NorQuest College

Annual Report 2023–2024

NORQUEST COLLEGE

Contents

Institution Information

Institution Name: NorQuest College

President Name: Carolyn Campbell

Board Chair Name: Rob Heron

Accountability Acknowledgement

Publicly Funded Post-Secondary Institutions Accountability Statement:

The institution's Annual Report for the year ended was prepared under the Board's direction in accordance with the *Sustainable Fiscal Planning and Reporting Act* and ministerial requirements established pursuant to the *Post-Secondary Learning Act*. All material economic, environmental, or fiscal implications of which we are aware have been considered in the preparation of this report.

President Signature: [Original signed by Carolyn Campbell]

Board Chair Signature: [Original signed by Rob Heron]

Management’s Responsibility for Reporting:

The institution’s management is responsible for the preparation, accuracy, objectivity, and integrity of the information contained in the Annual Report. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the *Sustainable Fiscal Planning and Reporting Act* and the *Post-Secondary Learning Act*.

The Auditor General of Alberta, the institution’s external auditor appointed under the *Post-Secondary Learning Act*, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

President Signature: [Original signed by Carolyn Campbell]

Board Chair Signature: [Original signed by Rob Heron]

Public Interest Disclosure (Whistleblower Protection) Act

Number of disclosures received: 4

Number of disclosures acted on: 2

Number of disclosures not acted on: 2

Number of investigations commenced: 2

Description of any wrongdoing found: N/A

Any recommendations of corrective measures taken regarding the wrongdoing or the reasons why no corrective measure was taken:

In some cases, complaints are received by the college indicating several policies that may have been breached (for example, Code of Conduct Policy, Respectful Workplace & Learning Environment Policy, and Safe Disclosure, etc). Upon receipt of any complaint, each allegation is reviewed and assessed against the definition of wrongdoing contained within the Public Interest Disclosure procedure. The definition is on page 2 of the Procedure. NorQuest reports all disclosures received under this procedure whether they meet the definition of wrongdoing or not.

Goals and Performance Measures

NorQuest College continued implementation of its strategic plan, *NorQuest 2030: We are who we include*, in fiscal year 2023-24. The plan is focused on five outcomes: Learner, People, Connection, Investment, and Transformation. Across these outcomes the college achieved significant progress on numerous objectives since the strategy was launched in October 2021. Below are some of NorQuest's key results, reported in alignment with the categories identified in the annual report template, for fiscal year July 1, 2023 to June 30, 2024.

A. Student supports and services and their responsiveness to the evolving needs of students (e.g. academic, financial, mental, & physical wellbeing etc.)

- Enhanced student support by introduction of Program Student Advisors to enhance the existing learner support ecosystem, consisting of retention advisors, readiness advisors, academic coaches, career coaches, and more.
- The Centre for Growth and Harmony hosted the first Violence Prevention Awareness learning week, gatherings and workshops included sessions on learner distress models, emotional regulation, communication, human trafficking, domestic violence and more.
- The college completed an Accessibility Audit and is now building plans to create a more digitally accessible NorQuest.
- The college implemented a Peer Support Centre for NorQuest students with the Students Association of NorQuest College.
- Open Educational Resources (OER): Zero Textbook Cost (ZTC) initiatives saved NorQuest students significant textbooks costs in 2023-24. More than 40% of NorQuest credit courses are ZTC. NorQuest hosted the largest ever Open Education Global Conference in October 2023, with more than 400 international delegates and more than 300 presentation proposals submitted. An Open Educational Resources procedure launched in spring 2024.
- The Early Learning and Childcare Certificate program expanded into Treaty 8 Indigenous communities in Northern Alberta allowing learners to stay and work in their home communities and attend online classes. Instructors travel to the communities to meet in-person with learners throughout the year. A

pilot project had 26 graduates in May 2024 and a second cohort of 30 learners started in the spring. This unique offering allowed learners to continue to support their families and communities while earning a post-secondary credential and increases the level of childcare available in communities.

NorQuest made numerous improvements to the student user experience and increased automation through several initiatives:

- Implemented Phase 1 of our Virtual Admissions System, which improved the application process for students, agents, and staff.
- Moved all existing student mail accounts to Microsoft Office 365 to eliminate the need for two usernames/logins. This provides greater connection and ability to seek support via chat and video through a common system.
- Introduced Kaltura, a new virtual classroom application that benefits all learners and instructors and conducted major upgrades to Moodle to improve access, user friendliness, and integration with PeopleSoft, improving both the user experience and organizational effectiveness.
- Implemented a new Digital Student ID, redesigned call routing in the Student Service Centre, and automated processes to ease efforts for students and staff.
- Implemented a new application form for LINC students, eliminating redundant data entry, improving data quality, and increasing usability.
- Implemented PayMyTuition system for processing student tuition payments and refunds which increased speed and flexibility for students and decreased manual processing and error rates for college employees.

B. Strategic research priorities (for research institutions), applied research, and scholarly activities

- NorQuest was recognized as one of the Top 50 Research Colleges in Canada, achieving 25th place as part of the Research Infosource Inc. Annual publication of Canada's Innovation Leaders, promoting Canada's leading research universities, corporations, hospitals and colleges that are enhancing Canada's global competitiveness in the knowledge economy. We ranked number one for research income growth over the previous year, number nine in paid student research, number 10 in partnerships, and number 19 in completed projects.

NorQuest continued implementation of the Applied Research Strategy, through the following:

- Launched the Applied Research Microcredential.

- The college completed the National Sciences and Engineering Research Council (NSERC) Equity, Diversity & Inclusion (EDI) Capacity Building grant, the purpose of which was to identify and begin to action EDI-related issues in talent management, professional development, and applied research. This work helped to inform EDI action plans for the various portfolios at the college. It also resulted in the creation of the EDI Data Guidelines to direct quality assurance and quality improvement work, as well as an EDI Toolkit for Policy and Procedure Review. This toolkit was embedded in the college's Policy and Procedure Review process and helps to ensure that policies and procedures are reviewed from EDI, anti-racism, accessibility, decolonizing, Indigenous, and mental health lenses.
- The NSERC Mobilize Grant entered its second year. Core to this initiative was the creation of new college research centers led by Mobilize-funded Research Chairs, each leading a unique research program aligned to emergent or priority subject area. They are Research Chairs in Community-Based Research, Workplace Accessibility & Inclusion (both roles filled in 2023-24), and Sustainability (role filled in Q1 2024-25).
- NorQuest began integrating applied research into all academic departments and newly developed programs. The Arts & Sciences Diploma was the first program to formally build student applied research opportunities into its program structure, and all faculties have committed to incorporate applied research pathways into all programs within the next four years. The Faculty of Business, Environment, and Technology became the first faculty to incorporate applied research projects into courses in all credit programs. It also undertook applied research as part of its Continuing Education programming.
- Applied research projects at NorQuest are increasingly community-driven and co-designed. Community and industry partners include Black Canadian Women in Action, Bethany Care, the Queer & Trans Health Collective, and the Canadian Revenue Agency. Existing research partners include the Institute for Continuing Care Education & Research, the Ribbon Rouge Foundation, the University of Alberta, Meaningful Care Matters, Lifestyle Options Retirement Communities, the Africa Centre, and Technology North Corp.
- The Research Data Management Strategy implementation is proceeding and new research security, sensitive technologies, and partners of concern requirements have been integrated into college operations. The Research Data Management Librarian initiated conversations with internal and external Indigenous stakeholders on processes to support Indigenous Data Sovereignty and worked with broader networks to address the unique data management needs of sensitive research projects and community-owned data.

C. Collaborations with other learning providers (e.g. publicly funded post-secondary institutions, First Nations Colleges, or Private Career Colleges)

- NorQuest collaborated with the Rupertsland Institute to open the first Métis Learners Support Centre in Canada, work on curriculum Indigenization and Decolonization, and to provide online childcare training.
- We delivered Early Learning and Childcare education to Treaty 8 Indigenous communities in Northern Alberta, allowing students to remain in their communities while attending online classes.
- The college transitioned the Autism CanTech program from a non-credit to a credit program with Humber College and Bow Valley College as partners.
- Signed 15 dual credit MOUs including Sturgeon Public Schools, Parkland School Division, Wetaskiwin Regional Public Schools, Boyle Street Education Centre, Pembina Hills School Division, Golden Hills School Division, Clearview Public Schools, Prairie Land School Division, Covenant Canadian Reformed School, and the Edmonton Islamic Academy.
- NorQuest launched the Mobile Lab for Health Care Aide in partnership with the Town of Castor and county in Fall 2023. Six students graduated and are now employed in the local community supporting seniors and those with medical needs in the region.
- Piloted a partnership with the Brain Care Centre in downtown Edmonton, called Care in The Core, which included students providing programming that promotes physical activity, cognitive training, and wellness in a group setting for Brain Care Centre clients.
- NorQuest continued to lead in the work-integrated learning space through conference presentations, response to requests for expertise and advice, including presenting best practices to the Alberta WIL Practitioner Group, presenting on the upskilling panel at the Alberta Chamber of Commerce Talent Symposium, the CICan Connections Conference, sitting on two 2024 Co-operative Education and Work-Integrated Learning Canada (CEWIL Canada) committees: the Data Committee to better benchmark WIL across Canada, and the Conference Planning Committee.
- Completed a block transfer agreement allowing our Settlement Studies Diploma to transfer credit to 10 Athabasca University programs.
- Completed a transfer agreement with the University of Calgary recognizing NorQuest's Social Work Diploma as the equivalent of the first two years of a four-year degree.
- Launched NorQuest's Arts and Sciences programs and signed an agreement with Bow Valley College to run their Digital Design diploma program at NorQuest.
- Developed a university partnerships pathway with MacEwan University to directly transfer our Arts and Sciences Diploma into their Bachelor of Arts and Sciences programs.

- Created a Certificate for Insurance Professionals program to promote the insurance industry and increase the pipeline of trained entry-level insurance industry professionals in the Edmonton area. Industry partners (e.g., Lloyd Sadd and Wawanesa Insurance) invested to support the design, development, and launch of the program. The first cohort was launched in January 2024 with 23 learners completing the program.
- In February 2024, representatives of the college travelled to the Philippines to establish partnerships with post-secondary institutions and industry including the Commission on Higher Education (CHED), which is responsible for approving and managing post-secondary institutions. This trip resulted in the signing of three MOUs (Lady of Fatima University, St. Paul University, and BMB International Recruitment) and established foundational business relationships.

Financial Information

Management Discussion and Analysis

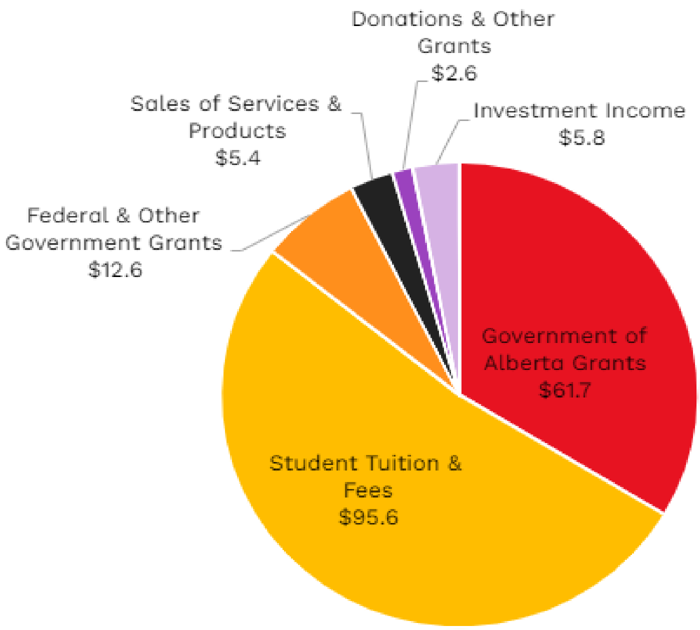
The following discussion and analysis of the financial statements should be reviewed in conjunction with the audited financial statements and accompanying notes to the financial statements. The financial statements represent the financial position and results of operations for NorQuest College for the fiscal year ended June 30, 2024. The college's consolidated financial statements for 2023-2024 have been prepared in accordance with Canadian Public Sector Accounting Standards and reflect the application of the net financial assets/net debt reporting model as issued by the Public Sector Accounting Board.

Consolidated Statement of Operations

The 2023-2024 fiscal year was one of growth driven by significant growth in learners attending the college, exceeding the planned number of learners by 16.0%. The college exceeded both its revenue and expenditure budget targets by 9.3 percent and 2.2 percent respectively. For the year ended June 30, 2024, the college reported a $13.0 million operating surplus compared to a planned $0.9 million surplus.

Revenues

2023–2024 Revenue ($Millions)



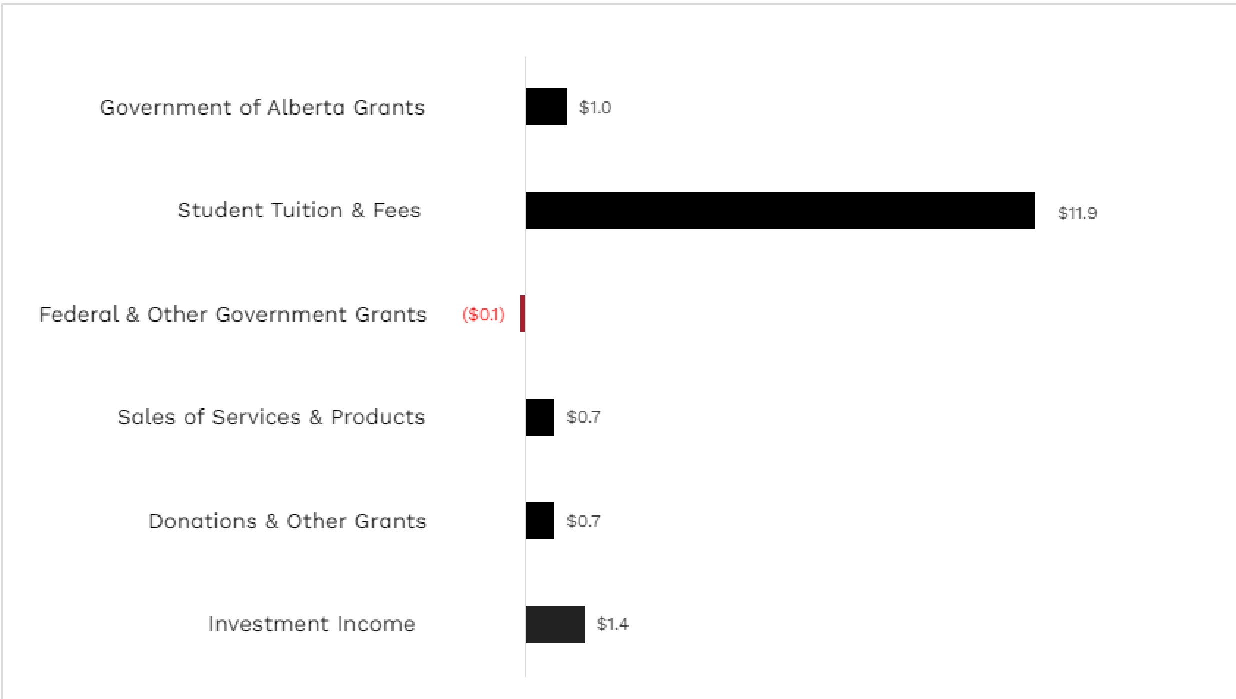
Total revenues of $183.8 million increased by $30.0 million compared to the year prior and exceeded the budgeted $168.1 million by $15.7 million.

Provincial grants represented $61.7 million of revenue, exceeding the budgeted $60.7 million with $39.6 million provided by the Operating and Program Support grant. Government of Alberta grant revenues were $5.3 million higher than the prior year, however, declined and as a percentage of total revenue decreased to 33.6 percent from 36.6 percent in the year prior. Federal and other government grants contributed $12.6 million in revenue compared to a budget of $12.7 million.

Student tuition and fees increased $25.5 million from $70.1 million in 2022–2023 to $95.6 million in 2023-2024, exceeding the budget of $83.7 million. Full load equivalents (FLEs) climbed 13.8 percent from 9,998 to 11,374 and exceeded the target FLE of 9,802 by 16.0 percent. The increase in tuition and fees was driven by a combination of tuition rate and enrolment volume increases alongside a shift in enrollment mix. International tuition and fee-paying and grant funded FLEs exceeded targets by 26.3 percent and 72.4 percent, respectively, and offset by a shortfall in domestic tuition and fee-paying learners of 4.7 percent.

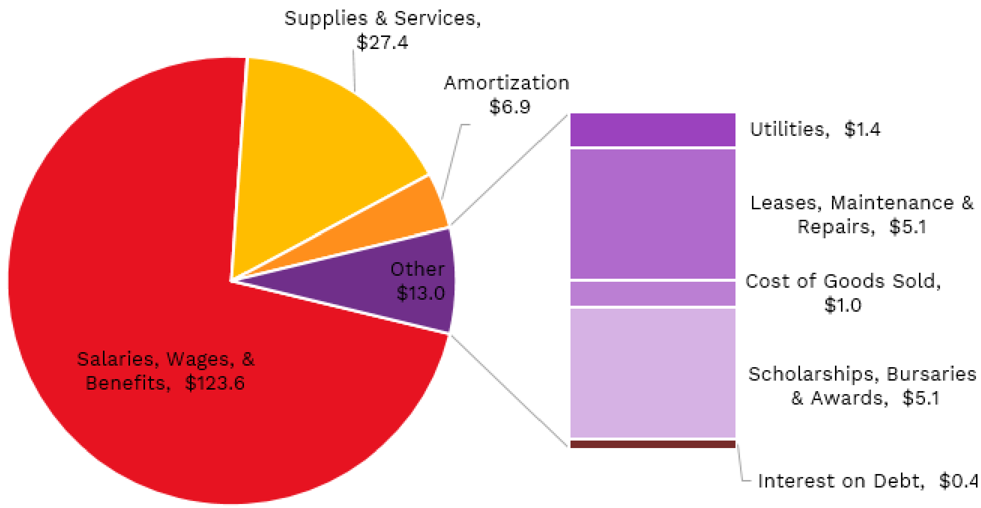
Sales of Services and Products increased from $4.3 million in 2022-2023 to $5.4 million in 2023-2024, exceeding the budget by $0.7 million. Investment income of $5.8 million exceeded the budget by $1.4 million due to sustained high interest rates generating larger interest revenues. Donations and other grants increased to $2.6 million in 2023–2024, exceeding the budget by $0.7 million.

2023–2024 Revenue vs. Budget ($Millions)



Expenses

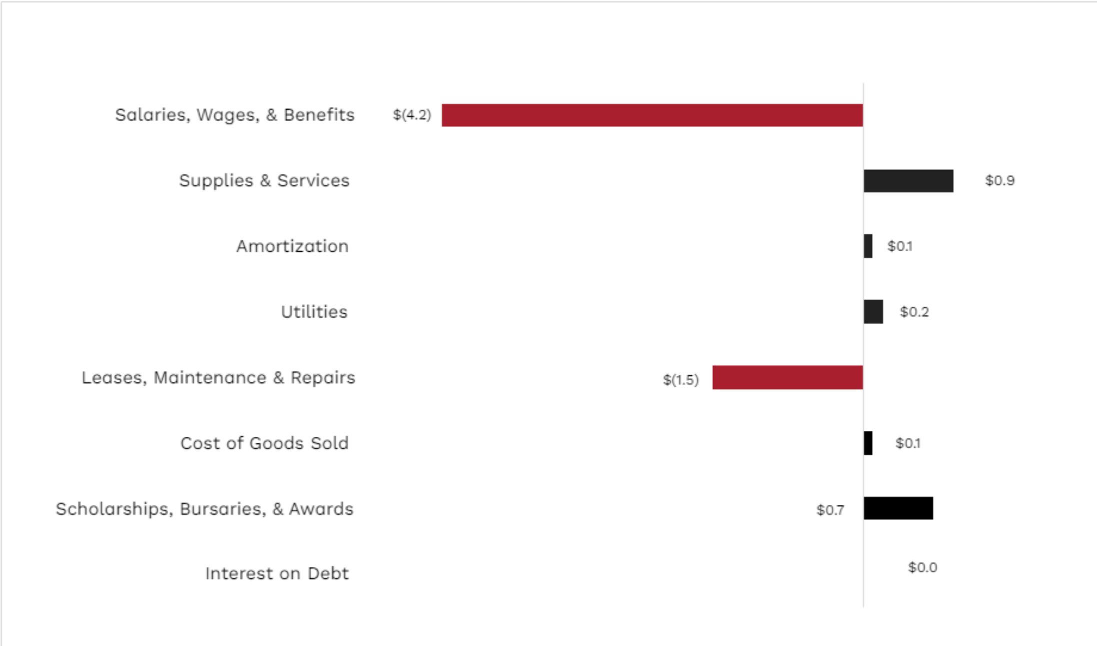
2023–2024 Expenses ($Millions)



Total expenses of $170.8 million increased by $26.1 million compared to the year prior and exceeded the budget by $3.6 million. Salaries, wages, and benefits of $123.6 million, were over budget by $4.2 million, as the college added staff resources to address the excess growth in learners.

Materials, supplies, and services expense of $27.4 million increased by $3.9 million from last year and was below budget by $0.9 million. The surplus is a result of a reclassification of expenses from materials, supplies and services to leases, maintenance, and repairs.

2023–2024 Expenses vs. Budget ($Millions)



Consolidated Statement of Financial Position

Net Financial Assets

Financial Assets increased by $6.1 million to $123.5 million. Cash holdings declined from $62.2 million to $49.0 million. Liabilities increased by $0.3 million over the same period to $86.9 million. This is largely due to a decrease in deferred revenue of $10.1 million for student tuition payments for future terms. As a result, Net Financial Assets ended the period at $43.7 million, an increase of $6.1 million over the prior year. Net Financial Assets also include portfolio investments restricted for endowment with a value of $7.1 million.

Non-Financial Assets

Non-Financial Assets increased over the prior year by $7.4 million to a total of $174.8 million. Net additions to capital assets of $13.6 million and prepaid assets of $0.7 million were offset by $6.9 million in amortization.

Net Assets

Net Assets increased $16.7 million from $58.6 million in 2022–2023 to $75.3 million in 2023–2024 because of the annual operating surplus of $13.0 million, an increase in endowments of $1.3 million and a change in accumulated re-measurement gains of $2.4 million.

Changes in Accounting Policy

The Revenue, PS 3400, and Purchased Intangibles, PSG-8, standards issued by the Public Sector Accounting Board, effective for fiscal years starting on or After 1, 2023 were adopted in the 2023-2024 fiscal year. These standards have had a minimal impact upon the college.

The Financial Statement Presentation, PS 1202, standard issued by the Public Sector Accounting Board, effective for fiscal years starting on or after April 1, 2026, has not yet been adopted. This standard will be adopted for the 2026-2027 fiscal year.

The college received approval from the Minister of Advanced Education to change its fiscal year end from June 30 to March 31. The change in fiscal year end is to take effect March 31, 2025.

Self-generated Revenue 2023–24

The self-generated revenue reporting requirement has been fulfilled for the 2023-24 fiscal year. This is a duplicate copy of NorQuest's August 2024 submission.

Revenue Type	Description	
A. Tuition and Mandatory Fees (examples: domestic tuition, International Student Tuition, Continuing Education, mandatory fees, etc.)		
Tuition	Domestic tuition	$ 21,094,293
Tuition	International tuition	$ 61,879,168
Tuition	Continuing education	$ 4,858,409
Mandatory non-instructional fees	MNIF including Student Technology Fee, Registrarial Fee, and Digital Resource fee	$ 3,292,190
Other fees	Other fees	$ 6,302,475
	Subtotal	$ 97,426,535
B. Auxiliary/Ancillary Services (examples: bookstores, student residences, parking lots, laundry services, printing, sports and recreational facilities, rentals and catering services, cafeterias, etc.)		
Ancillary Services	Bookstore	$ 1,440,742
Ancillary Services	Parking	$ 781,782
Ancillary Services	Printing	$ 21,592

Ancillary Services	Rentals and other sale services	$	542,000
Ancillary Services	Commission revenue	$	136,569
	Subtotal	$	2,922,685
C. Donations and Investment Income (examples: total cash donations, donations in kind, interest on endowments, etc.)			
Donations and investment income	Cash donation	$	1,297,872
Donations and investment income	Donations in kind	$	223,758
Donations and investment income	Investment income on endowments	$	270,433
Donations and investment income	Gains from investments and foreign exchange	$	2,900,177
Donations and investment income	Interest income - Bank	$	2,657,374
	Subtotal	$	7,349,614
D. Research Grants (examples: research grants from not for profit, grants from other governments, grants from businesses, etc.)			
Research Grants	Research - non-government	$	273,679
Research Grants	Research - Federal	$	619,245
	Subtotal	$	892,924
E. Other Grants (examples: grants from not for profit, grants from other governments, grants from businesses, etc.)			
Other Grants	Non-Research - Grants from non-government	$	501,559
Other Grants	Non-Research - Grants from Federal	$	11,983,361
	Subtotal	$	12,484,920
F. Land Trusts and For-Profit Ventures (any revenue-generating subsidiary entity, total revenue).			

N/A		
G. Other - Any other self-generated revenue not captured in the previous categories.		
Other	Endowment contributions & Endowment capitalized investment income	$ 1,323,302
Other	Sponsorship revenue	$ 350,585
Other	Non-instructional contract revenue	$ 657,266
Other	Research contract revenue	$ 31,990
	Subtotal	$ 2,363,143
	Grand Total:	$ 123,439,821

Capital Report

Types of Project and Funding Sources

Type: Proposed New Expansion Maintenance	Project Description	Total Project Cost	Funding Source:	Funding received to date and source	Revised Funding Sources
Priority Projects (Top 3 Capital Priorities)					
Proposed	Career Skills Centre	Approximately $240 - 250M	78% GoA funds 16% PSI Funds 6% Donation	$0	No change
Proposed	Renovation of second and sixth floor of Civic Employee Legacy Tower	$13M	90% GoA 10% PSI	$0.5M Operating funds	No change
Existing	Jasper Avenue Tower Leasehold Renovation	$20.4M (Less Tennant Improvement Allowance)	67% PSI 33% Industry	$20.4M total cost: $13.7M funded with Internally Restricted Net Assets, $6.7M Tennant Improvement Allowance	No change
Other					
Proposed	Enterprise Resource Program System Replacement / Upgrade	Approximately $25M	90% GoA 10% PSI	$0	No change

Free Speech Reporting

Reporting Measure 1: Free Speech Policy Information	Please provide the website address where your institution's free speech policy is posted. Has your institution amended its free speech policy during the 2023-24 fiscal year? If yes, please explain the change and the reason for making the change. Outline any intersecting administrative policies or costs (e.g. venue booking fees, security costs) at your institution that could impact event booking.
	• NorQuest College Freedom of Expression Policy: https://www.norquest.ca/getmedia/5ca79feb-4206-4fe3-acf4-04b39427e6be/Freedom-of-Expression-Policy.pdf • No changes were made to the Freedom of Expression Policy in fiscal year 2023-24. • NorQuest has several policies related to or potentially intersecting with the Freedom of Expression policy including: - Access to College Property & Facilities Procedure - Facility Rental Procedure, Facility Closure & Suspend Operations Procedure - Anti-Racism Policy (cross referenced in Facility Rental Procedure)
Reporting Measure 2: Cancelled Events	During the 2023-24 fiscal year, were any events at your institution cancelled for reasons related to free speech? If yes, provide a description of the event, including context. Discuss the concerns which led to the event's cancellation. Describe how the cancellation decision fit within the institution's free speech policy and include information on other institutional policies that were considered when making the decision. If any complaints arose from the event's cancellation, please provide further details regarding the complaints under Reporting Measure 3.
	No events were cancelled in fiscal year 2023-24 for reasons related to free speech/NorQuest's Freedom of Expression Policy.

<table>
<tr><td rowspan="6">Reporting Measure 3: Free Speech-Related Complaints</td><td colspan="2">During the 2023-24 fiscal year, did your institution receive any complaints related to free speech issues?

Note: These are complaints that were submitted in accordance with the institution’s free speech policy and through the procedures identified by the institution. These are not complaints related to labour disputes or other issues which are captured by agreements and contracts separate from the institution’s free speech policy.

For each complaint:
• Please provide a description of the complaint, including context.
• Discuss how the institution managed the complaint. Was the complaint addressed using the procedures set out in the institution’s policy? How were issues resolved?</td></tr>
<tr><td colspan="2">NorQuest College did not receive any complaints related to its Freedom of Expression Policy in 2023-24.</td></tr>
<tr><td colspan="2">Provide the following summary data for free speech-related complaints submitted in accordance with the institution’s free speech policy and through the procedures identified by the institution:</td></tr>
<tr><td>Total number of complaints</td><td>0</td></tr>
<tr><td>Total number of complaints that did not progress through the institution’s resolution process as determined by institutional policy</td><td>N/A</td></tr>
<tr><td>Total number of complaints where it was determined that the free speech policy was not followed.</td><td>N/A</td></tr>
<tr><td rowspan="2">Reporting Measure 4: Additional Information</td><td colspan="2">Please provide any additional information on any other areas of concern related to campus free speech that may not be captured under the other reporting measures.</td></tr>
<tr><td colspan="2">NorQuest College maintains a policy covering Academic Freedom and an Intellectual Freedom & Libraries Procedure which may be related to free speech on campus. The Intellectual Freedom & Libraries procedure contains a challenge mechanism and in 2023-24 there were no challenges received through this process. NorQuest did not receive any reports or complaints under these policies/procedures in fiscal year 2023-24.</td></tr>
</table>

Board of Governors Training on For-profit Ventures

NorQuest College did not provide training for Board of Governors on "For-Profit Ventures" in fiscal year 2023-24. NorQuest College's management will work with the Board of Governors to assess training needs and provide training as needed in relation to this policy and for-profit opportunities in future fiscal years.

NORQUEST COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NORQUEST COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NORQUEST COLLEGE

STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED JUNE 30, 2024

The consolidated financial statements of NorQuest College (the college) have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the college as at June 30, 2024 and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that college assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

The Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Finance and Audit Committee. With the exception of the President, all members of the Finance and Audit Committee are not employees of the college. The Finance and Audit Committee meets with management and the external auditors and internal auditors to discuss the results of audit examinations and financial reporting matters. The external and internal auditors have full access to the Finance and Audit Committee, with and without the presence of management.

These consolidated financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the *Post-secondary Learning Act*. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the consolidated financial statements.

[Original signed by Carolyn Campbell]

Carolyn Campbell
President & Chief Executive Officer

[Original signed by Jill Matthew CPA, CA, CMC, ICD.D]

Jill Matthew CPA, CA, CMC, ICD.D
Vice President, Administration and Chief Financial Officer

Independent Auditor’s Report

Auditor General OF ALBERTA

To the Board of Governors of NorQuest College

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of NorQuest College (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor’s report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor’s report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 my 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 Group'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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. I remain solely responsible for our audit opinion.

I 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 I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

October 30, 2024
Edmonton, Alberta

NORQUEST COLLEGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024
in thousands of dollars

	2024	2023
Financial assets excluding portfolio investments restricted for endowments		
Cash (note 4)	**$ 48,984**	$ 62,231
Portfolio investments - non-endowment (note 5)	**64,905**	48,094
Accounts receivable	**9,163**	6,566
Inventories held for sale	**454**	481
	123,506	117,372
Liabilities		
Accounts payable and accrued liabilities	**20,815**	16,719
Employee future benefit liabilities (note 7)	**1,415**	1,446
Debt (note 8)	**8,278**	4,194
Deferred revenue (note 9)	**56,093**	63,999
Asset retirement obligations (note 12)	**288**	272
	86,889	86,630
Net financial assets excluding portfolio investments restricted for endowments	**36,617**	30,742
Portfolio investments - restricted for endowments (note 5)	**7,093**	6,820
Net financial assets	**43,710**	37,562
Non-financial assets		
Tangible capital assets (note 10)	**170,824**	164,157
Prepaid expenses and deposits	**3,961**	3,260
	174,785	167,417
Net assets before spent deferred capital contributions	**218,495**	204,979
Spent deferred capital contributions (note 11)	**143,190**	146,337
Net assets (note 13)	**$ 75,305**	$ 58,642
Net assets are comprised of:		
Accumulated surplus	**$ 75,098**	$ 60,810
Accumulated remeasurement gains (losses)	**207**	(2,168)
	$ 75,305	$ 58,642

Contingent assets and contractual rights (notes 14 and 16)
Contingent liabilities and contractual obligations (notes 15 and 17)

Approved by the Board of Governors (note 24)

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

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2024
in thousands of dollars

	Budget (Note 23)	2024	2023
Revenues			
Government of Alberta grants (note 21)	$ 60,702	**$ 61,674**	$ 56,359
Federal and other government grants (note 21)	12,747	**12,603**	16,772
Sales of services and products	4,693	**5,446**	4,339
Student tuition and fees	83,685	**95,592**	70,132
Donations and other grants	1,901	**2,647**	2,400
Investment income	4,382	**5,828**	3,785
	168,110	**183,790**	153,787
Expenses (note 18)			
Instruction	50,664	**56,569**	44,724
Academic support	42,879	**31,965**	30,998
Student support	21,596	**23,542**	17,307
Computing and data communication	12,928	**12,676**	11,194
Operational	14,406	**15,093**	14,291
Administration	17,698	**21,056**	16,266
Other	7,015	**9,924**	9,922
	167,186	**170,825**	144,702
Annual operating surplus	924	**12,965**	9,085
Endowment contributions and capitalized investment income			
Endowment contribution (note 13)	-	**1,257**	10
Endowment capitalized investment income (note 13)	-	**66**	25
	-	**1,323**	35
Annual surplus	924	**14,288**	9,120
Accumulated surplus, beginning of year	60,810	**60,810**	51,690
Accumulated surplus, end of year (note 13)	$ 61,734	**$ 75,098**	$ 60,810

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

NORQUEST COLLEGE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

YEAR ENDED JUNE 30, 2024

in thousands of dollars

	Budget (Note 23)	**2024**	2023
Annual surplus	$ 924	**$ 14,288**	$ 9,120
Acquisition of tangible capital assets	(14,087)	**(13,587)**	(5,417)
Amortization of tangible capital assets	7,047	**6,889**	6,543
Loss on disposal of tangible capital assets		**31**	37
Increase in prepaid expenses and deposits		**(701)**	(982)
Decrease in spent deferred capital contributions		**(3,147)**	(754)
Decrease in accumulated remeasurement losses		**2,375**	1,305
Increase in net financial assets		**6,148**	9,852
Net financial assets, beginning of year		**37,562**	27,710
Net financial assets, end of year		**$ 43,710**	$ 37,562

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

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED JUNE 30, 2024
in thousands of dollars

	2024	2023
Accumulated remeasurement losses beginning of year	**$ (2,168)**	$ (3,473)
Unrealized gains (losses) attributable to:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	**3,411**	1,368
Foreign exchange losses	**(73)**	(15)
Amounts reclassified to consolidated statement of operations:		
Quoted in an active market financial instruments		
Portfolio investments - non-endowment	**(970)**	(50)
Foreign exchange gains	**7**	2
Change in accumulated remeasurement gains (losses)	**2,375**	1,305
Accumulated remeasurement gains (losses), end of year	**$ 207**	$ (2,168)

Accumulated remeasurement gains (losses) is comprised of:		
Portfolio investments - non-endowment	**$ 307**	$ (2,134)
Foreign exchange losses	**(100)**	(34)
	$ 207	$ (2,168)

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

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
in thousands of dollars

	2024	2023
Operating transactions		
Annual surplus	**$ 14,288**	$ 9,120
Add (deduct) non-cash items:		
Amortization of tangible capital assets	**6,889**	6,543
Gain on sale of portfolio investments	**(1,156)**	(83)
Gain on foreign exchange	**(66)**	(13)
Loss on disposal of tangible capital assets	**31**	37
Expended capital contributions recognized as revenue	**(4,947)**	(4,694)
(Decrease) increase in employee future benefit liabilities	**(31)**	50
Change in non-cash items	**720**	1,840
Increase in accounts receivable	**(2,597)**	(1,686)
Decrease (increase) in inventories held for sale	**27**	(240)
Increase in accounts payable and accrued liabilities	**4,096**	1,113
(Decrease) increase in deferred revenue, excluding change in restricted unrealized gain	**(8,404)**	7,174
Increase in prepaid expenses and deposits	**(701)**	(982)
Cash provided by operating transactions	**7,429**	16,339
Capital transactions		
Acquisition of tangible capital assets, less asset retirement additions	**(13,571)**	(5,417)
Cash applied to capital transactions	**(13,571)**	(5,417)
Investing transactions		
Purchase of portfolio investments	**(21,439)**	(19,015)
Proceeds on sale of portfolio investments	**8,450**	9,358
Cash applied to investing transactions	**(12,989)**	(9,657)
Financing transactions		
Debt - repayment	**(191)**	(156)
Debt - new financing	**4,275**	-
Increase in spent deferred capital contribution, less expended capital contributions recognized as revenue	**1,800**	3,940
Cash provided by financing transactions	**5,884**	3,784
(Decrease) increase in cash	**(13,247)**	5,049
Cash, beginning of year	**62,231**	57,182
Cash, end of year	**$ 48,984**	$ 62,231

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

1. Authority and Purpose

The Board of Governors of NorQuest College is a corporation that manages and operates NorQuest College ("the college") under the *Post-secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President, who is an *ex officio* member. Under the *Post-secondary Learning Act,* the college is a comprehensive community college offering diploma and certificate programs, as well as a wide range of foundational and preparatory programs. The college is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

2. Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the college are as follows:

(a) Use of estimates

The measurement of certain assets, liabilities, revenues and expenses is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. The college's management uses judgement to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets, amortization of purchased intangibles, asset retirement obligations, and the revenue recognition for expended capital are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

(b) Valuation of financial assets and liabilities

The college's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash	Cost
Portfolio investments	Fair value
Accounts receivable	Lower of cost or net recoverable value
Inventories held for sale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	Cost
Asset retirement obligations	Cost
Debt	Amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the consolidated statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recognized in the consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value that is other than temporary is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of portfolio investments are accounted for using trade-date accounting.

The college does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Valuation of financial assets and liabilities (continued)

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the college's normal purchase, sale or usage requirements are not recognized as financial assets or liabilities. The college does not have any embedded derivatives.

(c) Revenue recognition

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as deferred revenue.

i. **Government grants, non-government grants and donations**

Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for the use, or the terms along with the college's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue when the terms are met. If the grants and donations are used to acquire or construct tangible capital assets, revenue will be recognized over the useful life of the tangible capital assets.

Government grants without terms for the use of the grant are recognized as revenue when the college is eligible to receive the funds. Unrestricted non-government grants and donations are recognized as revenue in the year received or in the year the funds are committed to the college if the amount can be reasonably estimated and collection is reasonably assured.

In-kind donations of services, materials and tangible capital assets are recognized at fair value when such value can reasonably be determined. Transfers of tangible capital assets from related parties are recognized at the carrying value.

ii. **Grants and donations related to land**

Grants and donations for the purchase of land are recognized as deferred revenue when received, and recognized as revenue when the land is purchased.

The college recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the college cannot determine the fair value, it recognizes such in-kind contributions at nominal value.

iii. **Sales of services and products**

Sales of services and products represent revenues from non-tuition related services and/or products such as parking fees, locker and space rental fees, employee wellness center membership fees, food services commissions, book sales, instructional and non-instructional contracts.

These revenues are considered revenues arising from exchange transactions. Revenue from these transactions is recognized when or as the college fulfills its performance obligations and transfers control of the promised goods and services to the payor. If the performance obligation is outstanding at year end, the remaining revenue is deferred.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Revenue recognition (continued)

iv. **Student tuition and fees**

Student tuition and fees are charged for the programs offered by the college such as tuition, program and supplies fee, registrarial and student service fee, proctoring fee, student technology fee, digital resources fee, application fee, late payment penalty fee and other incidental fees such as student ID card replacement or fees charged for change of log in.

These fees, with the exception of forfeited deposits, late penalty fees and non-cancellation fees, are considered revenues arising from exchange transactions with performance obligations. The college recognizes revenues from application fees when received as the performance obligations of registering the student are met when paid. Revenue from tuition and program and supplies fee, registrarial and student service fee, proctoring fee, student technology fee and digital resources fee are recognized over the course of each academic period as the college fulfills its performance obligations by delivering the courses. If the performance obligation is outstanding at year end, the remaining revenue is deferred. Revenue from other incidental fees is recognized when the performance obligation to provide the goods and services to the student has been met.

Revenue without performance obligations is a non-exchange transaction with a payor and is recognized when the college has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset.

v. **Endowment contributions**

Endowment contributions are recognized as revenue in the consolidated statement of operations in the year in which they are received and are required by donors to be maintained intact in perpetuity.

vi. **Investment income (loss)**

Investment income includes dividends, interest income and realized gains or losses on the sale of unrestricted portfolio investments. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability and is recognized as investment income when the terms of the grant or donation are met.

The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for the use by the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the consolidated statement of operations.

(d) Endowments

Endowments consist of:

- Externally restricted donations received by the college, the principal of which is required to be maintained intact in perpetuity.
- Investment income earned (excluding unrealized income) on endowments in excess of the amount required for spending allocation is capitalized to build a reserve for use in future periods where earnings fall below target rates and grow the real value of the endowments. Benefactors as well as college policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and by reinvesting unexpended income. Investment income earned (excluding unrealized income) on endowments must be used in accordance with the various purposes established by the donors.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

(d) Endowments (continued)

Under the *Post-secondary Learning Act*, the college has the authority to alter the terms and conditions of endowments to enable:

- Income earned by the endowments to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowments.
- Encroachment on the capital of the endowments to avoid fluctuations in the amounts distributed and generally to regulate the distribution of investment income earned by the endowments if, in the opinion of the Board of Governors, the encroachment benefits the college and does not impair the long-term value of the fund.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the accumulated capitalized investment income. However, for individual endowments without sufficient accumulated capitalized income, internally restricted funds are used in that year and is expected to be recovered by future investment income.

(e) Inventories held for sale

Inventories held for sale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method.

(f) Tangible capital assets

Tangible capital assets are recognized at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset, and cost associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development. Work-in-progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service.

All leases are recorded in the financial statements as either a capital or operating lease. Any lease which transfers substantially all the benefits and risks, or ownership associated with the leased asset are accounted for as leased tangible capital assets. Capital lease assets and liabilities are recognized at the lesser of the present value of the future minimum lease payments and the asset's fair market value at the inception of the lease, excluding executory costs.

The college does not have any capital leases as of June 30, 2024.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

Buildings	10 to 50 years
Site improvements	Remaining useful life of buildings
Leasehold improvements	Term of lease
Furniture, equipment and vehicle	5 to 20 years
Computer hardware and software	3 to 10 years

Tangible capital asset write-downs are recognized when conditions indicate they no longer contribute to the college's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are recognized as expenses.

Works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

(g) Purchased intangibles

Purchased intangibles are recorded at cost less accumulated amortization. The cost, less any residual value of purchased intangibles with a finite life is amortized on a straight-line basis over its useful life in a manner appropriate to its nature and use which is normally the shortest of the technological, commercial and legal life. Purchased intangibles with an indefinite life are not amortized.

Write-downs are recognized for finite and indefinite life intangibles when conditions indicate they no longer contribute to the college's ability to provide services, or when the value of future economic benefits associated with the purchased intangibles are less than their net book value. Net write-downs are recognized as expenses.

As of June 30, 2024, the college had no purchased intangibles to report.

(h) Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

(i) Employee future benefits

i. **Pension**

The college participates with other employers in the Public Service Pension Plan (PSPP), the Management Employee Pension Plan (MEPP) and the Supplementary Retirement Plan (SRP). These pension plans are multi-employer defined benefit pension plans that provide pensions for the college's participating employees based on years of service and earnings.

The college does not have sufficient plan information on the PSPP, MEPP and SRP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recognized for the PSPP, MEPP and SRP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan’s future benefits.

ii. **Long-term disability**

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the college's long-term disability plans is charged to expense in full when the event occurs which obligates the college to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method, a market interest rate and management's best estimate of the retirement ages of employees, expected health care costs and the period of employee disability. The college undertakes a formal actuarial review on an annual basis. Actuarial or estimated gains or losses on the accrued benefit obligation are recognized in the period in which they occur.

iii. **Short-term illness**

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the college's short-term illness plan is charged to expense in full when the event occurs which obligates the college to provide the benefits. The liability for these benefits is estimated using the specific rates of pay, the expected duration of their absence to a maximum of 80 days, and an estimate of their expected benefits for each employee.

(j) Basis of Consolidation

The consolidated financial statements use the line-by-line consolidated method to record the accounts of the NorQuest College Foundation ("the foundation"), which operates under the *Companies Act (Alberta)* to raise funds for projects, programs, and services that serve to improve opportunities for NorQuest College learners' success. The foundation is a registered charity and has been granted tax exempt status under the *Income Tax Act (Canada)*.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

(k) Liability for contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. It does not include airborne contaminants. The college recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists;
- there is evidence that contamination exceeds an environmental standard;
- the college is directly responsible or accepts responsibility for the contamination;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

A liability for a contaminated site may arise from operations that are either considered in productive use or no longer in productive use when environmental standards are exceeded. It will also arise when an unexpected event occurs resulting in contamination that exceeds an environmental standard.

Where an environmental standard does not exist or contamination does not exceed an environmental standard, a liability for remediation of a site is recognized by the college when the following criteria have been met:

- the college has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand; and
- the transaction or events obligating the college have already occurred.

As at June 30, 2024, the college had no liability for contaminated sites to report (2023 - $nil).

(l) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets. The tangible assets include but are not limited to assets in productive use, assets no longer in productive use and leased tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

When a liability for asset retirement obligation is recognized, asset retirement cost related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

The asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

(m) Expense by Function

The college uses the following categories of functions in its consolidated statement of operations:

Instruction

Expenses related to support all activities that are part of the college's credit and non-credit programs and those non-sponsored research and scholarly activities.

Academic support

Expenses related to the services, administrative and management activities that directly support academic functions, course and curriculum development activities, and academic personnel development.

Student support

Expenses related to admissions and registry functions and activities that support the student body or provide services to individual students or student groups. These include student services administration, social and cultural activities, counselling services and career guidance, financial aid administration, and scholarship awards.

Computing and data communication

Expenses related to resources, activities, and services that provide and support computing, networking, data communications, and other information technology functions.

Operational

Expenses related to maintenance and renewal of facilities that house the teaching, research, and administrative activities within the college. These include utilities, facilities administration, building maintenance and rentals, custodial services, landscaping and grounds keeping, repairs and renovations and amortization of tangible capital assets except those expenses attributable to ancillary services.

Administration

Expenses related to executive management, corporate marketing and communication, corporate insurance premiums, corporate finance, human resources, and any other centralized college-wide administrative services.

Other

Includes the following expenses:

<u>Ancillary services</u>

Expenses related to operations ancillary to the normal institutional functions of instruction and research such as bookstores, food services, parking services, and amortization expenses related directly or attributable to such operations.

<u>Sponsored research</u>

Expenses related to all sponsored research activities specifically funded by restricted grants and donations from external organizations and undertaken within the college.

<u>Fundraising</u>

Expenses related to fundraising activities, fund development, alumni and donor relations and advancement office.

<u>Special purpose</u>

Expenses that support special strategic initiatives outside of major activities specifically funded by restricted grants and donations, and internally restricted funds.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

(n) Funds and Reserves

Certain amounts, as approved by the Board of Governors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from funds and reserves are an adjustment to the respective fund when approved.

(o) Future changes in accounting standards

The college will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

- Effective April 1, 2026, The Conceptual Framework For Financial Reporting in the Public Sector. The Conceptual Framework is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.
- Effective April 1, 2026, PS 1202 Financial Statement Presentation. Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

The college is currently assessing the impact of the new conceptual framework and standard, and the extent of the impact of their adoption on the consolidated financial statements has not yet been determined.

3. Adoption of new accounting policies and guidelines

PS 3400: Revenue

Effective July 1, 2023, the college adopted the new accounting standard PS 3400, Revenue, a standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

The college adopted this standard on a prospective basis and as a result, 2023 comparatives are not restated.

The adoption of PS 3400 does not impact the college's revenue and deferred revenue. There was no impact on the reported results due to the college's previous accounting policy for revenue recognition being functionally similar to the accounting standards requirements.

PSG-8: Purchased Intangibles

Effective April 1, 2023, the college adopted the principles in the new guideline PSG-8, Purchased intangibles. The guideline provides direction on accounting for and reporting on purchased intangibles. It provides clarity on the recognition criteria along with instances of assets that would not meet this definition.

The college adopted this standard prospectively and as a result, 2023 comparatives are not restated. The college did not purchase any intangibles in the year so there was no impact on the consolidated financial statements as of June 30, 2024.

PS 3160: Public Private Partnerships

In April 2021, PSAB issued PS 3160 Public Private Partnerships. This accounting standard is effective for fiscal years starting on or after April 1, 2023. Public Private Partnerships standard provides guidance on how to account for infrastructure when procured under these types of arrangements.

The college has not entered into such arrangements.

in thousands of dollars

4. Cash

	2024	2023
Cash	**$ 48,984**	$ 62,231
	$ 48,984	$ 62,231

Included in cash are restricted grants and donations $29,350 (2023 - $27,741) and endowments of $1,036 (2023 - $0).

5. Portfolio Investments

	2024	2023
Portfolio investments - non-endowment	**$ 64,905**	$ 48,094
Portfolio investments - restricted for endowments	**7,093**	6,820
	$ 71,998	$ 54,914

The composition of portfolio investments measured at fair value is as follows:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Pooled investment funds				
Bonds:				
Canadian bonds	**$ -**	**$ 35,372**	**$ -**	**$ 35,372**
Equities:				
Canadian equities	**-**	**10,722**	**-**	**10,722**
Foreign equities	**-**	**13,109**	**-**	**13,109**
Multi-Strategy	**-**	**9,715**	**-**	**9,715**
Money Market	**-**	**7**	**-**	**7**
Alternative funds:				
Infrastructure	**-**	**-**	**1,007**	**1,007**
Real estate	**-**	**-**	**1,076**	**1,076**
Private equity	**-**	**-**	**990**	**990**
Total portfolio investments	**$ -**	**$ 68,925**	**$ 3,073**	**$ 71,998**
	- %	**96 %**	**4 %**	**100 %**

in thousands of dollars

5. Portfolio Investments (continued)

	2023			
	Level 1	Level 2	Level 3	Total
Pooled investment funds				
Bonds:				
Canadian bonds	$ -	$ 34,164	$ -	$ 34,164
Equities:				
Canadian equities	-	10,249	-	10,249
Foreign equities	-	10,501	-	10,501
Multi-Strategy	-	-	-	-
Money Market	-	-	-	-
Alternative funds:				
Infrastructure	-	-	-	-
Real estate	-	-	-	-
Private equity	-	-	-	-
Total portfolio investments	$ -	$ 54,914	$ -	$ 54,914
	- %	100 %	- %	100 %

The fair value measurements are those derived from:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (i.e., unobservable inputs).

The following table reconciles the changes in fair value of level 3 investments:

	2024	2023
Balance, beginning of year	**$ -**	$ -
Purchases	**6,128**	-
Proceeds on sale	**(3,064)**	-
Other adjustments	**9**	-
Balance, end of year	**$ 3,073**	$ -

The college has a formal investment policy that provides guidelines within which the college's investment portfolio is to be effectively and ethically maintained, managed and enhanced. The policy governs asset mix, exposure limits, credit quality and performance measurement. The Finance and Audit Committee, a committee of the Board of Governors, has been delegated oversight responsibility for the college's investments. The Finance and Audit Committee is provided with regular updates on the performance of the portfolio investments to ensure compliance with the stated policy objectives and to evaluate the ongoing appropriateness of the investment policy.

The college engages an external investment manager to manage the college's portfolio investments. The investment manager is delegated authority to purchase and sell securities within pooled funds according to the college's investment policy. Investment holdings are currently separated into two funds: operating reserve and endowment, whose performances are monitored against established benchmark returns.

in thousands of dollars

6. Financial Risk Management

The college is exposed to the following risk:

Market price risk

The college is exposed to moderate market price risk, the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the college has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits. The investment policy specifies minimum bond ratings, that securities be listed on approved stock exchanges and other benchmarks determined appropriate by the college for each of the operating reserve and endowment portfolio investments. The policy provides for an acceptable level of investment risk to obtain a reasonable rate of return, provide growth and income that aligns with college obligations, and preserve capital amounts.

In 2024, the college holds pooled investment funds that have market-based unit values subject to fluctuation. The market value of a pooled investment fund is its net asset value, which is allocated to pool participants. Participants in the pools have no control over the management or selection of securities in the pool. The college is exposed to market price risk when it purchases units issued by the pools. Unrealized gains and losses attributable to changes in fair market value are reflected in either the consolidated statement of remeasurement gains and losses or deferred revenue if they relate to restricted funds.

The college assesses its portfolio sensitivity to a percentage increase or decrease in market prices. The sensitivity rate is determined using the beta coefficient relative to the security's benchmark, weighted by holding over a one-year period for total pooled equities as determined by the external investment manager. At June 30, 2024, if market prices had a 5% (2023 - 5%) increase or decrease, with all other variables held constant, the increase or decrease in deferred unrealized gains and losses and accumulated remeasurement gains and losses for the year would be $585 (2023 - $486).

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The college currently holds a US dollar bank account which is denominated in foreign currency and is exposed to foreign exchange risk. The college is also exposed to foreign exchange risk on its pooled investments that hold foreign equities or bonds. The college does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. The college's exposure to foreign exchange risk is low due to minimal business activities conducted in foreign currencies.

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honor its financial obligations with the college.

The college is exposed to credit risk on its fixed income investments and has established an investment policy with required minimum credit quality standards and issuer limits to manage this risk. As at June 30, 2024, fixed income investments consisted solely of pooled investment funds with a low credit risk that carried an average credit quality rating of at least A (2023: AA).

The credit risk on fixed income investments held are as follows:

Credit rating	2024	2023
A	**100.0 %**	0.0 %
AA	**0.0 %**	100.0 %

The credit risk from accounts receivable is low as the majority of balances are due from government agencies. When appropriate, the college provides an allowance for doubtful accounts receivable. The college has agreements with donors for pledges, which are not enforceable by law, exposing it to counterparty credit risk. As the college does not record pledges receivable until collected, the credit risk is low.

in thousands of dollars

6. Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the college will encounter difficulty in meeting obligations associated with its financial liabilities. The college's liquidity risk arises due to its cash outflow requirements related to accounts payable and accrued liabilities, debt and financing of capital construction in progress. The college maintains and monitors adequate working capital and a line of credit to ensure that funds are available to meet current and forecasted financial requirements in the most cost effective manner. The future contractual payments related to fixed rate debt are described in note 8 and for other contractual obligations in note 17.

Interest rate risk

Interest rate risk is the risk to the college's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. The college's interest sensitive assets that generate interest income are its cash and portfolio investments. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the college holds. In 2024, the college was exposed to low interest rate risk on its cash balances. There was 25 basis point decrease in 2024 (2023 - 325 basis point increase) in the prime rate that reflected in the interest earned on cash balances held in the college's bank accounts. Interest rates for fixed income funds, fluctuated between 2024 and 2023. If interest rates changed by 1%, and all other variables are held constant, the potential gain or loss in fair value to the college would be approximately 2.88% or $1,019 on total investments in fixed income funds of $35,379 (2023 - approximately 4.25% or $1,452 on total investments in fixed income funds of $34,164). Interest risk on the college's debt is managed through fixed-rate agreements with the Department of Treasury Board and Finance as described in note 8.

The maturity and average effective market yield of interest bearing assets are as follows:

Asset class	< 1 year	1 - 5 year	> 5 years	Average effective market yield
Cash	100.00 %	-	-	5.52 %
Portfolio investments - fixed income funds	-	-	100.00 %	4.00 %

7. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2024	2023
Benefit liability for employees on long-term disability	**$ 1,328**	$ 1,393
Liability for short-term illness	**87**	53
	$ 1,415	$ 1,446

(a) Defined Benefit Accounted for on a Defined Benefit Basis

i. **Benefit liability for employees on long-term disability (LTD)**

The college provides long-term disability defined benefits to its permanent and term employees. The LTD plan provides pension and non-pension benefits after employment, but before the employee's normal retirement date.

Benefit liability for employees on LTD was actuarial valuated as at June 30, 2024. The college performs an actuarial valuation annually. The college had 16 (2023 - 19) employees on LTD as at June 30, 2024.

in thousands of dollars

7. Employee Future Benefit Liabilities (continued)

The expense and financial position of the benefit liability for employees on LTD are as follows:

	2024	2023
Expense		
Interest cost	**$ 62**	$ 48
Amortization of net actuarial loss	**171**	390
Total expense	**233**	$ 438
Financial Position		
Accrued benefit liability:		
Balance, beginning of year	**1,393**	$ 1,280
Interest cost	**62**	48
Benefits paid	**(298)**	(325)
Actuarial loss	**171**	390
Accrued benefit liability, end of year	**$ 1,328**	$ 1,393

The college plans to use its working capital to finance these future obligations.

The significant actuarial assumptions used to measure the accrued benefit obligation are as follows:

	2024	2023
Accrued benefit obligation		
Discount rate	**4.75 %**	5.00 %
Long-term average compensation increase	**- %**	- %
Benefit cost		
Discount rate	**5.00 %**	4.30 %
Long-term average compensation increase	**- %**	- %
Canada inflation (long-term)	**2.00 %**	2.00 %
Estimated average remaining service life	**6.70 yrs**	5.90 yrs

As there are no assets set aside to fund these liabilities, the 2024 and 2023 discount rates used for the accrued benefit obligation and benefit cost were provided by the actuary engaged by the college in the 2024 and 2023 actuarial review.

in thousands of dollars

7. Employee Future Benefit Liabilities (continued)

ii. **Liability for Short-term Illness (STI)**

The college provides short-term illness defined benefits to its permanent and term employees. The liability for short-term illness is recognized when an event occurs that obligates the college to provide such benefits for a maximum of 80 days. The college had 15 (2023 - 12) employees on STI as at June 30, 2024.

The financial position and expense of the STI plan are as follows:

		2024		2023
Accrued benefit liability, beginning of year	$	**53**	$	116
Obligations arising/expense during the year		**1,383**		967
Benefits paid		**(1,349)**		(1,030)
Accrued benefit liability, end of year	$	**87**	$	53

(b) Defined benefit accounted for on a defined contribution basis

Multi-employer pension plans

i. **Public Service Pension Plan (PSPP)**

The PSPP is a multi-employer contributory defined benefit pension plan for all permanent and term employees excluding management positions and is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is $6,716 (2023 - $5,907).

An actuarial valuation of the PSPP was carried out as at December 31, 2021 and was then extrapolated to December 31, 2023. At December 31, 2023, the PSPP reported a surplus of $4,542,500 (2022 - $4,258,721). For the year ended December 31, 2023, PSPP reported employer contributions of $260,760 (2022 - $287,703) and employee contributions of $261,278 (2022 - $283,081). For the 2023 calendar year, the college's employer contributions were $6,004 (2022 calendar year - $5,815).

ii. **Management Employee Pension Plan (MEPP)**

The MEPP is a multi-employer contributory defined benefit pension plan for management positions and is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is $1,707 (2023 - $1,685).

An actuarial valuation of the MEPP was carried out as at December 31, 2021, and was then extrapolated to December 31, 2023. At December 31, 2023, the MEPP reported a surplus of $1,316,313 (2022 - $924,735). For the year ended December 31, 2023, MEPP reported employer contributions of $78,422 (2022 - $81,992) and employee contributions of $78,564 (2022 - $79,505). For the 2023 calendar year, the college's employer contributions were $1,661 (2022 calendar year - $1,525).

iii. **Supplementary Retirement Plan (SRP)**

The SRP is a multi-employer contributory defined benefit pension plan providing additional pension benefits to managers of designated employers who participate in the MEPP and whose annual salary exceeds the maximum pensionable salary limit under the *Income Tax Act*. It is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is $69 (2023 - $70).

An actuarial valuation of the SRP was carried out as at December 31, 2021, and was then extrapolated to December 31, 2023. At December 31, 2023, the SRP reported an actuarial deficit of $21,343 (2022 - $25,117). For the year ended December 31, 2023, SRP reported employer contributions of $2,566 (2022 - $2,039) and employee contributions of $2,570 (2022 - $2,059). For the 2023 calendar year, the college's employer contributions were $77 (2022 calendar year - $59). The college participated in the SRP effective from January 1, 2013. The SRP's deficit is being discharged through additional contributions from the employers effective April 1, 2015. Other than the requirement to make additional contributions, the college does not bear any risk related to the SRP deficit.

in thousands of dollars

8. Debt

Debt is measured at amortized cost and is comprised of the following:

	Collateral	Maturity date	Interest rate	2024	2023
Debentures payable to the Department of Treasury Board and Finance:					
Debenture for parkade of Singhmar Centre for Learning	1	September 2042	2.989 %	**$ 4,033**	$ 4,194
Debenture for 10241/45 - 109 Street, Edmonton, Alberta	1	July 2053	5.300 %	**$ 4,245**	$ -
				$ 8,278	$ 4,194

Collateral - (1) general security agreements.

Principal and interest repayments in each of the next five years and thereafter are as follows:

	Principal	Interest	Total
2025	$ 228	$ 348	**$ 576**
2026	236	340	**576**
2027	245	332	**577**
2028	254	323	**577**
2029	263	314	**577**
Thereafter	7,052	3,911	**10,963**
	$ 8,278	**$ 5,568**	**$ 13,846**

Interest expense on debt is $347 (2023 - $128) and is included in the consolidated statement of operations.

9. Deferred Revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement:

	2024				2023
	Deferred contributions	**Unspent deferred capital contributions**	**Student Tuition, fees and other revenue**	**Total**	Total
Balance, beginning of year	**$ 25,490**	**$ 2,743**	**$ 35,766**	**$ 63,999**	$ 56,420
Grants, tuition, donations and other contributions	**21,917**	**-**	**85,636**	**107,553**	99,095
Restricted investment income - realized gains	**1,452**	**133**	-	**1,585**	1,372
Restricted investment income - unrealized gains	**498**	-	-	**498**	405
Transfers to spent deferred capital contributions	**(1,302)**	**(498)**	-	**(1,800)**	(3,940)
Recognized as revenue	**(20,103)**	**(15)**	**(95,592)**	**(115,710)**	(89,353)
Transfer to endowments	**(32)**	-	-	**(32)**	-
Balance, end of year	**$ 27,920**	**$ 2,363**	**$ 25,810**	**$ 56,093**	$ 63,999

in thousands of dollars

10. Tangible Capital Assets

	Land	Buildings & site improvements	Leasehold improvements	Furniture, equipment & vehicle	Computer hardware & software	2024 Total	2023 Total
Cost							
Balance, beginning of year	**$ 7,544**	**$ 182,732**	**$ 1,574**	**$ 9,131**	**$ 15,495**	**$ 216,476**	$ 211,684
Acquisitions	**5,815**	**927**	**4,635**	**1,488**	**722**	**13,587**	5,417
Disposals	**-**	**-**	**-**	**(476)**	**(215)**	**(691)**	(625)
	13,359	**183,659**	**6,209**	**10,143**	**16,002**	**229,372**	216,476
Accumulated Amortization							
Balance, beginning of year	**$ -**	**$ 34,067**	**$ 1,114**	**$ 4,340**	**$ 12,798**	**$ 52,319**	$ 46,364
Amortization expense	**-**	**4,426**	**216**	**844**	**1,403**	**6,889**	6,543
Effects on disposals	**-**	**-**	**-**	**(445)**	**(215)**	**(660)**	(588)
	-	**38,493**	**1,330**	**4,739**	**13,986**	**58,548**	52,319
Net book value, June 30, 2024	**$ 13,359**	**$ 145,166**	**$ 4,879**	**$ 5,404**	**$ 2,016**	**$ 170,824**	
Net book value, June 30, 2023	$ 7,544	$ 148,665	$ 460	$ 4,791	$ 2,697		$ 164,157

Cost includes work-in-progress as at June 30, 2024 totaling $5,416 (2023 - $301), Buildings and Site improvements $157 (2023 - $189), Leasehold improvements $4,635 (2023 - $0), Furniture, Equipment and Vehicles $356 (2023 - $112), and Computer Hardware & Software $268 (2023 - $0) which are not amortized as the assets are not in service.

The net bok value of tangible capital assets includes, as at June 30, 2024 totaling $2,087 (2023 - $2,083) contributed land.

11. Spent Deferred Capital Contributions

Spent deferred capital contributions are comprised of restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue).

	2024	2023
Balance, beginning of year	**$ 146,337**	$ 147,091
Transfers from unspent deferred capital contributions	**498**	2,324
Transfers from deferred contributions	**1,302**	1,616
Expended capital contributions recognized as revenue	**(4,947)**	(4,694)
Balance, end of year	**$ 143,190**	$ 146,337

in thousands of dollars

12. Asset Retirement Obligations

The composition of liability is as follows:

	2024	2023
Balance, beginning of year	**$ 272**	$ 272
Revision in estimates	**16**	-
Balance, end of year	**$ 288**	$ 272

Tangible capital assets with associated retirement obligations include buildings. The college has asset retirement obligations to remove hazardous materials such as asbestos and lead from various buildings under its control. Regulations require the college to handle and dispose of the hazardous materials in a prescribed manner where it is disturbed, such as when a building undergoes renovations or is demolished. Although timing of the hazardous materials removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the college to remove the hazardous materials when asset retirement activities occur.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets. Asset retirement obligations may be subsequently remeasured at each financial reporting date taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on previous experience and professional judgment.

The extent of the liability is limited to costs directly attributable to abatement of hazardous materials from various buildings under the college's control in accordance with the legislation establishing the liability. The college estimated the nature and extent of hazardous materials in its buildings based on potential square metres affected and the average cost per square meter to remove and dispose of the hazardous materials.

Included in the ARO estimate is $288 measured at its current estimated cost to settle or otherwise extinguish the liability. The college has measured AROs related to remediation of hazardous materials at its current value due to the uncertainty about when the hazardous materials would be removed.

For the year ended June 30, 2024, no recovery was recognized (2023 - $0).

in thousands of dollars

13. Net Assets

The composition of net assets is as follows:

	Accumulated surplus from operations	Investment in tangible capital assets[1]	Internally restricted surplus	Endowments	Total
Net assets, as at July 1, 2022	**$ 13,616**	**$ 13,583**	**$ 15,280**	**$ 5,738**	**$ 48,217**
Annual operating surplus	9,085	-	-	-	9,085
Endowments					
New donations	-	-	-	10	10
Capitalized investment income	-	-	-	25	25
Internally funded tangible capital assets					
Amortization of tangible capital assets	1,814	(1,814)	-	-	-
Acquisition of tangible capital assets	(1,753)	1,753	-	-	-
Debt repayment	(156)	156	-	-	-
Increase in asset retirement obligations (note 12)	272	(272)	-	-	-
Net book value of tangible capital asset disposals	35	(35)	-	-	-
Expenditures funded from internally restricted surplus	3,430	-	(3,430)	-	-
Net Board appropriation to internally restricted surplus	(5,800)	-	5,800	-	-
Change in accumulated remeasurement losses	1,305	-	-	-	1,305
Net assets, as at July 1, 2023	**$ 21,848**	**$ 13,371**	**$ 17,650**	**$ 5,773**	**$ 58,642**
Annual operating surplus	12,965	-	-	-	12,965
Endowments					
New donations	-	-	-	1,225	1,225
Transfer to endowments	-	-	-	32	32
Capitalized investment income	-	-	-	66	66
Internally funded tangible capital assets					
Amortization of tangible capital assets	1,959	(1,959)	-	-	-
Acquisition of tangible capital assets	(11,783)	11,783	-	-	-
Debt repayment	(191)	191	-	-	-
Debt - new financing	4,275	(4,275)	-	-	-
Contributed land	(4)	4	-	-	-
Increase in asset retirement obligations (note 12)	16	(16)	-	-	-
Net book value of tangible capital asset disposals	31	(31)	-	-	-
Expenditures funded from internally restricted surplus	10,080	-	(10,080)	-	-
Net Board appropriation to internally restricted surplus	(13,800)	-	13,800	-	-
Change in accumulated remeasurement losses	2,375	-	-	-	2,375
Net assets, as at June 30, 2024	**$ 27,771**	**$ 19,068**	**$ 21,370**	**$ 7,096**	**$ 75,305**
Net assets is comprised of:					
Accumulated surplus	$ 27,564	$ 19,068	$ 21,370	$ 7,096	**$ 75,098**
Accumulated remeasurement gain	207	-	-	-	**207**
	$ 27,771	**$ 19,068**	**$ 21,370**	**$ 7,096**	**$ 75,305**

[1] Investment in tangible capital assets is reduced by the college's asset retirement obligations of $288 (2023 - $272) that is included in tangible capital assets. A funding source for this obligation has not yet been determined.

in thousands of dollars

13. Net Assets (continued)

Investment in tangible capital assets

Investment in tangible capital assets represents the amount of the college's accumulated surplus that has been invested in the college's tangible capital assets.

Internally restricted surplus

Internally restricted surplus represent amounts set aside by the college's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board of Governors and do not have interest allocated to them.

Internally restricted surplus with significant balances include:

	Balance at beginning of year	Appropriations from unrestricted net assets	Disbursements during the year	Balance at end of year
Capital				
Information and technology asset investment	$ 10,572	$ (142)	$ (1,694)	$ 8,736
Non-IT asset investment	4,979	8,694	(6,537)	7,136
	15,551	8,552	(8,231)	15,872
Operating				
Program and curriculum development	1,285	-	(54)	1,231
Information and technology projects	857	2,304	(1,297)	1,864
Non-IT projects	(193)	2,944	(467)	2,284
	1,949	5,248	(1,818)	5,379
Research				
Applied research	150	-	(31)	119
	150	-	(31)	119
	$ 17,650	$ 13,800	$ (10,080)	$ 21,370

14. Contingent Assets

As of June 30, 2024, the college has no potential recoveries arising in the normal course of business in which the outcomes may result in assets in the future.

15. Contingent Liabilities

As of June 30, 2024, the college is a defendant in a number of legal proceedings arising in the normal course of business. A liability is recorded where future liability is likely and the amount can be reasonably estimated based on legal advice. While the ultimate outcome and liability of other proceedings cannot be reasonably determined at this time, the college believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the college.

The college has monitored international tax regulations relative to the college's business operations outside of Canada. A liability is recorded where management has estimated a potential future liability is likely and the amount can be reasonably estimated based on the enrolment information available to the college.

in thousands of dollars

16. Contractual Rights

Contractual rights are the rights of the college to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating leases	Other contracts	Total
2025	$ 65	$ 5,152	**$ 5,217**
2026	65	347	**412**
2027	65	15	**80**
2028	53	15	**68**
Thereafter	-	-	**-**
Total at June 30, 2024	**$ 248**	**$ 5,529**	**$ 5,777**
	-	-	-
Total at June 30, 2023	$ 313	$ 2,245	$ 2,558

17. Contractual Obligations

The college has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met. The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

	Service contracts	Information systems and technology	Long-term leases	Capital projects	Total
2025	$ 2,703	$ 1,188	$ 1,569	$ 9,110	**$ 14,570**
2026	2,426	402	1,577	460	**4,865**
2027	668	3	1,121	327	**2,119**
2028	-	3	1,078	318	**1,399**
2029	-	3	1,078	308	**1,389**
Thereafter	-	-	5,930	3,812	**9,742**
Total at June 30, 2024	**$ 5,797**	**$ 1,599**	**$ 12,353**	**$ 14,335**	**$ 34,084**
	-	-	-	-	-
Total at June 30, 2023	$ 7,006	$ 2,526	$ 2,900	$ 6,287	$ 18,719

The $14,335 (2023 - $6,287) balance in capital projects includes interest on debt, which is also reported in note 8.

in thousands of dollars

18. Expense by Object

The following is a summary of expense by object:

	2024 Budget (Note 23)	2024 Actual	2023 Actual
Salaries	$ 99,360	**$ 104,143**	$ 86,705
Employee benefits	20,001	**19,412**	17,032
Materials, supplies and services	28,244	**27,378**	23,468
Cost of goods sold	1,123	**1,037**	1,074
Scholarships and bursaries	5,806	**5,077**	3,486
Leases, maintenance and repairs	3,636	**5,077**	4,751
Utilities	1,562	**1,434**	1,478
Amortization of tangible capital assets (including loss on disposal)	7,047	**6,920**	6,580
Interest on debt	407	**347**	128
	$ 167,186	**$ 170,825**	$ 144,702

19. Funds Held on Behalf of Others

The college holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	2024	2023
NorQuest College Faculty Association	**$ 34**	$ 58
	$ 34	$ 58

20. Related Parties

The college is a related party with organizations within the Government of Alberta reporting entity. Key management personnel of the college and their close family members are also considered related parties. The college may enter into arm's length transactions with these entities and individuals in the normal course of operations and on normal terms.

The college has debt liabilities with the Department of Treasury Board and Finance as described in note 8. The college received government transfers as described in note 21.

During the year, the college conducted business transactions with related parties, including departments of the Government of Alberta, other Alberta post-secondary institutions, and corporations for which certain Board members of the college serve as management. The revenues and expenses incurred for these business transactions have been included in the consolidated statement of operations but have not been separately quantified. These transactions were entered into on normal business terms as with non-related parties at arm's length and are recorded at fair market value.

in thousands of dollars

21. Government Transfers

The college operates under the authority and statutes of the Province of Alberta. Transactions and balances between the college and the Government of Alberta are measured at the exchange amount and summarized below.

	2024	2023
Grants from Government of Alberta		
Advanced Education:		
Operating	**$ 39,625**	$ 39,625
Capital	**1,142**	1,280
Recurring restricted grants[1]	**4,016**	3,557
Other[2]	**7,603**	5,160
Total Advanced Education	**52,386**	49,622
Other Government of Alberta departments and agencies:		
Department of Public Safety and Emergency Services[3]	**2,827**	-
Department of Justice[3]	**-**	2,625
Department of Jobs, Economy and Trade	**2,453**	1,842
Department of Immigration and Multiculturalism	**282**	-
Department of Health	**100**	168
Total other Government of Alberta departments and agencies	**5,662**	4,635
Total contributions received and receivable	**58,048**	54,257
Expended capital contributions recognized as revenue	**4,806**	4,539
Change in deferred revenue	**(1,180)**	(2,437)
Total Government of Alberta grants	**$ 61,674**	$ 56,359
Federal and other government grants		
Contributions received	**$ 12,841**	$ 15,969
Change in deferred revenue	**(238)**	803
Total Federal and other government grants	**$ 12,603**	$ 16,772

[1] Recurring restricted grants include funding for Health Workforce Action Plan, Support for Learners with Disabilities and SuperNet.

[2] Other grants include funding for the Targeted Enrolment Expansion, Mental Health and Community Adult Learning programs.

[3] In 2024, the Inmate Education grant was received from Department of Public Safety and Emergency Services. In 2023, the Inmate Education grant was received from Department of Justice.

in thousands of dollars

22. Salary and Employee Benefits

	2024				2023
	Base salary[2]	**Other cash benefits**[3][4]	**Other non-cash benefits**[5][6]	**Total**	Total
Governance[1]					
Chair of the Board of Governors	$ -	$ 11	$ -	$ 11	$ 5
Members of the Board of Governors	-	32	-	32	38
Executive					
President & Chief Executive Officer	280	9	55	344	326
Vice-Presidents (VP):					
VP Academic	229	-	45	274	265
VP Administration & Chief Financial Officer	229	22	49	300	304
VP College Life[7]	189	62	39	290	241
VP Enrolment & Communications[8]	208	-	40	248	245
VP External Relations & Partnerships	200	15	38	253	390
VP People, Culture & Equity[9]	197	12	39	248	251

(1) The chair and members of the Board of Governors receive no remuneration for participation on the Board.

(2) Base salary includes pensionable base pay to Executives.

(3) Other cash benefits for Governance represents administrative honorarium for the chair and members of the Board of Governors.

(4) Other cash benefits for Executives include earnings such as car allowance, vacation payouts and other lump sum payments. No bonuses were paid in 2024 and 2023.

(5) Other non-cash benefits for Executives include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plan, basic life insurance, employee and family assistance program, extended health care, dental plan, accidental death and dismemberment, parking (per Canada Revenue Agency guidelines), wellness spending, professional memberships, professional development and tuition fees.

(6) The supplementary Retirement Plan (SRP) was implemented effective January 1, 2013. Under the terms of the SRP, executive officers may receive supplemental payments. SRP is described in note 7.

(7) The VP College Life role, formerly VP Learner Experience, was renamed October 12, 2023. This role was eliminated on May 17, 2024.

(8) The VP Enrolment & Communications role, formerly VP Marketing & Communications was renamed October 12, 2023.

(9) The VP People, Culture & Equity role, formerly VP People & Culture was renamed May 17, 2024. The VP People & Culture role became vacant on January 1, 2024 and was replaced on January 30, 2024.

23. Budget Figures

The college's 2023-24 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

24. Approval of Financial Statements

The consolidated financial statements were approved by the Board of Governors of the college.

25. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation.