Financial Statements of

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

And Independent Auditor's Report thereon

Year ended March 31, 2026

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 9, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of 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, 2026
- the statement of operations and changes in net assets (deficit) for the year then ended
- the statement of remeasurement gains for the year then ended
- the statement of cash flows for the year then ended
- and notes 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, 2026, and its results of operations, its remeasurement of gains 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 responsibilities 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.

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

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

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

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

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 9, 2026

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	$ 62,634,878	$ 90,539,757
Accounts receivable	3,861,147	4,414,986
Grants receivable	929,805	1,906,479
Investments - short-term (note 2)	40,000,000	60,000,000
Investments - portfolio (note 2)	11,018,473	9,689,418
Inventories and prepaid expenses	50,960	39,569
	118,495,263	166,590,209
Long-term investments (note 2)	40,000,000	-
Capital assets (note 3)	69,275,394	67,182,758
	$ 227,770,657	$ 233,772,967
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 14,508,604	$ 20,285,447
Vacation and leave payable (note 5)	2,272,143	2,396,169
Deferred contributions (note 7)	2,636,276	3,794,122
	19,417,023	26,475,738
Employee future benefit (note 5)	1,790,000	1,666,000
Asset retirement obligations (note 14)	461,614	446,004
Deferred capital contributions (note 8)	41,090,855	40,762,772
	62,759,492	69,350,514
Net assets (deficit):		
Unrestricted:		
Operating	8,669,795	8,004,228
Employment-related	(4,062,143)	(4,062,169)
Capital (note 9)	28,184,539	26,419,986
Restricted and endowment (schedule)	131,129,497	133,579,383
	163,921,688	163,941,428
Accumulated remeasurement gains	1,089,477	481,025
	165,011,165	164,422,453
Commitments (note 12)		
Contingencies (note 15)		
Guarantees (note 16)		
	$ 227,770,657	$ 233,772,967

See accompanying notes to financial statements.

On behalf of the Board:

Kraymr Grenke, Chair, Board of Governors

Audited financial statements were approved by the Board as per Board motion 53-06-26

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, 2026, with comparative information for 2025

	Unrestricted		Equity in	Restricted		
		Employment-	capital	and	2026	2025
	Operating	related	assets	endowment	Total	Total
	(Schedules)			(Schedule)		
Revenue:						
Grants	$ 24,397,234	$ -	$ -	$ -	$ 24,397,234	$ 23,324,668
Tuition fees	12,702,223	-	-	-	12,702,223	21,431,515
Ancillary	3,577,970	-	-	-	3,577,970	3,038,587
International programs and other	16,014,025	-	-	-	16,014,025	61,191,315
Amortization of deferred capital contributions (note 8)	-	-	2,373,809	-	2,373,809	2,594,445
Restricted	-	-	-	592,297	592,297	8,129,537
Investment income	5,249,089	-	-	412,976	5,662,065	1,562,797
	61,940,541	-	2,373,809	1,005,273	65,319,623	121,272,864
Expenses:						
Academic	34,241,787	-	-	-	34,241,787	71,453,013
Administration	6,741,701	-	-	-	6,741,701	9,880,614
Student services	7,370,290	-	-	-	7,370,290	10,714,034
Plant and property	4,318,780	-	-	-	4,318,780	4,532,799
Community services	488,457	-	-	-	488,457	588,432
Employment training programs	3,132,632	-	-	-	3,132,632	3,260,652
Ancillary	3,057,244	-	-	-	3,057,244	2,957,329
Amortization of capital assets	-	-	4,465,674	-	4,465,674	5,053,157
Restricted	-	-	-	1,777,220	1,777,220	4,218,349
Employee future benefits	-	(26)	-	-	(26)	414,992
	59,350,891	(26)	4,465,674	1,777,220	65,593,759	113,073,371
Excess (deficiency) of revenue over expenses	2,589,650	26	(2,091,865)	(771,947)	(274,136)	8,199,493
Net assets (deficit), beginning of year	8,004,228	(4,062,169)	26,419,986	133,579,383	163,941,428	155,595,995
Endowment contributions	-	-	-	254,396	254,396	145,940
Transfer of capital assets (note 9)	(299,083)	-	3,856,418	(3,557,335)	-	-
Transfer to restricted funds	(1,625,000)	-	-	1,625,000	-	-
Net assets (deficit), end of year	$ 8,669,795	$ (4,062,143)	$ 28,184,539	$ 131,129,497	$ 163,921,688	$ 163,941,428

See accompanying notes to financial statements.

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Remeasurement Gains

Year ended March 31, 2026, with comparative information for 2025

		2026		2025
Accumulated remeasurement gains, beginning of year	$	481,025	$	774,976
Realized losses attributable to:				
Equity investments		(139,426)		(764,615)
Unrealized gains attributable to:				
Equity investments		747,878		470,664
Net remeasurement gains (losses) for the year		608,452		(293,951)
Accumulated remeasurement gains, end of year	$	1,089,477	$	481,025

See accompanying notes to financial statements.

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (274,136)	$ 8,199,493
Adjustments for:		
Amortization of deferred capital contributions	(2,373,809)	(2,594,445)
Amortization of capital assets	4,465,674	5,053,157
Increase in employee future benefits	124,000	363,000
	1,941,729	11,021,205
Changes in non-cash working capital (note 13)	(5,523,983)	(20,237,220)
	(3,582,254)	(9,216,015)
Financing activities:		
Endowment contributions	254,396	145,940
Capital activities:		
Purchase of capital assets	(6,558,310)	(8,005,208)
Deferred capital contributions	2,701,892	4,773,540
	(3,856,418)	(3,231,668)
Investing activities:		
Proceeds on disposition of investments	39,887,849	24,559,990
Purchase of investments	(60,608,452)	(60,535,586)
	(20,720,603)	(35,975,596)
Net decrease in cash	(27,904,879)	(48,277,339)
Cash and cash equivalents, beginning of year	90,539,757	138,817,096
Cash and cash equivalents, end of year	$ 62,634,878	$ 90,539,757

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, 2026. See note 10 for additional information.

1. Significant accounting policies (continued):

(g) Employment-related obligations (continued):

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

(i) The costs of post-employment future benefits are actuarially determined using 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

1. Significant accounting policies (continued):

(h) Use of estimates (continued):

- 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.

(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.

1. Significant accounting policies (continued):

(j) Financial instruments (continued):

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).

(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	2026	2025
Canadian and foreign equities	Level 1	$ 6,708,337	$ 5,354,214
Bonds	Level 2	3,331,930	3,402,597
Alternative investments	Level 2	978,206	932,607
Guaranteed investment certificate - ST	Level 1	40,000,000	60,000,000
Guaranteed investment certificate - LT	Level 1	40,000,000	–
		$ 91,018,473	$ 69,689,418

There are three guaranteed investment certificates, two in the amount of $20 million and one in the amount of $40 million bearing interest between 3.25% and 3.8% maturing between January 30, 2027 and January 30, 2029.

Equities have been separated from bonds to reflect their fair value hierarchy. Unrealized gains (losses) are reflected in the Statement of Remeasurement Gains.

Included within the investments is $6,394,427 (2025 - $6,140,031) which are externally restricted for endowments as detailed in the Schedule of Continuity of Restricted and Endowment Funds.

3. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 369,570	$ –	$ 369,570	$ 369,570
Artwork	208,991	–	208,991	208,991
Buildings	74,021,481	37,703,855	36,317,626	34,326,515
Site improvements and betterments	34,337,391	7,890,796	26,446,595	24,958,616
Leasehold improvements	3,004,639	1,223,188	1,781,451	2,018,978
Furniture and equipment	35,514,628	33,835,367	1,679,261	2,224,827
Construction-in-progress	2,471,900	–	2,471,900	3,075,261
	$ 149,928,600	$ 80,653,206	$ 69,275,394	$ 67,182,758

4. Accounts payable and accrued liabilities:

	2026	2025
Trade and other	$ 13,713,562	$ 17,846,369
Payroll related liabilities	795,042	2,439,078
	$ 14,508,604	$ 20,285,447

5. Employment related obligations:

	2026	2025
Vacation and leave payable	$ 2,272,143	$ 2,396,169
Non-pension post-employment obligations	$ 432,000	$ 431,000
Sick leave benefits - vesting	–	–
- non-vesting	1,358,000	1,235,000
	$ 1,790,000	$ 1,666,000

Vacation and leave payable

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

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, 2025 and the result of this valuation have been extrapolated to March 31, 2026. The related benefit liability was determined by independent actuaries on behalf of the college system as a whole.

5. **Employment related obligations (continued):**

Employee future benefits (continued)

Non-vesting sick leave (continued):

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

	2026	2025
Non-vesting sick leave:		
Accrued benefit obligation	$ 1,336,000	$ 1,561,000
Unamortized actuarial gain (loss)	22,000	(326,000)
Total sick leave benefit entitlement liability	$ 1,358,000	$ 1,235,000

	2026	2025
Current service cost	$ 187,000	$ 176,000
Interest on accrued benefit obligation	54,000	54,000
Benefit payments	(118,000)	(126,000)
Unamortized actuarial loss (gain)	(348,000)	31,000
Sick leave benefit expense (recovery)	$ (225,000)	$ 135,000

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% (2025 - 0.0% - 23.5%) and 0 to 54 days (2023 - 0 to 54 days), respectively, for age groups ranging from 20 and under to 65 and over in bands of five years.

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, 2026 for the non-pension post-retirement plan and August 31, 2025 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, 2026.

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.

5. Employment related obligations (continued):

Employee future benefits (continued)

Other employee future benefits (continued):

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

	2026	2025
Accrued benefit obligations	$ 527,000	$ 527,000
Fair value of plan assets	(106,000)	(106,000)
Funded status - plan deficit	421,000	421,000
Unamortized actuarial loss	11,000	10,000
Employee future benefits liability	$ 432,000	$ 431,000

	2026	2025
Current service cost	$ 1,000	$ 1,000
Interest on accrued benefit obligation	1,000	1,000
Experience gains	(227,000)	(227,000)
Benefit payments	(2,000)	(2,000)
Amortized actuarial gain	8,000	(1,000)
Employee future benefits expense	$ 219,000	$ 228,000

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

	2026	2025
Discount rate	3.5%	3.2%
Dental benefit cost escalation	4.0%	4.0%
Medical benefits cost escalation:		
Hospital and other medical drugs	4.0%	4.0%
Drugs	5.91% decreasing to 4.0% in 2040	6.04% 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, 2026 (2025 - $Nil). The bank borrowing facilities are secured by a general security agreement.

7. Deferred contributions:

	2026	2025
Student tuition fees	$ 1,439,537	$ 2,808,033
Externally restricted contributions	106,086	136,929
Expenses for future periods	1,090,653	849,160
	$ 2,636,276	$ 3,794,122

Details of the continuity of these funds are as follows:

	2026	2025
Balance, beginning of year	$ 3,794,122	$ 16,111,028
Additional contributions received	1,596,776	3,123,286
Amounts taken into revenue	(2,754,622)	(15,440,192)
Balance, end of year	$ 2,636,276	$ 3,794,122

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:

	2026	2025
Balance, beginning of year	$ 40,762,772	$ 38,583,677
Additional contributions received	2,701,892	4,773,540
Amounts amortized into revenue	(2,373,809)	(2,594,445)
Balance, end of year	$ 41,090,855	$ 40,762,772

9. Capital fund:

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

	2026	2025
Capital assets	$ 69,275,394	$ 67,182,758
Amounts financed by:		
Unamortized deferred capital contributions	(41,090,855)	(40,762,772)
	$ 28,184,539	$ 26,419,986

(b) Transfer for capital assets:

	2026	2025
Purchase of capital assets	$ 6,558,310	$ 8,005,208
Amounts funded by deferred capital contributions	(2,701,892)	(4,773,540)
	$ 3,856,418	$ 3,231,668

10. Pension plan:

Contributions made by the College during the year amounted to $3,427,473 (2025 - $3,368,278).

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, 2026, the CAAT Pension Plan has increased its funding reserve to $6.7 billion (2025 - $6.1 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 - 673; 2025 - 656)	$ 1,762,718	$ 165,965	$ 836,717	$ 1,091,967
OSOTF II (Bursaries awarded -112; 2025 - 118)	688,541	35,440	115,188	608,793
OTSS (Bursaries awarded - 146; 2025 -123)	1,517,192	76,333	319,442	1,274,083
Other (Bursaries awarded - 62; 2025 - 78)	2,226,670	137,575	150,500	2,213,745
	$ 6,195,121	$ 415,313	$ 1,421,847	$ 5,188,588

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 and is committed to the completion of certain capital projects.

The total annual minimum lease payments to maturity and committed capital projects are approximately as follows:

2027	$ 3,767,282
2028	265,154
2029	258,791
2030	253,240
2031	239,921
	$ 4,784,388

13. Changes in non-cash working capital:

	2026	2025
Decrease in accounts receivable	$ 553,839	$ 1,283,188
Decrease (increase) in grants receivable	976,674	(257,896)
Decrease in inventories and prepaid expenses	(11,391)	17,487
Decrease in accounts payable and accrued liabilities	(5,776,843)	(9,040,861)
Increase (decrease) in vacation and leave payable	(124,026)	51,992
Decrease in deferred contributions	(1,157,846)	(12,316,906)
Increase in asset retirement obligation	15,610	25,776
	$ (5,523,983)	$ (20,237,220)

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.

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

	2026	2025
Balance, beginning of year	$ 450,301	$ 448,228
Adjustment for inflationary impact	15,610	11,454
Remediation completed	(4,297)	(9,381)
Total obligation at March 31	461,614	450,301
Less: current portion reported in accounts payable and accrued liabilities	–	(4,297)
Balance, end of year	$ 461,614	$ 446,004

15. Contingencies:

(a) Contingencies: 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.

(b) Employee related obligations: The College is in the process of negotiations with newly formed unions representing with certain employee groups. It is not possible at this time to make an estimate of the amount that may be payable to these employee groups and accordingly no provision has been made in these financial statements.

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 (2025 - $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.

17. Risk management (continued):

(a) Credit risk (continued):

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, 2026 is the carrying value of these assets.

The amounts outstanding at year end were as follows:

As at March 31, 2026	Current	31 - 60 days	60 - 90 days	91+ days	Total
Grants receivable	$ 929,805	$ –	$ –	$ –	$ 929,805
Accounts receivable	1,067,660	1,346,848	1,295,296	719,389	4,429,193
Gross receivables	1,997,465	1,346,848	1,295,296	719,389	5,358,998
Impairment allowances	(200,748)	(89,527)	(37,975)	(239,796)	(568,046)
Net receivables	$ 1,796,717	$ 1,257,321	$ 1,257,321	$ 479,593	$ 4,790,952

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

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.

17. Risk management (continued):

(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.

(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 GICs have interest rates ranging from 3.25% to 3.8% with maturities ranging from January 30, 2027 and January 30, 2029.

(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, 2026, 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 $670,835 (2025 - $535,421).

17. Risk management (continued):

(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 (2025 - $1 million) to cover short-term funding needs. There was no balance outstanding on the line of credit at March 31, 2026 (2025 – $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, 2026	Within 6 months	6 – 12 months	1 – 5 years	5+ years	Total
Accounts payable	$ 14,508,604	$ –	$ –	$ –	$ 14,508,604
Deferred contributions	1,318,138	1,318,138	–	–	2,636,276
Lease commitments	1,883,641	1,883,641	1,017,106	–	4,784,388
	$ 17,710,383	$ 3,201,779	$ 1,017,106	$ –	$ 21,929,268

As at March 31, 2025	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

(d) Other risk:

On January 22, 2024, the Government of Canada (the "Government") announced an intake cap on international student permit applications for a period of two years, resulting in a 35% reduction of approved study permits from 2023.

17. Risk management (continued):

(d) Other risk (continued):

On September 18, 2024, the Government announced a further reduction to the intake cap on international student study permits for 2025 of 10% from the approved 2024 target. The 2025 cap will be maintained at the same level for 2026. Also included in this announcement was a change to Post-Graduation Work Permits (“PGWPs”), aligning work permit eligibility to labour market needs. Further details on the implementation of this change were released throughout fall 2024, resulting in a significant reduction of the programs eligible for PGWPs

As a result of these policy changes, students at Northern’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 was in 2025/26, which represents the flow-through enrolment from the last intake in spring 2024. The partnership contract has expired as of August 31, 2025.

A significant portion of the College’s tuition revenues is derived from international students and the College has assessed the impact of this announcement on its ability to earn revenue from international students and its approved capital and operating budget for the year ending March 31, 2026.

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.

The College may not incur a deficit without the approval of the Minister of Colleges, Universities Research Excellence and Security 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, 2026

Restricted Funds

	Balance, March 31, 2025	Additions, transfers and investment income	Bursaries, other disbursements and transfers	Balance, March 31, 2026
Leaders of Tomorrow	$ 867,519	$ 30,466	$ 29,000	$ 868,985
Endowment income	5,327,602	384,847	1,392,847	4,319,602
Expendable funds	6,195,121	415,313	1,421,847	5,188,587
J.H. Drysdale Award	276,559	8,252	10,000	274,811
Other	24,336,064	806,708	345,374	24,797,398
Ancillary	5,400,289	15,000	-	5,415,289
Capital projects and operational initiatives	91,231,319	1,385,000	3,557,334	89,058,985
	$ 127,439,352	$ 2,630,273	$ 5,334,555	$ 124,735,070

Endowment Funds

	Balance, March 31, 2025	Additions	Transfers	Balance, March 31, 2026
OSOTF I	$ 2,852,800	$ 101,271	$ -	$ 2,954,071
OSOTF II	592,475	-	-	592,475
OTSS	1,097,600	100,775	-	1,198,375
Other	1,597,156	52,350	-	1,649,506
	$ 6,140,031	$ 254,396	$ -	$ 6,394,427
Total restricted and endowment funds	$ 133,579,383	$ 2,884,669	$ 5,334,555	$ 131,129,497

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Operating Fund Revenues

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Grants:		
Post secondary:		
General operating grant	$ 5,200,383	$ 4,548,559
International student recovery	(348,375)	(747,375)
Special support grants	9,429,344	9,720,541
Second Career / WSIB grants	47,030	98,632
Grant for municipal taxation	44,475	45,000
	14,372,857	13,665,357
Employment and literacy:		
Apprenticeship	1,305,949	1,083,965
Literacy and Basic Skills	2,417,697	2,421,986
Employment programs	3,683,712	3,532,816
	7,407,358	7,038,767
Special purpose grants:		
Indigenous projects	565,656	566,656
Capital support grants	34,764	78,519
Accessibility grants	238,862	234,151
Daycare	677,822	600,564
OSAP bursaries	152,169	196,478
Other	947,746	944,176
	2,617,019	2,620,544
	$ 24,397,234	$ 23,324,668

	2026	2025
International programs and other:		
Daycare fees	$ 58,059	$ 76,735
Rents	199,992	205,409
Contract training	1,911,415	1,330,794
International programs	11,728,274	57,929,752
Other fees	1,038,364	1,127,462
Miscellaneous	1,077,921	521,163
	$ 16,014,025	$ 61,191,315

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Operating Expenses by Cost Object

Year ended March 31, 2026, with comparative information for 2025

	Academic	Administration	Student Services	Plant and Property	Community Services	Employment Training Programs	2026 Total	2025 Total
Academic salaries	$ 14,169,700	$ -	$ -	$ -	$ -	$ -	$ 14,169,700	$ 17,299,864
Administration salaries	1,328,657	2,333,329	725,839	110,035	-	271,470	4,769,330	6,261,554
Support salaries	3,363,670	1,493,665	2,915,541	864,695	336,164	1,840,013	10,813,748	13,996,856
Stipends and allowances	95,743	-	244,106	-	-	206,329	546,178	725,587
Fringe benefits	4,242,896	1,178,103	1,035,097	257,541	91,977	513,245	7,318,859	8,051,845
Instructional supplies	1,735,157	74,394	347,874	-	7,598	36,620	2,201,643	2,140,414
Field work	30,371	-	-	-	14,396	-	44,767	52,568
Staff employment	-	109,063	-	-	-	-	109,063	14,621
Professional development	6,286	33,001	59,251	-	758	10,162	109,458	237,886
Travel	155,553	55,357	226,601	7,056	-	6,731	451,298	619,199
Promotion and advertising	46,143	155,484	1,033,955	-	-	20,087	1,255,669	1,922,938
Equipment maintenance	25,972	-	-	102,531	-	-	128,503	332,319
Telecommunications	193,241	55,115	10	-	-	31,832	280,198	295,673
Office supplies	41,102	90,350	87,924	11,402	-	22,793	253,571	445,481
Janitorial	-	46,738	-	38,890	3,073	-	88,701	190,658
Facilities maintenance	-	-	-	788,784	2,491	-	791,275	564,978
Vehicle	-	-	-	1,395	-	-	1,395	3,661
Insurance	-	322,391	-	-	-	-	322,391	303,782
Bank charges and bad debts (recovery)	435,641	166,900	2,040	-	-	-	604,581	(241,840)
Professional fees	24,734	419,176	271,510	-	2,000	-	717,420	1,334,701
Contracted services	7,926,678	182,467	378,873	570,739	-	-	9,058,757	43,383,000
Utilities	13,670	-	-	1,346,048	-	-	1,359,718	1,362,344
Municipal taxation	-	-	-	138,430	-	-	138,430	176,400
Rentals	406,573	26,168	41,669	81,234	30,000	173,350	758,994	955,055
	$ 34,241,787	$ 6,741,701	$ 7,370,290	$ 4,318,780	$ 488,457	$ 3,132,632	56,293,647	100,429,544
Ancillary expense							3,057,244	2,957,329
Total expenses							$ 59,350,891	$ 103,386,873

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

Schedule of Ancillary Revenue and Expenses

Year ended March 31, 2026, with comparative information for 2025

		2026		2025
Bookstore Operations				
Revenue	$	24,302	$	4,872
Operating expense		13,717		14,287
Excess (deficiency) of revenue over expense	$	10,585	$	(9,415)
Student Residence Operations				
Revenue:				
Rent	$	925,659	$	729,015
Service charges		827		747
		926,486		729,762
Expense:				
Operating		763,454		935,495
Excess (deficiency) of revenue over expense	$	163,032	$	(205,733)
Parking Grounds Operations				
Revenue	$	74,445	$	91,427
Operating expense		170,314		175,310
Deficiency of revenue over expense	$	(95,869)	$	(83,883)
Ancillary Facilities Operations				
Revenue	$	2,552,737	$	2,212,526
Operating expense		2,109,759		1,832,237
Excess of revenue over expense	$	442,978	$	380,289