Financial Statements of

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditor’s Report thereon

Year ended March 31, 2025

Management's Responsibility for Financial Reporting

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

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

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

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor's report. The Audit Committee reports its findings to the Board for consideration when approving the financial statements. The Audit Committee also considers, for review and approval by the Board, the engagement or reappointment of the external auditors.

The financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the College's financial statements.

Mitch Dumas
President & CEO

June 10, 2025

KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Governors of The Northern College of Applied Arts and Technology

Opinion

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

- the statement of financial position as at March 31, 2025
- the statement of operations and changes in net assets (deficit) for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and the notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its results of operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

Responsibility of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 10, 2025

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2025, with comparative information for 2024

		2025		2024
Assets				
Current assets:				
Cash and cash equivalents	$	90,539,757	$	138,817,096
Accounts receivable		4,414,986		5,698,174
Grants receivable		1,906,479		1,648,583
Investments - short-term		60,000,000		25,398,361
Investments - portfolio (note 2)		9,689,418		8,609,412
Inventories and prepaid expenses		39,569		57,056
		166,590,209		180,228,682
Capital assets (note 3)		67,182,758		64,230,707
	$	233,772,967	$	244,459,389
Liabilities and Net Assets (Deficit)				
Current liabilities:				
Accounts payable and accrued liabilities (note 4)	$	20,285,447	$	29,326,308
Vacation and leave payable (note 5)		2,396,169		2,344,177
Deferred contributions (note 7)		3,794,122		16,111,028
		26,475,738		47,781,513
Employee future benefit (note 5)		1,666,000		1,303,000
Asset retirement obligations (note 14)		446,004		420,228
Deferred capital contributions (note 8)		40,762,772		38,583,677
		69,350,514		88,088,418
Net assets (deficit):				
Unrestricted:				
Operating		8,004,228		7,611,911
Employment-related		(4,062,169)		(3,647,177)
Capital (note 9)		26,419,986		25,647,030
Restricted and endowment (schedule)		133,579,383		125,984,231
		163,941,428		155,595,995
Accumulated remeasurement gains		481,025		774,976
		164,422,453		156,370,971
Commitments (note 12)				
Contingency (note 15)				
Guarantees (note 16)				
	$	233,772,967	$	244,459,389

See accompanying notes to financial statements.

On behalf of the Board:

Jeff Molyneaux — Chair, Board of Governors

Mitch Dumas — President, Chief Executive Officer

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Operations and Changes in Net Assets (Deficit)

Year ended March 31, 2025, with comparative information for 2024

	Unrestricted		Equity in	Restricted		
	Operating	Employment-related	capital assets	and endowment	2025 Total	2024 Total
	(Schedules)			(Schedule)		
Revenue:						
Grants	$ 23,324,668	$ -	$ -	$ -	$ 23,324,668	$ 25,289,291
Tuition fees	21,431,515	-	-	-	21,431,515	33,529,356
Ancillary	3,038,587	-	-	-	3,038,587	2,802,654
International programs and other	61,191,315	-	-	-	61,191,315	98,169,739
Amortization of deferred capital contributions (note 8)	-	-	2,594,445	-	2,594,445	2,610,330
Restricted	-	-	-	8,129,537	8,129,537	7,739,422
Investment income	4,810	-	-	1,557,987	1,562,797	2,904,599
	108,990,895	-	2,594,445	9,687,524	121,272,864	173,045,391
Expenses:						
Academic	71,453,013	-	-	-	71,453,013	101,653,358
Administration	9,880,614	-	-	-	9,880,614	8,290,238
Student services	10,714,034	-	-	-	10,714,034	12,813,519
Plant and property	4,532,799	-	-	-	4,532,799	3,725,810
Community services	588,432	-	-	-	588,432	538,461
Employment training programs	3,260,652	-	-	-	3,260,652	3,116,770
Ancillary	2,957,329	-	-	-	2,957,329	2,891,861
Amortization of capital assets	-	-	5,053,157	-	5,053,157	4,466,901
Restricted	-	-	-	4,218,349	4,218,349	2,262,259
Employee future benefits	-	414,992	-	-	414,992	115,986
	103,386,873	414,992	5,053,157	4,218,349	113,073,371	139,875,163
Excess (deficiency) of revenue over expenses	5,604,022	(414,992)	(2,458,712)	5,469,175	8,199,493	33,170,228
Net assets (deficit), beginning of year	7,611,911	(3,647,177)	25,647,030	125,984,231	155,595,995	122,331,242
Endowment contributions	-	-	-	145,940	145,940	94,525
Transfer of capital assets (note 9)	(421,705)	-	3,231,668	(2,809,963)	-	-
Transfer to restricted funds	(4,790,000)	-	-	4,790,000	-	-
Net assets (deficit), end of year	$ 8,004,228	$ (4,062,169)	$ 26,419,986	$ 133,579,383	$ 163,941,428	$ 155,595,995

See accompanying notes to financial statements

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Remeasurement Gains and Losses

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Accumulated remeasurement gains at beginning of year	$ 774,976	$ 219,332
Realized losses attributable to:		
Equity investments	(764,615)	(189,025)
Unrealized gains attributable to:		
Equity investments	470,664	744,669
Net remeasurement gains (losses) for the year	(293,951)	555,644
Accumulated remeasurement gains at end of year	$ 481,025	$ 774,976

See accompanying notes to financial statements.

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 8,199,493	$ 33,170,228
Adjustments for:		
Amortization of deferred capital contributions	(2,594,445)	(2,610,330)
Amortization of capital assets	5,053,157	4,466,901
Increase in employee future benefits	363,000	2,000
	11,021,205	35,028,799
Changes in non-cash working capital (note 13)	(20,237,220)	(61,513,152)
	(9,216,015)	(26,484,353)
Financing activities:		
Endowment contributions	145,940	94,525
Capital activities:		
Purchase of capital assets	(8,005,208)	(8,959,209)
Deferred capital contributions	4,773,540	3,372,623
	(3,231,668)	(5,586,586)
Investing activities:		
Proceeds on disposition of investments	24,559,990	33,706,872
Purchase of investments	(60,535,586)	(27,596,590)
	(35,975,596)	6,110,282
Net decrease in cash	(48,277,339)	(25,866,132)
Cash and cash equivalents, beginning of year	138,817,096	164,683,228
Cash and cash equivalents, end of year	$ 90,539,757	$ 138,817,096

See accompanying notes to financial statements.

Northern College of Applied Arts and Technology (the “College”) is an Ontario College established as a Community College under The Department of Education Act of the Province of Ontario. The College is a registered charity and is exempt from income taxes under the *Income Tax Act*.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements reflect the assets, liabilities, revenues and expenses of the unrestricted, capital and restricted and endowed funds of the College.

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

(b) Revenue recognition:

The College accounts for contributions under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

Contributions received for endowment are reported as an increase in the endowment fund balance.

Tuition fees, contract training and international program revenues are recognized as the performance obligations are provided on the basis of teaching days incurred during the fiscal year.

Sales and services revenue which includes ancillary revenues is recognized as the performance obligations are provided and the goods or services are provided.

(c) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, cash held with chartered banks and guaranteed investment certificates with a maturity date of 90 days or less from the date of purchase.

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

(d) Investments:

The investments are recorded at market value.

(e) Capital assets:

Capital asset purchases are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution when the fair value is reasonably determinable. Otherwise, contributed capital assets are recorded at a nominal value. Repairs and maintenance costs are charged to expenditures. Betterments, which extend the estimated life of a capital asset, are capitalized. When a capital asset no longer contributes to the College's ability to provide services, it is written down to its residual value. Amortization of capital assets is recorded on the straight-line basis over the following periods:

Buildings	40 years
Site improvements and betterments	20 years
Leasehold improvements	over the term of the lease
Furniture and equipment	5 years

Construction in progress is not amortized until the assets are put in use.

(f) Works of art:

Purchased works of art and collectibles are recorded at cost. Contributions are recorded at fair value at the date of contribution. No amortization is taken on the artwork and collectibles due to the nature of these assets, made up of various artwork and treasures which are being preserved by the Gallery.

(g) Employment-related obligations:

Vacation entitlements are accrued for as entitlements are earned (note 3).

The College is a member of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan, which is a multi-employer, defined benefit plan. The College also provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental and non-vesting sick leave. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service. The most recent actuarial valuation of the benefit plans for funding purposes was as of January 1, 2023. See note 10 for additional information.

The College has adopted the following policies with respect to accounting for these employee benefits:

1. Significant accounting policies (continued):

(g) Employment-related obligations (continued):

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

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

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

(iv) The cost of short-term disability and other leaves is determined using management's best estimate of the length of the compensated absences.

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for investments, allowance for doubtful accounts, amortization of capital assets and deferred capital contributions, estimated costs and timing of asset retirement obligations and actuarial estimation of employee future benefits and sick leave benefit entitlement liabilities.

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

- Level 1 – Fair value measurements are those derived from unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Fair value measurements are those derived from observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Fair value measurements are those derived from unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

1. Significant accounting policies (continued):

(i) Student organizations:

These financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the College.

(j) Financial instruments:

The College classifies its financial instruments as either fair value or amortized cost. The College's accounting policy for each category is as follows:

Fair Value

This category includes equity instruments and mutual funds quoted in an active market. The College has designated its fixed income portfolio that would otherwise be classified into the amortized cost category as fair value as the College manages and reports performance of it on a fair value basis.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations and Changes in Net Assets (Deficit).

Transaction costs related to financial instruments classified as fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the Statement of Operations and Changes in Net Assets (Deficit). On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed and recognized in the Statement of Operations and Changes in Net Assets (Deficit).

Amortized cost

This category includes accounts receivable and accounts payable and accrued liabilities.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

Transaction costs related to financial instruments classified as amortized cost are added to the carrying value of the instrument.

Write-downs on financial assets classified as amortized cost are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Statement of Operations and Changes in Net Assets (Deficit).

1. Significant accounting policies (continued):

(k) Private career colleges:

The College has entered into contractual agreements that enable international students of the College to pursue a recognized Northern College program at a private career college. The College receives payment of tuition and fees directly from the enrolled students, and the College allocates a portion of the tuition and fees to the private career colleges in return for providing agreed-upon materials and services as per the terms of the agreement. The College has determined that it is acting as a principal in the provision of academic delivery to international students enrolled with the private career college, and accordingly the College recognizes revenue from the private career college agreement on gross basis in accordance with Canadian Public Sector Accounting Standards. The amount of tuition and fees received by the College for the students enrolled in these programs is recorded within International Program and Other revenue in the Statement of Operations and Changes in Net Assets (Deficit). Expenses incurred by the College in fulfilling its obligations to the private career college are included in the Statement of Operations and Changes in Net Assets (Deficit) based on the nature of the expense. Expenses incurred by the private career college in fulfilling their contractual obligations are not included in the financial statements of the College.

(l) Asset retirement obligations:

The College recognizes the fair value of an Asset Retirement Obligation (“ARO”) when all of the following criteria have been met:

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

A liability for the removal of asbestos-containing materials in certain College facilities has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the consolidated financial statements is recognized in the Statement of Operations and Changes in Net Assets (Deficit) at the time of remediation occurs.

2. Investments:

	Fair value hierarchy	2025	2024
Canadian and foreign equities	Level 1	$ 5,354,214	$ 4,965,990
Bonds	Level 2	3,402,597	3,202,916
Pooled funds	Level 2	932,607	440,506
Guaranteed investment certificate	Level 1	60,000,000	25,398,361
		$ 69,689,418	$ 34,007,773

The guaranteed investment certificate in the amount of $60 million bearing interest at 4.12% maturing on December 8, 2025.

Equities have been separated from bonds to reflect their fair value hierarchy. Unrealized gains (losses) are reflected in the statement of remeasurement gains and losses.

Included within the investments is $6,098,032 (2024 - $5,994,091) which are externally restricted for endowments as detailed in the Schedule of Continuity of Restricted and Endowment Funds.

3. Capital assets:

	Cost	Accumulated Amortization	2025 Net Book value	2024 Net Book Value
Land	$ 369,570	$ –	$ 369,570	$ 369,570
Artwork	208,991	–	208,991	208,991
Buildings	70,576,822	36,250,307	34,326,515	35,415,220
Site improvements and betterments	31,225,875	6,267,259	24,958,616	24,428,097
Leasehold improvements	3,004,639	985,661	2,018,978	–
Furniture and equipment	34,909,132	32,684,305	2,224,827	3,538,144
Construction-in-progress	3,075,261	–	3,075,261	270,685
	$ 143,370,290	$ 76,187,532	$ 67,182,758	$ 64,230,707

4. Accounts payable and accrued liabilities:

	2025	2024
Trade and other	$ 17,846,369	$ 28,440,630
Payroll related liabilities	2,439,078	885,678
	$ 20,285,447	$ 29,326,308

5. Employment related obligations:

	2025	2024
Vacation and leave payable	$ 2,396,169	$ 2,344,177
Non-pension post-employment obligations	$ 431,000	$ 251,000
Sick leave benefits - vesting	–	–
- non-vesting	1,235,000	1,052,000
	$ 1,666,000	$ 1,303,000

Vacation and leave payable

The accrual for vacation and leave payable represents the liability for earned but unpaid vacation entitlements and paid leaves.

5. Employment related obligations (continued):

Employee future benefits

Non-Vesting Sick Leave:

The College allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of days. Sick leave is paid out at the salary in effect at the time of usage. The most recent actuarial valuation of these sick leave benefits was completed August 31, 2022 and the result of this valuation have been extrapolated to March 31, 2025. The related benefit liability was determined by independent actuaries on behalf of the college system as a whole.

The following tables outline the components of the College's sick leave benefit entitlement:

	2025	2024
Non-vesting sick leave:		
Accrued benefit obligation	$ 1,561,000	$ 1,426,000
Unamortized actuarial loss	(326,000)	(374,000)
Total sick leave benefit entitlement liability	$ 1,235,000	$ 1,052,000

	2025	2024
Current service cost	$ 176,000	$ 142,000
Interest on accrued benefit obligation	54,000	42,000
Benefit payments	(126,000)	(132,000)
Unamortized actuarial loss	31,000	223,000
Sick leave benefit expense	$ 135,000	$ 275,000

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0% to 23.5% (2024 - 0% - 23.5%) and 0 to 54 days days (2023 - 0 to 54 days) respectively for age groups ranging from 20 and under to 65 and over in bands of five years.

5. Employment related obligations (continued):

Employee future benefits (continued)

Other Employee Future Benefits:

The College provides extended health care, dental insurance and life insurance benefits to certain of its employees under a multi-employer plan under CAAT. This coverage may be extended to the post-employment period. The most recent actuarial valuation of these employee future benefits was completed February 28, 2023 for the non-pension post-retirement plan and February 28, 2023 for the continuation of medical and dental benefits and the life waiver of premium benefit for employees currently on long-term disability. The results of these valuations have been extrapolated to March 31, 2025.

The related benefit liability was determined by independent actuaries on behalf of the college system as a whole. Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The College recognizes as expense for current services the amount of its required contribution in a given year and the change in the accrued benefit liability in the year.

The following tables outline the components of the College's employee future benefits liability and the related recovery:

	2025	2024
Accrued benefit obligations	$ 527,000	$ 299,000
Fair value of plan assets	(106,000)	(70,000)
Funded status - plan deficit	421,000	229,000
Unamortized actuarial loss	10,000	22,000
Employee future benefits liability	$ 431,000	$ 251,000

	2025	2024
Current service cost	$ 1,000	$ 1,000
Interest on accrued benefit obligation	1,000	1,000
Experience gains	(227,000)	(106,000)
Benefit payments	(2,000)	(2,000)
Amortized actuarial gain	(1,000)	–
Employee future benefits expense (recovery)	$ 228,000	$ (106,000)

5. Employment related obligations (continued):

Employee future benefits (continued)

The significant actuarial assumptions adopted in estimating the College's accrued benefit liability are as follows:

	2025	2024
Discount rate	3.2%	3.4%
Dental benefit cost escalation	4.0%	4.0%
Medical benefits cost escalation:		
Hospital and other medical drugs	4.0%	4.0%
Drugs	6.04% decreasing to 4.0% in 2040	6.16% decreasing to 4.0% in 2040

6. Bank borrowing facilities:

The College's bank borrowing facilities provide for the following:

(i) $1,000,000 operating line of credit bearing interest at prime less 0.5%

(ii) $1,000,000 lease line of credit for equipment financing, with the interest rate determined at time the financing is drawn

There has been $Nil amounts drawn on either line of credit noted above at March 31, 2025 (2024 - $Nil). The bank borrowing facilities are secured by a general security agreement.

7. Deferred contributions:

	2025	2024
Student tuition fees	$ 2,808,033	$ 15,606,128
Externally restricted contributions	136,929	97,071
Expenses for future periods	849,160	407,829
	$ 3,794,122	$ 16,111,028

7. Deferred contributions (continued):

Details of the continuity of these funds are as follows:

	2025	2024
Balance, beginning of year	$ 16,111,028	$ 70,269,963
Additional contributions received	3,123,286	15,693,012
Amounts taken into revenue	(15,440,192)	(69,851,947)
Balance, end of year	$ 3,794,122	$ 16,111,028

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized balances of donations and grants received for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2025	2024
Balance, beginning of year	$ 38,583,677	$ 37,821,383
Additional contributions received	4,773,540	3,372,624
Amounts amortized into revenue	(2,594,445)	(2,610,330)
Balance, end of year	$ 40,762,772	$ 38,583,677

9. Capital fund:

(a) The equity in capital assets is calculated as follows:

	2025	2024
Capital assets	$ 67,182,758	$ 64,230,707
Amounts financed by:		
Unamortized deferred capital contributions	(40,762,772)	(38,583,677)
	$ 26,419,986	$ 25,647,030

(b) Transfer for capital assets:

	2025	2024
Purchase of capital assets	$ 8,005,208	$ 8,959,209
Amounts funded by deferred capital contributions	(4,773,540)	(3,372,623)
	$ 3,231,668	$ 5,586,586

10. Pension plan:

Contributions made by the College during the year amounted to $3,368,278 (2024 - $3,669,429).

Substantially all of the employees of the College are members of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the CAAT. The College makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The College does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension assets and liabilities. As of January 1, 2025, the CAAT Pension Plan has increased its funding reserve to $6.1 billion (2024 - $5.2 billion) and is currently 124% funded on a going-concern basis.

11. Restricted funds:

The following information outlines expendable funds available for awards of the Ontario Student Opportunity Trust Fund 1 (OSOTF I), the Ontario Student Opportunity Trust Fund II (OSOTF II) and Ontario Trust for Student Support Fund (OTSS) matching program and other endowments.

Schedule of changes in expendable funds available for awards
For the year ended March 31

	Balance, beginning of year	Investment income, net of expenses	Bursaries awarded	Balance, end of year
OSOTF I (Bursaries awarded – 656; 2024 - 718)	$ 2,055,024	$ 567,448	$ 859,754	$ 1,762,718
OSOTF II (Bursaries awarded – 118; 2024 - 106)	693,385	118,495	123,339	688,541
OTSS (Bursaries awarded – 123; 2024 – 98)	1,480,770	218,932	182,510	1,517,192
Other (Bursaries awarded –78; 2024 – 54)	2,063,949	298,951	136,230	2,226,670
	$ 6,293,128	$ 1,203,826	$ 1,301,833	$ 6,195,121

12. Commitments:

(a) The College has a five-year lease with the Attorney General for a section of its Kirkland Lake campus for a courthouse at $155,952 per year. The lease expires November 2028.

(b) The College has entered into agreements to lease certain premises and equipment.

The total annual minimum lease payments to maturity are approximately as follows:

2026	$ 1,380,182
2027	252,075
2028	221,500
2029	214,699
2030	211,407
	$ 2,279,863

13. Changes in non-cash working capital:

	2025	2024
Decrease in accounts receivable	$ 1,283,188	$ 1,065,375
Decrease (increase) in grants receivable	(257,896)	782,638
Decrease in inventories and prepaid expenses	17,487	231,142
Decrease in accounts payable and accrued liabilities	(9,040,861)	(9,567,479)
Increase in vacation and leave payable	51,992	113,986
Decrease in deferred contributions	(12,316,906)	(54,158,935)
Increase in asset retirement obligation	25,776	20,121
	$ (20,237,220)	$ (61,513,152)

14. Asset retirement obligations:

The College has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities and the remediation of underground fuel storage tanks. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material and underground fuel storage tanks in accordance with current legislation.

14. Asset retirement obligations (continued):

The change in the estimated obligation during the year consists of the following:

	2025	2024
Balance, beginning of year	$ 448,228	$ 428,107
Adjustment for inflationary impact	11,454	20,121
Remediation completed	(9,381)	–
Total obligation at March 31	450,301	448,228
Less: current portion reported in accounts payable and accrued liabilities	(4,297)	(28,000)
Balance, end of year	$ 446,004	$ 420,228

15. Contingency:

The College is involved with outstanding and pending litigation and claims which arise in the normal course of operations, primarily as a result of grievances filed under the provisions of the union collective agreements. In management's opinion any liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the College. Losses in excess of the provision recorded in the financial statements, if any, arising from these contingencies will be accounted for in the year in which they are determined.

16. Guarantees:

In 2015, Campus Development Corp. ("CDC") constructed a 64-bed residence on the College's Haileybury Campus. CDC has leased the property from the College for 90 years. The College has guaranteed 100% occupancy of the residence to CDC to 2035 at an annual cost of $6,250 per bed. This amount increases by the amount of the Consumer Price Index per year. Profit sharing with the College commences in the 26th year. At the termination of the lease, the residence is surrendered to the College.

17. Risk management:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The College is exposed to credit risk relating to its cash, grants and accounts receivable and investments. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the College's cash accounts are insured up to $300,000 (2024 - $300,000).

Accounts receivable are comprised of government, student receivables and other receivables. Student receivables are ultimately due from students, and credit risk is mitigated by financial approval processes before a student is enrolled and the highly diversified nature of the student population. Government receivables are ultimately due primarily from MCURES, as well as other government entities, and credit risk is mitigated by the governmental nature of the funding source. Other receivables arise during the course of the College's normal operations and are due from a diverse customer base. The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections.

Student and other receivables not impaired are collectible based on the College's assessment and past experience regarding collection rates. The maximum exposure to credit risk of the College at March 31, 2025 is the carrying value of these assets.

The amounts outstanding at year end were as follows:

As at March 31, 2025	Current	31 - 60 days	60 - 90 days	91+ days	Total
Grants receivable	$ 1,906,479	$ –	$ –	$ –	$ 1,906,479
Accounts receivable	951,449	1,490,662	1,490,662	482,214	4,414,987
Gross receivables	2,857,928	1,490,662	1,490,662	482,214	6,321,466
Impairment allowances	(296,155)	(240,514)	(240,514)	(22,786)	(799,969)
Net receivables	$ 2,561,773	$ 1,250,148	$ 1,250,148	$ 459,428	$ 5,521,497

17. Risk management (continued):

(a) Credit risk (continued):

As at March 31, 2024	Current	31 - 60 days	60 - 90 days	91+ days	Total
Grants receivable	$ 1,648,583	$ –	$ –	$ –	$ 1,648,583
Accounts receivable	2,350,831	1,270,428	1,270,428	806,488	5,698,175
Gross receivables	3,999,414	1,270,428	1,270,428	806,488	7,346,758
Impairment allowances	(492,179)	(399,710)	(399,710)	(37,868)	(1,329,467)
Net receivables	$ 3,507,235	$ 870,718	$ 870,718	$ 768,620	$ 6,017,291

The maximum exposure to investment credit risk is outlined in note 3.

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

(b) Market risk:

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

The investment policies of the College operate within the constraints of the investment guidelines issued by the MCURES. The policies' application is monitored by management, the investment managers and the Board of Governors. Diversification techniques are utilized to minimize risk.

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

(i) Currency risk:

Currency risk arises from the College's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The College does not have any material transactions or financial instruments denominated in foreign currencies.

17. Risk management (continued):

(b) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The College is exposed to this risk through its interest bearing investments.

The College's bond portfolio has interest rates ranging from 1.5% to 3.5% with maturities ranging from 2024 to 2029. At March 31, 2025, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of fixed income investments of $34,025 (2024 - $32,029).

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The College is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2025, a 10% movement in the stock markets, with all other variables held constant, would have an estimated effect on the fair values of the College's equity holdings of $535,421 (2024 - $496,599).

(c) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet all of its cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The College also maintains an unsecured line of credit with a Canadian chartered bank in the amount of $1 million (2024 - $1 million) to cover short-term funding needs. There was no balance outstanding on the line of credit at March 31, 2025 (2024 – $Nil). Accounts payable are all current.

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

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at March 31, 2024	Within 6 months	6 – 12 months	1 – 5 years	5+ years	Total
Accounts payable	$ 20,285,447	$ –	$ –	$ –	$ 20,285,447
Deferred contributions	1,897,061	1,897,061	–	–	3,794,122
Lease commitments	690,091	690,091	899,681	–	2,279,863
	$ 22,872,599	$ 2,587,152	$ 899,681	$ –	$ 26,359,432

17. Risk management (continued):

(c) Liquidity risk (continued):

As at March 31, 2024	Within 6 months	6 – 12 months	1 – 5 years	5+ years	Total
Accounts payable	$ 29,326,504	$ –	$ –	$ –	$ 29,326,504
Deferred contributions	8,055,511	8,055,511	–	–	16,111,022
Lease commitments	256,367	256,367	785,488	801,198	2,099,420
	$ 37,638,382	$ 8,311,878	$ 785,488	$ 801,198	$ 47,536,946

(c) Other risk:

On January 22, 2024, the Government of Canada (the “Government”) introduced a two-year intake cap on international student permit applications, resulting in an approximate 35% reduction in approved study permits for that year. On January 22, 2025, the Government reaffirmed this policy direction by announcing an additional 10% reduction in the national study permit cap for 2025, setting a maximum of 437,000 approved applications. These measures form part of a broader strategy to reduce the proportion of temporary residents in Canada to 5% of the total population by the end of 2026.

In addition, the Government expanded eligibility requirements for study permits by extending the need for a Provincial or Territorial Attestation Letter (PAL) to include most applicants from within Canada, as well as those pursuing master’s and doctoral programs. Furthermore, students enrolled at public-private partnership campuses in Ontario remain ineligible for post-graduate work permits, raising ongoing concerns about the long-term viability of these partnerships.

As a result of these policy changes, students at the College’s public-private partnership, Pures campus, will no longer be eligible for post-graduate work permits, which affects the sustainability of this partnership. The last planned enrolment for the Pures campus will be in 2025/26, which represents the flow-through enrolment from the last intake in spring 2024.

18. Capital disclosures:

The College considers its operating capital to consist of net assets invested in capital assets, internally restricted net assets and unrestricted net assets. The College’s overall objective for its capital is to fund capital assets, future projects and ongoing operations. The College manages its capital by appropriating amounts to internally restricted net assets for anticipated future projects, contingencies and other capital requirements.

The College also considers its endowments, as part of its capital. The College’s objective with regards to endowments is to grow the endowment principal and maximize investment income to increase funding for student aid.

18. Capital disclosures (continued):

The College may not incur a deficit without the approval of the Minister of Colleges and Universities of Ontario. The College would be required to eliminate any accumulated deficit within a prescribed period of time.

The College is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Continuity of Restricted and Endowment Funds

Year ended March 31, 2025

Restricted Funds

	Balance, March 31, 2024	Additions, transfers and investment income	Bursaries, other disbursements and transfers	Balance, March 31, 2025
Leaders of Tomorrow	$ 783,754	$ 101,765	$ 18,000	$ 867,519
Endowment income	5,509,374	1,102,061	1,283,833	5,327,602
Expendable funds	6,293,128	1,203,826	1,301,833	6,195,121
J.H. Drysdale Award	240,966	46,093	10,500	276,559
Other	35,534,475	707,606	11,906,017	24,336,064
Ancillary	5,380,289	20,000	-	5,400,289
Capital projects and operational initiatives	72,541,282	21,500,000	2,809,963	91,231,319
	$ 119,990,140	$ 23,477,525	$ 16,028,313	$ 127,439,352

Endowment Funds

	Balance, March 31, 2024	Additions	Transfers	Balance, March 31, 2025
OSOTF I	$ 2,752,800	$ 100,000	$ -	$ 2,852,800
OSOTF II	592,475	-	-	592,475
OTSS	1,093,660	3,940	-	1,097,600
Other	1,555,156	42,000	-	1,597,156
	$ 5,994,091	$ 145,940	$ -	$ 6,140,031

Total restricted and endowment funds	$ 125,984,231	$ 23,623,465	$ 16,028,313	$ 133,579,383

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Operating Fund Revenues

Year ended March 31, 2025, with comparative information for 2024

		2025		2024
Grants:				
Post secondary:				
General operating grant	$	4,548,559	$	5,778,104
International student recovery		(747,375)		(1,050,000)
Special support grants		9,720,541		8,954,669
Second Career / WSIB grants		98,632		125,520
Grant for municipal taxation		45,000		46,275
		13,665,357		13,854,568
Employment and literacy:				
Apprenticeship		1,083,965		962,826
Literacy and Basic Skills		2,421,986		2,407,162
Employment programs		3,532,816		3,576,896
		7,038,767		6,946,884
Special purpose grants:				
Indigenous projects		566,656		566,656
Capital support grants		78,519		309,253
Accessibility grants		234,151		261,814
Daycare		600,564		422,679
OSAP bursaries		196,478		170,153
Other		944,176		2,757,284
		2,620,544		4,487,839
	$	23,324,668	$	25,289,291

		2025		2024
International programs and other:				
Daycare fees	$	76,735	$	63,445
Rents		205,409		199,992
Contract training		1,330,794		1,654,633
International programs		57,929,752		94,848,394
Other fees		1,127,462		1,199,579
Miscellaneous		521,163		203,696
	$	61,191,315	$	98,169,739

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Operating Expenses by Cost Object

Year ended March 31, 2025, with comparative information for 2024

	Academic	Administration	Student Services	Plant and Property	Community Services	Employment Training Programs	Total 2025	Total 2024
Academic salaries	$ 17,299,396	$ -	$ 468	$ -	$ -	$ -	$ 17,299,864	$ 17,394,687
Administration salaries	1,806,426	3,339,591	733,196	108,299	-	274,042	6,261,554	5,322,890
Support salaries	4,421,743	2,606,409	3,958,414	971,488	417,103	1,621,699	13,996,856	13,115,710
Stipends and allowances	276	-	265,926	-	-	459,385	725,587	751,601
Fringe benefits	4,720,325	1,176,254	1,254,616	279,610	98,948	522,092	8,051,845	8,093,362
Instructional supplies	1,508,115	219,717	307,596	-	15,017	89,969	2,140,414	2,391,256
Field work	34,058	-	-	-	18,510	-	52,568	50,979
Staff employment	-	14,621	-	-	-	-	14,621	159,879
Professional development	32,623	123,128	59,543	5,574	-	17,018	237,886	277,919
Travel	133,552	133,966	298,945	26,181	-	26,555	619,199	619,314
Promotion and advertising	153,375	275,885	1,473,299	-	-	20,379	1,922,938	3,229,926
Equipment maintenance	23,539	-	-	306,284	2,496	-	332,319	170,579
Telecommunications	207,902	54,689	-	-	-	33,082	295,673	286,813
Office supplies	53,224	239,653	121,242	13,611	-	17,751	445,481	491,989
Janitorial	-	133,183	-	56,057	1,418	-	190,658	151,180
Facilities maintenance	-	-	-	564,978	-	-	564,978	404,457
Vehicle	-	-	-	3,661	-	-	3,661	1,107
Insurance	-	303,782	-	-	-	-	303,782	364,239
Bank charges and bad debts (recovery)	(278,583)	33,740	3,003	-	-	-	(241,840)	786,974
Professional fees	14,006	1,010,127	305,628	-	4,940	-	1,334,701	1,160,643
Contracted services	40,726,183	185,701	1,888,530	582,586	-	-	43,383,000	73,005,612
Utilities	17,500	-	-	1,344,844	-	-	1,362,344	1,244,710
Municipal taxation	-	-	-	176,400	-	-	176,400	141,000
Rentals	579,353	30,168	43,628	93,226	30,000	178,680	955,055	521,330
	$ 71,453,013	$ 9,880,614	$ 10,714,034	$ 4,532,799	$ 588,432	$ 3,260,652	100,429,544	130,138,156
Ancillary expense							2,957,329	2,891,861
Total expenses							$ 103,386,873	$ 133,030,017

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Ancillary Revenue and Expenses

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Bookstore Operations		
Revenue	$ 4,872	$ 96,633
Operating expense	14,287	31,041
(Deficiency) excess of revenue over expense	$ (9,415)	$ 65,592
Student Residence Operations		
Revenue:		
Rent	$ 729,015	$ 642,979
Service charges	747	-
	729,762	642,979
Expense:		
Operating	935,495	911,488
Deficiency of revenue over expense	$ (205,733)	$ (268,509)
Parking Grounds Operations		
Revenue	$ 91,427	$ 83,982
Operating expense	175,310	164,662
Deficiency of revenue over expense	$ (83,883)	$ (80,680)
Ancillary Facilities Operations		
Revenue	$ 2,212,526	$ 1,979,060
Operating expense	1,832,237	1,784,670
Excess of revenue over expense	$ 380,289	$ 194,390