, 2023 | Year ended December 31, 2022 |
|---|---|---|
| Opening balance | $ 7,704,902 | $ 6,152,120 |
| Operating | 2,259,400 | 1,175,488 |
| Capital | (8,322) | (1,142) |
| Financing | (4,504,521) | - |
| Foreign exchange (gain) loss | (102,564) | 378,435 |
| Net cash flow | $ 5,348,895 | $ 7,704,901 |

## 7. Capital assets:

| March 31, 2024 | Cost | Accumulated amortization | Net book value |
|---|---|---|---|
| Land | $ 11,497,905 | $ - | $ 11,497,905 |
| Site improvements | 17,063,417 | 10,788,337 | 6,275,080 |
| Buildings | 240,180,015 | 100,144,186 | 140,035,829 |
| Building betterments | 51,064,017 | 32,718,237 | 18,345,780 |
| Furniture and equipment | 101,612,733 | 89,090,607 | 12,522,126 |
| Resource centre | 1,322,622 | 1,322,622 | - |
| Computer software | 2,940,045 | 2,940,045 | - |
| Construction in progress | 6,014,536 | - | 6,014,536 |
| | $ 431,695,290 | $ 237,004,034 | $ 194,691,256 |

| March 31, 2023 | Cost | Accumulated amortization | Net book value |
|---|---|---|---|
| Land | $ 11,497,905 | $ - | $ 11,497,905 |
| Site improvements | 17,085,880 | 10,097,639 | 6,988,241 |
| Buildings | 238,526,064 | 93,698,892 | 144,827,172 |
| Building betterments | 48,607,797 | 29,333,334 | 19,274,463 |
| Furniture and equipment | 92,503,994 | 85,733,744 | 6,770,250 |
| Resource centre | 1,322,622 | 1,322,622 | - |
| Computer software | 2,940,045 | 2,940,045 | - |
| Construction in progress | 1,223,225 | - | 1,223,225 |
| | $ 413,707,532 | $ 223,126,276 | $ 190,581,256 |

## 8. Long-term debt:

| | 2024 | 2023 |
|---|---|---|
| Swap loan for NOTL residence bearing interest at a variable rate, payable in monthly installments of approximately $52,000 of principal and interest, with balance payable at maturity on October 1, 2025. The interest rate has been fixed at 6.99% through an interest rate swap contract. | $ 928,958 | $ 1,466,868 |
| | 928,958 | 1,466,868 |
| Current portion of long-term debt | 575,192 | 537,910 |
| | $ 353,766 | $ 928,958 |

The security for the loans includes a promissory note in the amount of the loan and an assignment of all risk insurance of the College.

Aggregate maturities of long-term debt for each of the two years subsequent to March 31, 2024, are as follows: 2025 - $575,192 and 2026 - $353,766.

The College has entered into an interest rate swap agreement to manage the volatility of interest rates. The College converted a net notional of $13.375 million of floating rate long-term debt relating to the residence. The fixed rate received under the interest rate swap outstanding is 6.72%. The maturity date of the interest rate swap is the same as the maturity date of the associated long-term debt in 2025.

The fair value of the interest rate swap at March 31, 2024 is in a net unfavorable position of $13,780 (2023 - $46,370) which is recorded on the consolidated statement of financial position. The current year impact of the change in fair value of the interest rate swap is recognized in the consolidated statement of remeasurement gains and losses of $32,591 (2023 - $105,591). The fair value of the interest rate swap has been determined using Level 2 of the fair value hierarchy.

## 9. Accrued vacation and employee future benefits:

Accrued vacation and employee future benefits comprise the following:

| | 2024 | 2023 |
|---|---|---|
| Vacation and deferred salaries | $ 7,308,493 | $ 6,476,050 |
| Employee future benefits | | |
| Sick leave | 3,269,000 | 3,246,000 |
| Other post-employment benefits | 927,000 | 892,000 |
| | 4,196,000 | 4,138,000 |
| | $ 11,504,493 | $ 10,614,050 |

**Vacation and deferred salaries**

The accrual for vacation and deferred salaries represents the liability for earned but unpaid vacation entitlements and faculty salaries.

**Employee future benefits**

Vesting sick leave

The College has provided for vesting sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. There are no remaining employees with vested sick leave benefits.

Non-vesting sick leave

The College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by independent actuaries on behalf of the Ontario College System as a whole.

## 9. Accrued vacation and employee future benefits (continued):

Post-employment benefits

Pension Plan

Substantially all of the employees of the College are members of the Colleges of Applied Arts and Technology Pension Plan (“CAATs”) which is a multi-employer jointly sponsored defined benefit plan. Pension contributions are recognized as an expense in the statement of operations in the year of related employee service. Refer to note 18 for additional information.

Retiree benefits

The costs of post-employment benefits (including medical benefits, dental care, life insurance, and certain compensated absences) related to the employees’ current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method estimating the usage frequency and cost of services covered and management’s best estimates of investment yields, salary escalation, and other factors. Plan assets are valued at fair value for purposes of calculating the expected return on plan assets.

The fair values of plan assets and accrued benefit obligations were determined by independent actuaries on behalf of the Ontario College System as a whole as at March 31, 2024.

Information about the College’s post-employment benefits is as follows:

| | 2024 | 2023 |
|---|---|---|
| Accrued benefit obligation | $ 6,221,000 | $ 5,460,000 |
| Fair value of plan assets | (296,000) | (280,000) |
| Funded status – plan deficit | 5,925,000 | 5,180,000 |
| Unamortized actuarial loss | (1,729,000) | (1,042,000) |
| Employee future benefit liability | $ 4,196,000 | $ 4,138,000 |

| | 2024 | 2023 |
|---|---|---|
| Current service expense | $ 285,000 | $ 498,000 |
| Interest on accrued benefit obligation | 149,000 | 118,000 |
| Amortization of actuarial gain (loss) | 98,000 | (126,000) |
| Benefit payments | (474,000) | (392,000) |
| Total post-employment benefit expense | $ 58,000 | $ 98,000 |

## 9. Accrued vacation and employee future benefits (continued):

Components of the College's post-employment benefit plan is as follows:

| Retiree benefits | 2024 | 2023 |
|---|---|---|
| Accrued benefit obligation | $ 1,236,000 | $ 1,170,000 |
| Unamortized actuarial (loss) gain | (13,000) | 2,000 |
| | 1,223,000 | 1,172,000 |
| Fair value of plan assets | (296,000) | (280,000) |
| Retiree benefit liability | $ 927,000 | $ 892,000 |

| Non-vesting sick leave | 2024 | 2023 |
|---|---|---|
| Accrued benefit obligation | $ 4,985,000 | $ 4,290,000 |
| Unamortized actuarial loss | (1,716,000) | (1,044,000) |
| Non-vesting sick leave benefit entitlement | $ 3,269,000 | $ 3,246,000 |

In the current year, amortization of the actuarial gain/(loss) in the amount of $98,000 (2023 - $(126,000)) has been included in benefit expense in the consolidated statement of operations. The unamortized loss is amortized over the expected average remaining service life of 11.7 years for retiree benefits and ranging from 4.6 to 10.3 years for sick leave benefits.

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation include a discount rate of 3.5% (2023 - 3.4%).

| Assumptions | 2024 | 2023 |
|---|---|---|
| Discount rate | 3.5% | 3.4% |
| Retirement rate | 3.1% per annum | 3.1% per annum |

The average retirement rate in the Ontario College System is assumed to be 3.1% (2023 - 3.1%) per annum starting at eligibility for reduced pension, increasing to 16% (2023 - 16%) per annum after reaching eligibility for unreduced pension. From ages 65 to 70, an age-related table is used. Expected return on plan assets is 4.2% for the year ended March 31, 2024 (2023 - 1.5%). For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits was assumed as follows:

## 9. Accrued vacation and employee future benefits (continued):

| Other benefit plans | 2024 | 2023 |
|---|---|---|
| Drug | 6.03% in 2024 (grading to 4.0% in 2040) | 6.16% in 2023 (grading to 4.0% in 2040) |
| Hospital | 6.03% in 2024 (grading to 4.0% in 2040) | 6.16% in 2023 (grading to 4.0% in 2040) |
| Other medical | 6.03% in 2024 (grading to 4.0% in 2040) | 6.16% in 2023 (grading to 4.0% in 2040) |
| Dental | 4.0% | 4.0% |

## 10. Asset retirement obligation:

The College's asset retirement obligation consists of the following obligation relating to asbestos.

The College owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of *PS 3280 Asset Retirement Obligations*, the College recognized an obligation relating to the removal and post-removal care of the asbestos in these building. At March 31, 2024 as a result of the annual reevaluation, the obligation increased by $782,461, resulting in an increase to the liability on the Statement of Financial Position with a corresponding increase in expenses on the Statement of Operations.

Changes to the asset retirement obligation in the year are as follows:

| Asset retirement obligation | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Balance, beginning of year | $ 6,890,680 | $ 6,890,680 |
| Add: increase in obligation in the current year | 782,461 | - |
| Less: obligations settled during year | - | - |
| Balance, end of year | $ 7,673,141 | $ 6,890,680 |

## 11. Deferred contributions:

| | 2024 | 2023 |
|---|---|---|
| Awards and bursaries | $ 3,965,196 | $ 3,729,840 |
| Other | 2,057,184 | 1,866,313 |
| | $ 6,022,380 | $ 5,596,153 |

## 12. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized and unspent amounts of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the consolidated statement of operations.

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | $ 129,936,202 | $ 138,458,695 |
| Additional contributions received | 6,076,044 | 4,606,833 |
| Less: amounts amortized to revenue | (7,750,925) | (7,445,791) |
| Change in present value of pledges receivable | 322,656 | (5,683,535) |
| | $ 128,583,977 | $ 129,936,202 |

The balance of deferred capital contributions related to capital assets consists of the following:

| | 2024 | 2023 |
|---|---|---|
| Unamortized capital contributions used to purchase capital assets | $ 98,673,305 | $ 100,351,028 |
| Unspent capital contributions included in long-term receivable | 20,722,436 | 21,710,133 |
| Unspent capital contributions | 9,188,236 | 7,875,041 |
| | $ 128,583,977 | $ 129,936,202 |

## 13. Internally restricted for future expenses:

The Board of Governors has approved a transfer of $59,000,000 (2023 - $43,000,000) to the internally restricted fund for future expenses (the “fund”). Transfers out of the fund are recognized when the transfer is authorized by the Board of Governors. The balance has been allocated for future expenses related to the following:

| | 2024 | 2023 |
|---|---|---|
| Contingency | $ 10,000,000 | $ 10,000,000 |
| Future capital investments | 121,850,000 | 62,850,000 |
| | $ 131,850,000 | $ 72,850,000 |

## 14. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

| | 2024 | 2023 |
|---|---|---|
| Capital assets | $ 194,691,256 | $ 190,581,256 |
| Amounts financed by: | | |
| Unamortized capital contributions used to purchase assets (note 12) | (98,673,305) | (100,351,028) |
| Long-term debt | (928,958) | (1,466,868) |
| | $ 95,088,993 | $ 88,763,360 |

(b) Change in net assets invested in capital assets is calculated as follows:

| | 2024 | 2023 |
|---|---|---|
| Excess of expenses over revenue: | | |
| Amortization of deferred contributions related to capital assets | $ 7,750,925 | $ 7,445,791 |
| Amortization of capital assets | (14,038,931) | (12,787,412) |
| | $ (6,288,006) | $ (5,341,621) |

| | 2024 | 2023 |
|---|---|---|
| Net change in investment in capital assets: | | |
| Purchase of capital assets | $ 18,148,931 | $ 7,025,085 |
| Carrying value of assets disposed during the year | - | (2,821) |
| Amounts funded by deferred contributions | (6,073,202) | (7,476,587) |
| Repayment of long-term debt on residences | 537,910 | 503,045 |
| | $ 12,613,639 | $ 48,722 |

## 15. Public College Private Partnership:

The Niagara College Public-College Private Partnership with the Toronto School of Management Inc. (“TSoM”) was approved by the Ministry of Colleges and Universities in December 2020.

Niagara College entered into a provision of services agreement with TSoM in February 2021 to deliver certain programs of study of Niagara College to certain international and domestic students of Niagara College at TSoM’s Toronto campus. The Niagara College Toronto campus was launched with the first in-take of students in the 2021 Spring term.

## 16. Contingent liabilities:

The nature of the College's activities are such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2024, management believes that the College has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the College's financial position. No provision has been accrued in these consolidated financial statements in respect of the above litigation.

## 17. Financial instruments:

(a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The College is exposed to this risk relating to its cash, accounts receivable and investments. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to $500,000 (2023 - $500,000). The College holds term deposits in the amount of $276,362,099 that has been insured up to $500,000.

The College's investment policy operates within the constraints of the investment guidelines issued by the MCU and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis. The guidelines permit the College's funds to be invested in bonds issued by the Government of Canada, a Canadian province or a Canadian municipality having a rating of A or better, or corporate investments having a rating of A (R-1) or better. The maximum exposure to investment credit risk is outlined in note 4.

Accounts receivable and long-term receivables are ultimately due from students. Credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections.

Included in accounts receivable are student receivables in the amount of $1,497,594 of which 26% is over 6 months. All other accounts receivables and long-term receivables are current. An amount of $350,000 (2023 - $350,000) has been provided for an impairment allowance.

Student receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**17. Financial instruments (continued):**

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The College's investment policy operates within the constraints of the investment guidelines issued by the MCU. The policy's application is monitored by management, the investment managers and the board of governors. Diversification techniques are utilized to minimize risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Currency risk

Foreign currency risk relates to the College's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign College levels when adverse changes in foreign currency rates occur. The College's exposure to foreign currency risk is based on the investment in Niagara College KSA.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(d) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The College is exposed to this risk through its interest-bearing investments, long-term receivables and long-term debt.

The College mitigates interest rate risk on its term debt through derivative financial instrument (interest rate swaps) that exchanges the variable rate inherent in the term debt for a fixed rate (see note 8). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

The College's bond portfolio has interest rates ranging from 0.982% to 5.737% with maturities ranging from June 9, 2024 to November 21, 2033.

At March 31, 2024, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds and the interest rate swaps of $255,000. A 1% fluctuation in the fair value of swaps held by the College would have a minimal impact.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**17. Financial instruments (continued):**

(e) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2024, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the College's equities of $1,224,616.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(f) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

Accounts payable are all current and the long-term debt terms of repayment are disclosed in note 8. Derivative financial liabilities mature as described in note 8.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(g) College international student cap risk

On January 22, 2024, the Government of Canada (the "Government") announced an intake cap on international student permit applications for a period of two years, resulting in a reduction of approximately 35% of approved study permits from 2023 across the country. At the end of 2024, the Government will re-assess the number of new study permits that will be processed in 2025.

In addition, as a result of these policy changes, international students at public-private partnership campuses in Ontario will no longer be eligible for post-graduate work permits, which affects the sustainability of these partnerships.

The extent of the impact of the intake cap on the College's business, operational and financial performance for the upcoming year is uncertain and difficult to assess at this time. The impacts will depend on future developments, including the Government's re-assessment at the end of the 2024 calendar year. Management has considered the potential impacts of the intake cap on its approved capital and operating budget for the year ending March 31, 2025. Management has also assessed its operational and liquidity risks and believes there are no significant issues, given the College has a strong working capital base and access to liquid resources to support continued operations in the coming year.

Amounts currently included in deferred revenue on the College's Statement of Financial Position may be required to be reclassified to accounts payable and accrued liabilities once management has assessed the impact of this announcement and amounts are repayable to the sender.

## 18. Pension plans:

All full-time employees of the College, and any part-time employees who opt to participate, are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), a multi-employer jointly-sponsored defined benefit plan for public colleges in Ontario and other employers across Canada. The College makes contributions to the Plan equal to those of employees. Contribution rates are set by the Plan's governors to ensure the long term viability of the Plan. Since the Plan is a multi-employer plan, the College's contributions are accounted for as if the plan were a defined benefit contribution plan with the College's contributions being expensed in the period they come due.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2024 indicated an actuarial surplus on a going concern basis of $5.3 billion. The College made contributions to the Plan and its associated retirement compensation arrangement of $12,083,962 in 2024 (2023 - $10,699,185), which has been included in the statement of operations.

## 19. Ontario Student Opportunity Trust Fund (OSOTF):

The Ontario Student Opportunity Trust Fund program was created to provide financial assistance to qualifying students from the investment income earned on these funds. Contributions to OSOTF ended on March 31, 2007. A new fund was created on April 1, 2007 called Ontario Trust for Student Support.

| | Endowment Fund | Expendable Funds |
|---|---|---|
| Phase 1 | | |
| Fund balance, beginning of year | $ 988,010 | $ 362,352 |
| Cash donations received | - | - |
| Funds receivable from the Ministry | - | - |
| Funds received from the Ministry | - | - |
| Investment income | - | 150,900 |
| Bursaries awarded (36 awards) | - | (50,100) |
| Fund balance, end of year | $ 988,010 | $ 463,152 |

## 19. Ontario Student Opportunity Trust Fund (OSOTF):

| | Endowment Fund | Expendable Funds |
|---|---|---|
| Phase 2 | | |
| Fund balance, beginning of year | $ 1,542,196 | $ 815,230 |
| Unmatched donations transferred to OTSS for matching | - | - |
| Cash donations received | - | - |
| Funds receivable from the Ministry | - | - |
| Funds received from the Ministry | - | - |
| Investment income | - | 328,635 |
| Bursaries awarded (36 awards) | - | (107,539) |
| Fund balance, end of year | $ 1,542,196 | $ 1,036,326 |

## 20. Ontario Trust for Student Support (OTSS):

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Trust for Student Support matching program, to award student aid as a result of raising an equal amount of endowed donations. This fund was created on April 1, 2007. The following information relates to the Trust fund for year ended March 31, 2024.

Schedule of Changes in Endowment Balance:

| | 2024 | 2023 |
|---|---|---|
| Endowment balance, beginning of year | $ 9,300,476 | $ 9,297,876 |
| Cash donations received | 5,700 | 2,600 |
| Endowment balance, end of year | $ 9,306,176 | $ 9,300,476 |

Schedule of Changes in Expendable Funds Available for Awards:

| | 2024 | 2023 |
|---|---|---|
| Expendable funds available for awards, beginning of year | $ 1,840,445 | $ 1,045,412 |
| Investment income eligible for expenditures | 1,015,589 | 1,163,458 |
| Bursaries awarded (78 awards) | (433,900) | (368,425) |
| Expendable funds available for awards, end of year | $ 2,422,134 | $ 1,840,445 |

## 21. Pledges:

Since pledges are not legally enforceable, they are recorded as revenue on a cash basis and accordingly are not recorded as assets in the consolidated financial statements. The total amount of pledges outstanding is approximately $462,970 at March 31, 2024 (2023 - $848,855) and is expected to be received as follows:

| | |
|---|---|
| 2025 | $ 228,956 |
| 2026 | 182,014 |
| 2027 | 26,000 |
| 2028 and thereafter | 26,000 |
| | $ 462,970 |

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule 1 - Consolidated Schedule of Revenue

Year ended March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Grants and reimbursements: | | |
| General Purpose Operating Grant (GPOG) | $ 4,024 | $ 9,711,768 |
| Capital grants | 4,476,160 | 4,128,874 |
| Special purpose grants | 32,959,008 | 30,124,900 |
| Research grants | 9,769,869 | 6,715,945 |
| Employment services Ontario | 2,076,301 | 1,852,561 |
| Other provincial and federal funding | 1,892,562 | 3,262,097 |
| Literacy and Basic Skills | 1,642,516 | 1,639,015 |
| Apprenticeship training | 2,492,618 | 2,070,621 |
| Provincial bursaries | 536,086 | 510,008 |
| Second Careers | 65,638 | 110,537 |
| Less: contributions related to capital | (5,096,158) | (3,855,272) |
| | 50,818,624 | 56,271,054 |
| Student tuition and fees: | | |
| Full-time domestic | 28,992,809 | 27,751,449 |
| Part-time domestic | 1,881,906 | 1,728,632 |
| International post-secondary | 122,614,432 | 91,310,057 |
| International part-time | 2,341,063 | 2,771,752 |
| Public College Private Partnership (note 15) | 181,557,027 | 108,043,558 |
| Less: contributions related to capital | (590,386) | (44,012) |
| | 336,796,851 | 231,561,436 |
| Ancillary operations: | | |
| Residence | 5,055,291 | 4,733,047 |
| Parking | 1,882,450 | 1,826,979 |
| Restaurant | 636,803 | 340,412 |
| Niagara Learning Enterprise | 2,043,074 | 2,524,372 |
| Athletics | 1,849,971 | 1,654,373 |
| Commissions | 329,779 | 60,816 |
| Facilities rentals | 1,761,978 | 1,775,853 |
| Campus store | 160,767 | 179,380 |
| Greenhouse | 166,614 | 159,340 |
| | 13,886,727 | 13,254,572 |
| Other: | | |
| Sale of course materials and service charges | 16,031,714 | 13,256,799 |
| Investment income | 20,319,543 | 11,377,792 |
| International contract training and special projects | 3,049,716 | 2,305,896 |
| Donations – awards and bursaries | 975,746 | 1,318,107 |
| Contract training | 1,559,299 | 2,883,193 |
| Other donations | 1,027,466 | 840,677 |
| Less: contributions related to capital | (214,000) | (157,549) |
| | 42,749,484 | 31,824,915 |
| Amortization of deferred contributions related to capital assets | 7,750,925 | 7,445,791 |
| Loss from Niagara College KSA | (2,050,314) | (2,911,602) |
| | $ 449,952,297 | $ 337,446,166 |

# NIAGARA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule 2 – Consolidated Schedule of Expenses

Year ended March 31, 2024 with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Salaries and benefits: | | |
| Academic salaries and benefits | $ 48,768,202 | $ 43,899,895 |
| Support salaries and benefits | 32,359,394 | 27,780,724 |
| Administration salaries and benefits | 32,369,735 | 26,301,030 |
| Part-time support salaries and benefits | 15,541,130 | 12,507,014 |
| Part-time teaching, sessional and partial load salaries and benefits | 15,893,843 | 12,892,649 |
| Post-employment, vacation and sick leave | 890,443 | 121,009 |
| | 145,822,747 | 123,502,321 |
| Non-salary expenses: | | |
| Contracted services and professional fees | 159,924,329 | 104,358,222 |
| Instructional supplies and field work | 8,228,461 | 6,871,431 |
| Building and grounds maintenance | 9,282,166 | 7,786,159 |
| Supplies | 6,285,399 | 6,406,724 |
| Office expense and insurance | 13,052,830 | 10,722,901 |
| Marketing and promotions | 9,603,534 | 4,698,298 |
| Utilities and telecommunications | 3,204,584 | 3,326,319 |
| Travel | 3,256,612 | 2,158,029 |
| Disbursements – awards and bursaries | 975,746 | 1,318,107 |
| Equipment maintenance and rentals | 1,181,168 | 1,117,187 |
| Debt charges and banking fees | 417,158 | 652,961 |
| Professional development | 1,218,468 | 738,092 |
| | 216,630,455 | 150,154,430 |
| Flow through funds to third parties: | | |
| Bursaries | 8,969,054 | 8,324,095 |
| Participant stipends and allowances | 802,574 | 678,968 |
| Municipal taxes-in-lieu | 880,090 | 853,736 |
| | 10,651,718 | 9,856,799 |
| Amortization of capital assets | 14,038,931 | 12,787,412 |
| | $ 387,143,851 | $ 296,300,962 |