NorQuest College

Annual Report 2022-2023

Contents

Accountability Statement

The NorQuest College Annual Report for the year ended June 30, 2023 was prepared under the Board's direction in accordance with the Fiscal Planning and Transparency Act and ministerial guidelines established pursuant to the Post-Secondary Learning Act. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

[Original signed by Tina Naqvi-Rota]
Tina Naqvi-Rota
Interim Chair, Board of Governors
October 26, 2023

Management's Responsibility for Reporting

NorQuest College's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the annual report including the financial statements, performance results and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained and assets are properly accounted for and safeguarded.

The annual report has been developed under the oversight of the institutions Finance and Audit Committee, as well as approved by the Board of Governors and is prepared in accordance with the *Fiscal Planning and Transparency Act* and the *Post-Secondary Learning Act*.

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

[Original signed by Carolyn Campbell]
Carolyn Campbell
President and CEO

Message from the President & Board Chair

It has been another remarkable year for NorQuest College. As Alberta's largest community college, we continue to grow and lead in Alberta's dynamic post-secondary system. NorQuest plays an essential role in powering Alberta's economic growth by producing the front-line workforce that employers need to sustain and grow their businesses in an increasingly diversified economy.

NorQuest continues to deliver on the college's strategic plan, *NorQuest 2030: We are who we include.* The plan not only guides strategic planning and decision-making for all areas of the college, but also provides NorQuest with a bold vision for higher education that best serves our learners, employees, and the community.

As another fiscal year comes to an end, NorQuest continues to thrive with strong enrolment numbers, a solid financial position, and bold ideas for the future. The strength of our programming has led the college to learner growth that is years ahead of schedule and has pushed the college to operate at near maximum capacity. To support NorQuest's incredible growth, the college released a 30 year- Campus Master Plan that will accommodate continued expansion. NorQuest requires additional space to welcome an increasing number of learners, develop and diversify our revenue, and to align more purposefully with the economic and social needs of the province.

NorQuest has consistently demonstrated innovative, inclusive, and thoughtful approaches to education and community service. We aspire to be a place where people come to transform their lives and find a place to belong. Our devotion to learners and keen strategic thinking results in positive impacts both for the college and the communities we serve.

[Original signed by Tina Naqvi-Rota]

Tina Naqvi-Rota
Interim Chair, Board of Governors

[Original signed by Carolyn Campbell]

Carolyn Campbell
President & CEO

Public Interest Disclosure (Whistleblower Protection) Act

The *Public Interest Disclosure (Whistleblower Protection) Act*, which came into force June 1, 2013 requires that the college report annually on the number of disclosures that have been made to the college's Designated Officer, number of investigations commenced, and any measures taken from an investigation in relation to the wrongdoing.

2022–2023 Reports

Number of disclosures received by or referred to the Designated Officer	1
Number of disclosures acted upon	0
Number of disclosures not acted upon	1
Number of investigations commenced	0
In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing	Not applicable

Operational Overview

NorQuest has grown into Alberta's largest community college. Our growth in domestic, international, and Indigenous enrolment over the past year has been remarkable and exceeded our goals. Through careful and thoughtful planning, we continue to manage and accelerate robust change and expansion at the college to meet the educational needs of Alberta's modern economy.

NorQuest is delivering on the college's strategic plan, *NorQuest 2030: We are who we include.* The plan outlines a reimagined vision for higher education that focuses on five outcomes – learner, people, connection, investment, and transformation. *NorQuest 2030* will also guide strategic planning and decision-making for all areas of the college for years to come.

NorQuest's growth is always in alignment with workforce needs, economic trends, and community engagement. The addition of a Community Adult Learning Program Centre in Whitecourt in October 2022 adds to our regional stewardship mandate and our vision of transforming lives across the province through education.

With the support of Targeted Enrolment Expansion funding from the provincial government, seven programs in health care and technology will see sustained growth over the next three years.

The Government of Alberta's Health Care Aide Tuition Bursary program announcement in July 2022 opened new opportunities for NorQuest's HCA program, one of the largest in Canada. NorQuest is eager to continue meeting the need for healthcare professionals through this exciting partnership between the province's post-secondary and healthcare systems.

In the face of mounting utility bills, one of NorQuest's newest programs, Energy Advisor, improves energy efficiency for homeowners and grows the pipeline of skilled labour for this growing sector of the economy. Thanks to federal funding, the program and certification are free to applicants.

The college's Downtown Campus Development project is now in its final stages, following the opening of Miyonohk, the college's new campus park, on September 21, 2023. The park measures approximately 2,700 square meters and provides a striking green space on the east side of NorQuest's campus. The name Miyonohk means "a good place" and was gifted to the college by Indigenous Elders and cultural advisors. As part of the college's Campus Master Plan, property immediately adjacent to the downtown campus was acquired and will help position NorQuest for growth through to 2050.

NorQuest's work towards improved Equity, Diversity, and Inclusion (EDI) is a key part of the college's strategic plan. In 2023, our efforts were recognized by Colleges and Institutes Canada with a bronze award for Excellence in EDI and an Inclusion Alberta Community Inclusion Award. This award is given to individuals or organizations in Alberta whose actions result in people with developmental disabilities having increased opportunities to be included in community life.

Alongside our operational achievements, there were certainly moments for the college to cherish, such as our largest convocation ceremony to date, an Indigenous Completion Ceremony, a week of land-based learning, a road hockey tournament, and a Campus Block Party to welcome students and employees back to a new academic term.

NorQuest continues to deliver workforce-relevant learning that serves our communities and helps keep Alberta's economy strong. The strength of our programming has led the college to learner growth that is years ahead of schedule.

Goals & Performance Measures

1. LEARNERS

Outcome: NorQuest is the first choice for an inclusive and seamless educational experience.

Strategic Direction: Expand and enhance our services, offerings and research to best serve our learners and position them for success.

Priority Initiatives	Results
KEY OBJECTIVE 1.1: Attract and retain learners by transforming the learner experience, anticipating learners' needs, improving accessibility and supporting mental health and wellness.	
Develop and implement an integrated digital ecosystem of platforms, tools, and websites to reduce learner effort and enhance learner experience.	Launched new tools to provide more timely, consistent and personalized communications for learners at all steps in their journey. Initiated website improvements focused on reducing effort and complexity, increased search functionality, and better integration between existing college processes and tools.
Develop and implement service standards (e.g., response times to learners) across the Learner Experience portfolio that will be monitored.	Implemented improvements to our Accessibility Services client intake, Language Instruction for Newcomers to Canada application processing, Testing Centre referrals, immunization requirements for Workforce Integrated Learning placements, Foundational Learner Assistance Funding, and Confirmation of Enrolment process.
KEY OBJECTIVE 1.2: Increase program flexibility and diversity and implement Reimagine Higher Education, which addresses game changers such as connected teaching, learning communities and assessment.	

Implement Reimagine Higher Education Game Changers & Priority Projects:	Implemented Game Changers through the following initiatives: • *Authentic Assessment:* hosted training sessions and provided tools and one-on-one support to instructors. • *Anti-Racism:* Created and piloted an Anti-Racism Curriculum and Pedagogy Toolkit. Hosted training workshops, presentations and shared online resources to support instructors. • *Microcredentials:* Co-chaired the Provincial Microcredential Forum, a group that brings together all public post-secondary institutions in Alberta to build consensus on microcredentials. Launched three new programs. • *Modalities:* Completed installation of HyFlex infrastructure and technology in classrooms. In addition to general HyFlex support and resources, we hosted training sessions on advanced skills. Research is ongoing to understand learner outcomes and technology utilization, and to improve the user experience for both instructors and learners. • *Open Educational Resources (OER)*: A baseline study on the use of OERs at the college was initiated.
Increase program flexibility and diversity to anticipate labour market needs by building and implementing a new Program Plan 2030.	Development of a new program plan was initiated in 2022-23. The plan, once complete, will establish the programs that NorQuest requires to meet future learner and stakeholder needs to 2030.
KEY OBJECTIVE 1.3: Integrate Indigenous knowledge and wisdom into all aspects of college life and facilitate a mutual understanding, respect and learning between Indigenous and non-Indigenous Peoples.	
Grow understanding of Decolonial Indigenization through capacity building and program review.	Hired a Decolonial Indigenization lead to help embed Indigenous knowledge and wisdom into all aspects of the college. Held capacity building and learning events including using the 4Rs framework for engagement with Indigenous communities (Respect, Relevance, Reciprocity, and Responsibility) and observing Truth & Reconciliation and National Indigenous Peoples Day, among others. Launched new programs at Wetaskiwin campus in collaboration with Indigenous leaders in local communities.
KEY OBJECTIVE 1.4: Prepare each learner for the changing workforce through the NorQuest Skills of Distinction: Inclusion, Resilience and New Ways of Thinking.	
Embed Skills of Distinction across programs and outline alternative credential pathways.	Integration of Skills of Distinction into current curriculum continued in 2022-23; launched a Community of Practice for instructors; launched the "Intro to Skills of Distinction" module for learners.

KEY OBJECTIVE 1.5: Solve real world problems for industry and communities and provide work-integrated learning opportunities for our learners through advancing applied research.	
Implement the following Applied Research Strategy priority projects: • Research Data Management Strategy, • Applied research in all academic departments, • Applied research in all new programs developed, • IP for commercialization, • Community-driven co-design of applied research, • Applied research micro-credential.	Applied research projects are increasingly community-driven and co-designed. Applied researchers developed new projects and partnerships with a range of community and industry partners. Applied research is being integrated into all academic departments and newly developed programs. The Arts & Sciences Diploma was the first program to build student applied research opportunities into its program structure, and all faculties have committed to incorporate applied research pathways into all programs within the next four years. The Research Data Management Strategy was completed and is publicly posted to NorQuest.ca.
KEY OBJECTIVE 1.6: Internationalize NorQuest to create opportunities for all students, faculty and staff, engage in global issues, mobility opportunities and strong partnerships for recruitment.	
Establish a fund to support and sustain internationalization across the college.	The Internationalization Strategy includes the development of an operating fund to support and sustain internationalization across the college and implementation of this initiative is ongoing.
Improve the academic and learner experience for the international student body.	International student supports were reviewed and working groups were created to address student needs and challenges. Examples of improvement projects include enhancement of settlement services and a feasibility study to identify and construct enclosed student lounge spaces.

2. PEOPLE

Outcome: NorQuest is a purpose-driven employer of choice.

Strategic Direction: Create an adaptive and inclusive organization.

Priority Initiatives	Results
KEY OBJECTIVE 2.1: Attract, grow and develop team members through a people-first approach that sparks innovation and continuous learning.	
Design and implement The NorQuest Way to support the professional development of all NorQuest employees.	NorQuest continued investment in leadership development with robust programming including sessions, symposiums, a self-assessment, and a new series to build capabilities and skills in new and emerging leaders.

	We introduced a new Faculty Evaluation and Development framework to inform professional practice and provide a vehicle for meaningful and relevant feedback.
Build intentional culture through maturing the use of data by people leaders related to culture analytics, recognition, retention rates, and engagement results.	Data and results gathered from the "Guarding Minds at Work" and “Employee Engagement” surveys were shared with leaders to discuss with their teams and used to develop action plans.
KEY OBJECTIVE 2.2: Support and ensure a safe, welcoming, supportive and flexible workplace and learning environment.	
Design and build out the NorQuester experience to foster a sense of community for working effectively in hybrid ways to support a seamless workplace and workstyles.	Refreshed our onboarding experience to support new hires. The Path of Welcome will support new leaders to build understanding, confidence, connection, and belonging, and empower them to lead, coach, and reinforce during the onboarding process. Development and implementation are ongoing. We developed a new faculty onboarding program for launch in Fall 2023 which includes modules on equity, diversity, and inclusion, anti-racism, and instructional skills.
Re-envision internal communications and implement omni-channel tools and approaches to increase access to key resources and information.	We began a project to re-envision internal communications and increase staff and faculty access to key resources and information. A new platform will provide a customized and personalized experience for all staff and create a more supportive and dynamic work environment for both on-campus and flexible workstyles.
KEY OBJECTIVE 2.3: Fulfill our commitment to becoming an inclusive, anti-racist and de-colonized organization through an ongoing focus on racial equity, diversity and inclusion.	
Increase data and equity-based practices related to all people leaders’ decisions on recruitment, hiring, and internal career opportunities.	Using an equity, diversity and inclusion lens, NorQuest updated the job application process, inviting applicants to provide demographic information to determine the degree of diversity in applicant and candidate pools. All employees completed two courses, "Inclusion at Work" and "Respect in the Workplace", and they were incorporated into onboarding process.
Implement the equity, diversity, and inclusion (EDI) and Anti-Racism recommendations and commitments; develop key linkages between EDI, anti-racism and Indigenization; and progress toward Global Diversity, Equity and Inclusion Benchmark targets.	To support the 2021 EDI Strategy, we developed an action plan that includes customized and co-developed roadmaps for each area of the college. Progress will be reported annually and be used to track towards our college’s strategic goals.

3. CONNECTION

Outcome: NorQuest is a values-driven partner in advancing societal and economic growth.
Strategic Direction: Advance our place as a trusted and growth oriented post-secondary institution.

Priority Initiatives	Results
KEY OBJECTIVE 3.1: Transform the NorQuest brand to broaden its appeal, attract more learners and align with the college's renewed strategic focus, and elevate public perception of colleges as critical drivers of economic growth.	
Develop and implement foundational brand elements and strategy to transform the NorQuest brand and broaden its appeal.	NorQuest redeveloped its brand identity to guide our brand by accessibility and inclusivity and to better position us for where we are today and where we are going, in alignment with *NorQuest 2030*.
KEY OBJECTIVE 3.2: Become a leader in work-integrated learning to give our learners and industry partners economic advantages.	
Develop new, innovative approaches to work-integrated learning and community service learning.	NorQuest worked with over 280 organizations to support over 2,900 work-integrated learning student experiences. NorQuest also became a member of the Business + Higher Education Roundtable, a national not-for-profit organization that opens more opportunities for innovative WIL experiences for our learners across the country.
KEY OBJECTIVE 3.3: Work with socially responsible organizations and partners and promote values of inclusion to increase our impact and make a significant, meaningful and positive effect on communities.	
Develop and implement a Social Procurement Policy that includes principles of environmental, social and fair governance. Develop and launch a college-wide Partner Evaluation Rubric to ensure domestic and international partners align with EDI, anti-racism, and social impact values of the organization.	Initiated development of both our partner evaluation rubric and social procurement policy in 2022-23. The rubric will provide tools to ensure our external partners align with our EDI, anti-racism, and social impact values and integrate the principles of environmental, social, and fair governance. Work will continue in 2023-24 and include benchmarking with other post-secondary institutions.
KEY OBJECTIVE 3.4: Work with international partners to build NorQuest's brand in key markets for increased competitiveness and sustainable growth.	

Establish NorQuest overseas representatives in priority markets to strengthen recruitment and partnership development.	Recruited an overseas representative in Brazil to support recruitment efforts in Latin America and who will attend recruitment events, follow up on student leads, strengthen relationships with agents in the Latin American market, and report on regional market intelligence. NorQuest contributed to a number of international projects in Kenya, China, the Caribbean, Dubai, and Tanzania, to expand and enhance our brand around the globe.

4. INVESTMENT

Outcome: NorQuest is adaptable, sustainable and has the resources to develop and offer solutions and create stronger communities.

Strategic Direction: Diversify revenue and grow funding streams to support learners and communities.

Priority Initiatives	Results
KEY OBJECTIVE 4.1: Develop and offer solutions for learners, community partners and the workforce by increasing external investment in NorQuest through efforts such as community-based fundraising, micro campaigns and alumni and corporate engagement.	
Launch an alumni engagement and fundraising strategy.	Launched an Alumni Engagement and Fundraising Strategy and achieved the following: created a strong and recognizable NorQuest Alumni brand, grew our social media engagement across LinkedIn and Facebook, launched a quarterly newsletter, and formed an Alumni Advisory Committee to guide and increase our alumni engagement efforts.
KEY OBJECTIVE 4.2: Grow funding streams for applied research activity and capacity.	
Implement the following investment focused components of the Applied Research Strategy: • Intellectual property for commercialization, • Community-driven co-design of applied research, and • Applied research microcredential.	NorQuest received new research funding in 2022-23 with grants awarded by federal departments and increased funding from other diverse sources. This includes applied research funding from philanthropic organizations, fee-for-service research contracts, Mitacs, Alberta Innovates, all three Tri-Agencies, and the Future Skills Centre.
KEY OBJECTIVE 4.3: Attract international students from primary and secondary markets for increased diversification, sustainability and an enhanced experience.	

Accelerate and amplify recruitment diversification strategies in key markets.	International student applications increased by 78% for Fall 2023 compared to Fall 2022. More than half of applications are from diverse markets other than India. NorQuest diversified its international student body while also growing the international student population overall. Top countries of origin for international learners are India, Philippines, Nigeria, Hong Kong, and Jamaica.
KEY OBJECTIVE 4.4: Grow and diversify revenue streams and profitability by forming strategic partnerships, leveraging technology and creating new business models.	
Establish new centers of excellence/business lines in partnership with industry and community.	Restructured continuing education and partner solutions to focus more open enrollment offerings, a better-defined site for custom training needs, and a seamless corporate learner experience.
Lead the Government of Alberta provincial Health Care Aide education initiative to meet sector demand and ensure accessible, consistent education across Alberta.	NorQuest fulfilled the grant administrator role for the Health Care Aide (HCA) Bursaries initiative. The college promoted the bursary via an external website, creating an online application portal for applicants, and disbursing funds to eligible applicants who are pursuing a HCA certificate in Alberta. By partnering with Alberta Health on this initiative, NorQuest has supported accessible education by providing students with financial incentives to enter the HCA program, and later the workforce, in the health care sector.

5. TRANSFORMATION

Outcome: NorQuest leverages technology and resources to maximize service delivery, amplify our impact and support learners.

Strategic Direction: Leverage our technology and resources.

Priority Initiatives	Results
KEY OBJECTIVE 5.1: Realize strategic campus growth opportunities and evolve business enterprises.	
Work with our partners to advance the Teaching and Research Continuing Care Centre project through Alberta's Unsolicited Proposal Framework process	In February 2023, we received confirmation from Alberta Infrastructure that the TRCCC project was granted conditional approval to proceed to Stage 3: Project Development Agreement negotiation. Moving to this phase is an agreement to continue planning and progress with the project.
Finalize and advance the Institutional Campus Master Plan to support future growth and campus development.	Completed a new Campus Master Plan in Fall 2022; the plan outlines expansion initiatives, development strategies for the college and explores the current infrastructure of the college and changes that will be necessary through to 2050.
KEY OBJECTIVE 5.2: Enhance business intelligence, predictive analytics, machine learning and enterprise resource planning to maximize return on investment.	

Develop a Business and Artificial Intelligence Strategy and roadmap with a focus on data governance and data management capability.	Initiated development of an artificial intelligence strategy to ensure that the college is positioned to enable decision making, predict trends, and support business assumptions using artificial intelligence.
KEY OBJECTIVE 5.3: Expand digital literacy and access, and leverage technology and data sharing to support college and learner growth.	
Advance implementation of the first three years' initiatives identified in the college-wide Digital and Technology Strategies with a focus on maximizing business outcomes and improving the user experience through automation.	Developed 3-year roadmaps of activities to support implementation of the digital and technology strategies focused on initiatives that enable a simplified, consistent, and advanced user experience while also improving business capabilities, security, and increasing automation.
Develop and implement new models to enhance admissions processes, supports, and student lifecycle success for all learner groups starting with international and foundational learners.	Initiated improvements to international student admission processes for deployment in 2023-24. Initiated improvements to student self-enrolment processes. Strengthened existing and created new advising resources to improve quality learner experience.

Performance Measures		Target 2022-23	Result
1.1	Increase the total number of (unduplicated) learners served by 50%.	17,960	17,841
1.2	90% of learners are satisfied with the overall quality of education they received at NorQuest.	85%	85%
1.3	IMA Measure: Proportion of recent graduates in employment two years after graduation whose current main job is very or somewhat related to the general skills and abilities acquired during their program.	95%	91%
1.4	IMA measure: Total domestic FLE enrolled in approved programs.	6,135	7,247
2.1	Exceed top quartile engagement among Canadian post-secondary institutions by 10% (measured biennially).	65%	Employee engagement was 58%, a return to pre-pandemic levels. This is strong compared to other post-secondary institutions in North America, where engagement averages 54%.
2.2	Achieve Level 5 Best Practices ratings in the Foundational categories on the Global Diversity, Equity and Inclusion Benchmarks.	N/A	Employees ranked the college in the three foundational categories: • Vision, Strategy, and Business Impacts: Level 3 • Leadership & Accountability: Level 2.5 • EDI Structure and Implementation: Level 2.5
3.1	Achieve a combined learner, employee, and stakeholder net promoter score (NPS) that increases annually.	>2021-22 Result (14)	The 2022-23 combined score is 17. The individual scores that make up the combined NPS, through a weighted average, are: • Learner: 20 • Employee: 10 • Stakeholder: 33
3.2	100% of approved programs have work-integrated learning as part of the program.	92%	As of 2022-23, 100% of approved programs include work-integrated learning opportunities.
4.1	Increase self-generated revenue to $33M by 2030.	$9.4M	$10.5M
5.1	Staff agree that they have the technology, tools and information to meet the needs of the people they serve.	N/A	82%
5.2	Learners agree that they have the technology, tools, and information they need for learning.	N/A	90%

Capital Report

NorQuest College supports asset investments across a spectrum of needs:

- Evergreening: replacement of aging or obsolete equipment and technology where maintenance to upkeep the performance of the asset is no longer cost-effective.
- Capacity building: increasing the supply of assets available in response to increasing demand and planning for the future.
- Ad hoc requests: responding to unplanned opportunities or emergent needs.
- Strategic: projects that are aligned to the college's strategic objectives outlined in the college's strategic plan *NorQuest 2030: We are who we include*.

Each project is evaluated based upon its alignment with college strategies and importance to sustaining the operations of the college. Selected projects are implemented with funding from government grants, accumulated surpluses, and the generous support of our donors.

Our priority capital projects are largely focused on enhancing and growing our campus to meet our strategic plan, providing a place where all people can come to realize their full potential, transforming lives, communities, the world and the future, a true global community.

Type	Project Description	Total Project Cost	Funding Sources	Funding Received to Date & Source	Revised Funding Sources
Expansion	Downtown Campus Development Project	$193.8 million	89% GOA 8% Donations 3% NorQuest	GOA 100% received Donations 51% received	No change
Proposed	Teaching and Research Continuing Care Centre	$253 million	Submitted via Unsolicited Proposal Framework	No funds received to date	No change
Preservation	CELT Level 2 & Level 6 Renovations	$13.1 million	Submitted via BLIMS Request	No funds received to date	No change
Proposed	Enterprise Resource Program System	$20 million	100% NorQuest	NorQuest self-funded	N/A

	Replacement / Upgrade				

DCDP Project Timelines and Status

Project Description	Project Timelines	Expected Project Start	Expected Project Completion	Project Status	Progress Made in Last 12 Months
Downtown Campus Development Project	September 2013 – 2023	September 2013	September 2023	In progress	Project moved from 98% to 99% Green Space development is complete; Urban wayfinding is underway

Future Needs

From our humble beginnings in 1956 as the Alberta Vocational College, we have always had a mission to provide inclusive training and educational journeys for Alberta's most in-demand, front-line professions not only impacting our learners in their career progression, but also impacting our communities. Since then, we've grown at a rapid rate, adding new and improved programs.

As we continue to grow and evolve, we're keeping this mission alive by ensuring our way forward supports our learners and communities through exciting expansion initiatives. Based on our current projections, and NorQuest's learner growth being multiple years ahead of schedule, the college is now operating near maximum capacity.

Our new Campus Master Plan provides the short, medium, and long-range strategies we're planning to accommodate the increasing number of student enrolments, expanding programs, and new faculties. While these changes won't happen overnight, they provide a clear set of goals and objectives to lead us towards our vision.

Big Impact

With the ability to accommodate more staff, faculty, and learners, our way forward provides a big impact for NorQuest and our communities. As we're able to meet the workforce demands of the province and provide more learners with specialized, world-class training and education, we can contribute to a balanced, more robust economy. More under-represented students can gain the credentials and experience they need to establish thriving careers, while organizations can experience less challenges when filling essential positions.

The impact of our Campus Master Plan also includes the culture within the college. The strategies and initiatives outlined in our plan provide the steps we're taking to improve our equity, inclusion, and diversity commitment, effectively impacting the mental, physical, and emotional wellbeing of all NorQuest learners, staff, and stakeholders. By creating a healthier campus community centered around belonging and inclusion, we can help all NorQuest employees achieve a flourishing future.

Deferred Maintenance

Renovations to the Civic Employees Legacy Tower (CELT), the demolition of Centre 102, and modernization of CELT’s four traction elevators have decreased NorQuest’s five-year deferred maintenance value significantly.

The Government of Alberta provides capital funding from the Capital Maintenance Renewal program to assist in maintaining college facilities for efficient and effective delivery of programs. The college received $1,141,892 million for the 2022-2023 fiscal year to address government-approved renewal projects such as security and life safety systems, mechanical and electrical systems, hazardous material abatement, and building envelope systems.

Teaching and Research Continuing Care Centre

NorQuest College and Covenant Care have been working together to develop a new approach for providing continuing care to the growing population of aging people in the Edmonton region with the Teaching and Research Continuing Care Centre (TRCCC). This would be a first of its kind initiative in Canada, positioning Alberta as a national leader in providing innovative healthcare solutions.

NorQuest College is leveraging its leadership in healthcare education and training to partner with Covenant Care – a leader in delivering innovative, client-focused care that empowers clients to thrive – to create the TRCCC project: an integrated learning, health, and residential facility in downtown Edmonton. This facility would serve to improve teaching and research in continuing care by integrating innovative approaches to clinical and community care, education and training, and research.

Both NorQuest College and Covenant Care share the government’s commitment to attracting investment to our province through innovative and diverse industries. The

TRCCC aligns with the priorities of the Government of Alberta, its Ministries, and the City of Edmonton to encourage innovation, collaboration, and appropriate risk sharing with the private sector. NorQuest College and Covenant Care partnered with Build for The Future Alliance (B4FA), a private sector consortium led by Graham Capital, who brings the experience of local investment and project finance, design and construction to the project.

The project maximizes value for money by considering Alberta's continuing care needs, lifecycle costs, optimizing risk allocations, boosting the Government of Alberta's Economic Recovery Plan, and creating considerable value in multiple facets for Albertans and the future economic success of the province. The total projected construction cost of the TRCCC is approximately $253 million.

In February 2023, Alberta Infrastructure conditionally approved the TRCCC project to proceed to Stage 3: Project Development Agreement negotiation. Moving to this phase is an agreement to continue planning and progress with the project.

Financial Information

Management Discussion and Analysis

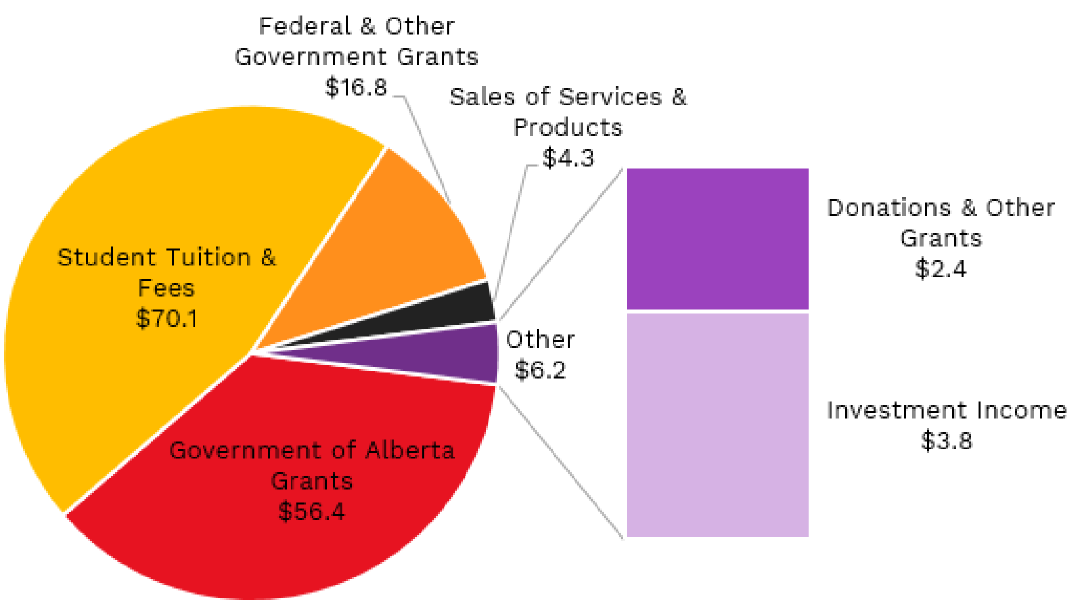
The following discussion and analysis of the financial statements should be reviewed in conjunction with the audited financial statements and accompanying notes to the financial statements. The financial statements represent the financial position and results of operations for NorQuest College for the fiscal year ended June 30, 2023. The college's consolidated financial statements for 2022-2023 have been prepared in accordance with Canadian Public Sector Accounting Standards and reflect the application of the net financial assets/net debt reporting model as issued by the Public Sector Accounting Board.

Consolidated Statement of Operations

The 2022-2023 fiscal year was one of growth offset by challenges in obtaining new grants and the recruitment and retention of staff for the college. While the college fell short of its budget targets in 2022-2023, revenues and expenses grew by 16.7 per cent and 17.9 per cent respectively. For the year ended June 30, 2023, the college reported a $9.1 million operating surplus compared to a planned $0.7 million surplus.

Revenues

2022–2023 Revenue ($Millions)



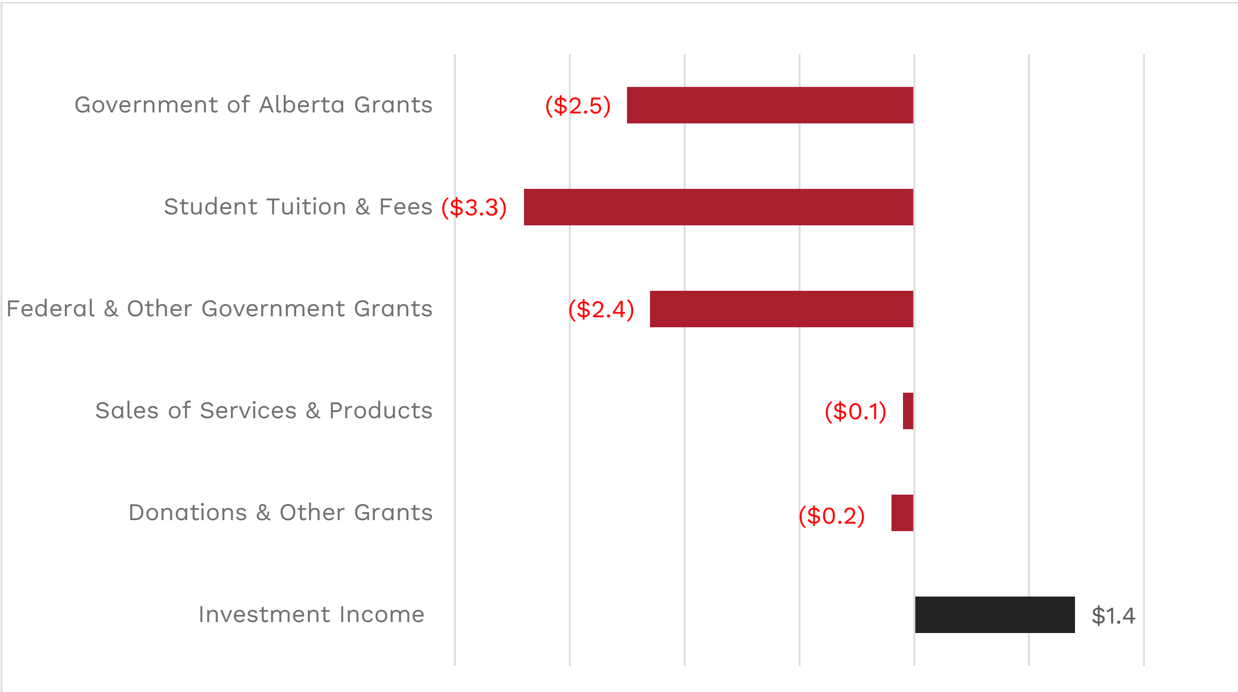
Total revenues of $153.8 million increased by $22.0 million compared to the year prior and fell below the budgeted $160.9 million by $7.1 million.

Provincial grants represented $56.4 million of revenue in 2022-2023, below the budgeted $58.9 million with $39.6 million being the Operating and Program Support grant. Government of Alberta grant revenues were $1.3 million higher than the prior year and as a percentage of total revenue, provincial grants decreased to 36.6 per cent from 41.8 per cent in the year prior. Federal and other government grants contributed $16.8 million revenue in 2022–2023, compared to a budget of $19.1 million.

Student tuition and fees increased $16.2 million from $53.9 million in 2021–2022 to $70.1 million in 2022-2023, falling below the budget of $73.4 million. Full load equivalents (FLEs) climbed 22.8 per cent from 8,141 to 9,998 and exceeded the target FLE of 9,162 by 9.1 per cent. The increase in tuition and fees was driven by a combination of tuition rate and enrolment volume increases. The shortfall in tuition and fee revenue from budget resulted from a small variance in the mix of domestic, international and grant funded FLE along with enrolment volumes shifting to the spring 2023 term for which some revenue falls to the subsequent fiscal year.

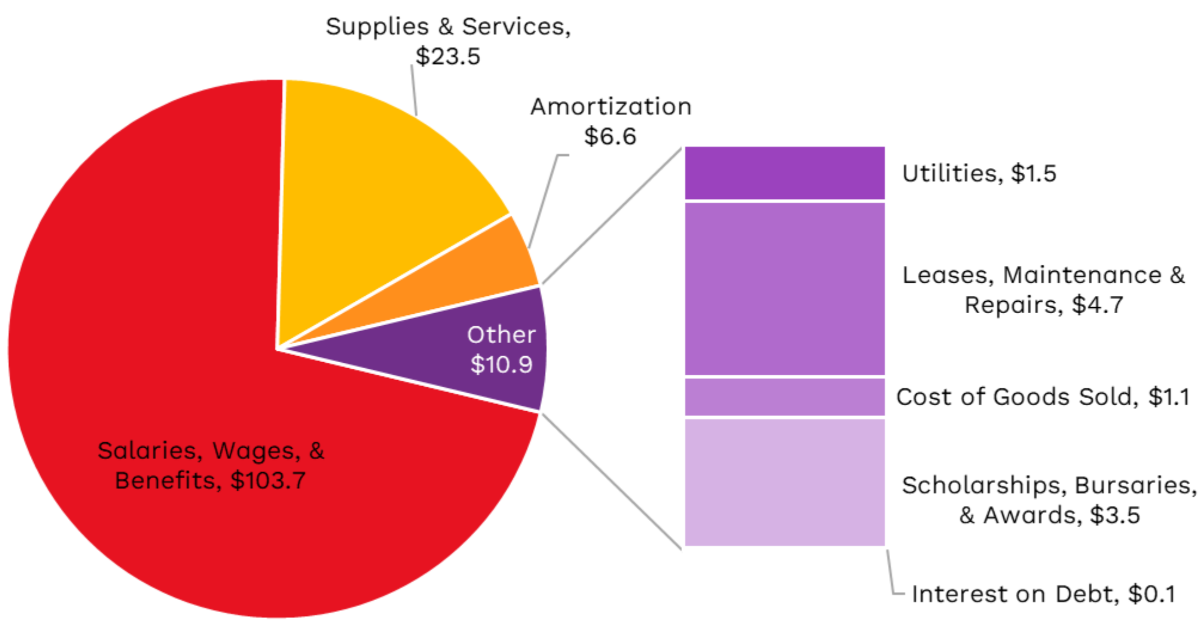
Sales of Services and Products decreased slightly from $4.5 million in 2021-2022 to $4.3 million in 2022-2023, falling short of budget by $0.1 million. Investment income of $3.8 million exceeded the budget by $1.4 million due to faster and larger increases in interest rates generating larger interest revenues. Donations and other grants increased to $2.4 million in 2022–2023, falling short of the budget by $0.2 million. This is mostly due to a $0.6 million positive variance in donation revenue and is offset by a $0.8 million shortfall in non-government grants.

2022–2023 Revenue vs. Budget ($Millions)



Expenses

2022–2023 Expenses ($Millions)

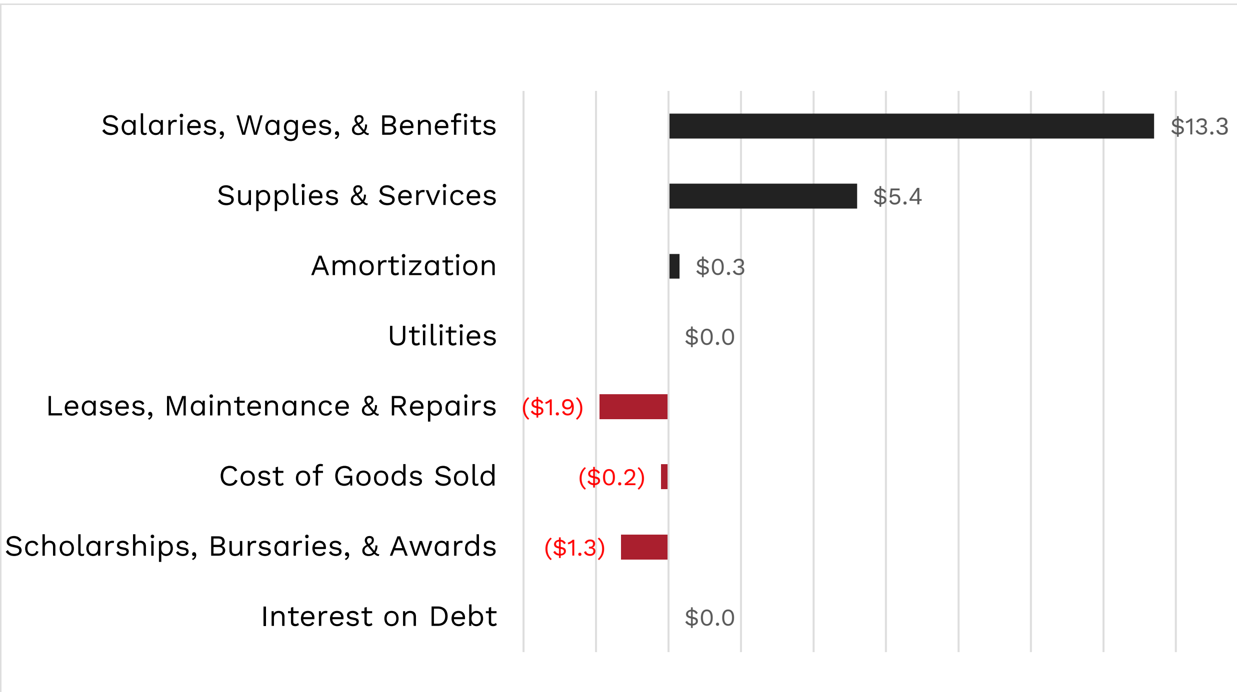


Total expenses of $144.7 million increased by $22.0 million compared to the year prior and were below budget by $15.5 million. Salaries, wages, and benefits of $103.7

million, were under budget by $13.3 million, as a result of vacant positions, limited success in obtaining new grants, and low severance and long-term disability costs.

Materials, supplies and services expense of $23.5 million increased by $5.4 million from last year and was below budget by $5.2 million. The surplus is a result of the limited success in obtaining new grants, limited use of reserves and reduced spending on consultants.

2022–2023 Expenses vs. Budget ($Millions)



Consolidated Statement of Financial Position

Net Financial Assets

Financial Assets increased by $17.8 million to $117.4 million. Cash holdings increased from $57.2 million to $62.2 million. Liabilities increased by $8.6 million over the same period to $86.6 million. This is largely due to an increase in deferred revenue of $7.6 million for student tuition payments for future terms. As a result, Net Financial Assets ended the period at $37.6 million, an increase of $9.9 million over the prior year. Net Financial Assets also include portfolio investments restricted for endowment with a value of $6.8 million.

Non-Financial Assets

Non-Financial Assets decreased over the prior year by $0.2 million to a total of $167.4 million. Net additions to capital assets of $5.4 million and prepaid assets of $1.0M were offset by $6.6 million in amortization.

Net Assets

Net Assets increased $10.4 million from $48.2 million in 2021–2022 to $58.6 million in 2022–2023 as a result of the annual operating surplus of $9.1 million and a change in accumulated re-measurement gains of $1.3 million.

Changes in Accounting Policy

The Asset Retirement Obligations, PS 3280, issued by the Public Sector Accounting Board effective for fiscal years starting on or after April 1, 2022 has been adopted. The college recorded a liability of $272,000 as a result of the adoption of this standard. This small adjustment is a result of the combination of the small physical footprint of the college, the newness of the physical assets owned by the college and the aggressive remediation of known hazardous materials across the campus prior to the adoption of the standard. The impact of adopting this standard on the financial statements is described in Note 3 of the Consolidated Financial Statements.

The Revenue, PS 3400, and Purchased Intangibles, PSG-8, standards issued by the Public Sector Accounting Board, effective for fiscal years starting on or After 1, 2023 have not yet been adopted. These standards will be adopted for the 2023-2024 fiscal year.

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

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

NORQUEST COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NorQuest College
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED June 30, 2023

NORQUEST COLLEGE
STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED JUNE 30, 2023

The consolidated financial statements of NorQuest College (the college) have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the college as at June 30, 2023 and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended.

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

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

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

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

[Original signed by Carolyn Campbell]

Carolyn Campbell
President & Chief Executive Officer

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

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

Independent Auditor’s Report

To the Board of Governors of NorQuest College

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of NorQuest College (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

October 26, 2023
Edmonton, Alberta

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023
in thousands of dollars

	2023	2022 (Restated note 3)
Financial assets excluding portfolio investments restricted for endowments		
Cash	**$ 62,231**	$ 57,182
Portfolio investments - non-endowment (note 4)	**48,094**	37,246
Accounts receivable	**6,566**	4,880
Inventories held for sale	**481**	241
	117,372	99,549
Liabilities		
Accounts payable and accrued liabilities	**16,719**	15,606
Employee future benefit liabilities (note 6)	**1,446**	1,396
Debt (note 7)	**4,194**	4,350
Deferred revenue (note 8)	**63,999**	56,420
Asset retirement obligations (note 11)	**272**	272
	86,630	78,044
Net financial assets excluding portfolio investments restricted for endowments	**30,742**	21,505
Portfolio investments - restricted for endowments (note 4)	**6,820**	6,205
Net financial assets	**37,562**	27,710
Non-financial assets		
Tangible capital assets (note 9)	**164,157**	165,320
Prepaid expenses and deposits	**3,260**	2,278
	167,417	167,598
Net assets before spent deferred capital contributions	**204,979**	195,308
Spent deferred capital contributions (note 10)	**146,337**	147,091
Net assets (note 12)	**$ 58,642**	$ 48,217
Net assets is comprised of:		
Accumulated surplus	**$ 60,810**	$ 51,690
Accumulated remeasurement losses	**(2,168)**	(3,473)
	$ 58,642	$ 48,217

Contingent assets and contractual rights (notes 13 and 15)
Contingent liabilities and contractual obligations (notes 14 and 16)

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

NORQUEST COLLEGE

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2023
in thousands of dollars

	Budget (Note 23)	**2023**	2022 (Restated note 3)
Revenues			
Government of Alberta grants (note 20)	$ 58,870	**$ 56,359**	$ 55,053
Federal and other government grants (note 20)	19,147	**16,772**	13,237
Sales of services and products	4,400	**4,339**	4,516
Student tuition and fees	73,446	**70,132**	53,888
Donations and other grants	2,618	**2,400**	1,755
Investment income	2,403	**3,785**	3,329
	160,884	**153,787**	131,778
Expenses (note 17)			
Instruction	49,150	**44,724**	37,816
Academic support	41,907	**30,998**	23,906
Student support	19,451	**17,307**	14,995
Computing and data communication	11,418	**11,194**	11,050
Operational	12,692	**14,291**	13,662
Administration	15,073	**16,266**	14,384
Other	10,514	**9,922**	6,911
	160,205	**144,702**	122,724
Annual operating surplus	679	**9,085**	9,054
Endowment contributions and capitalized investment income			
Endowment contribution (note 12)	-	**10**	37
Endowment capitalized investment income (note 12)	-	**25**	371
	-	**35**	408
Annual surplus	679	**9,120**	9,462
Accumulated surplus, beginning of year	51,690	**51,690**	42,228
Accumulated surplus, end of year (note 12)	$ 52,369	**$ 60,810**	$ 51,690

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

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED JUNE 30, 2023
in thousands of dollars

	Budget (Note 23)	2023	2022 (Restated note 3)
Annual surplus	$ 679	**$ 9,120**	$ 9,462
Acquisition of tangible capital assets	(7,487)	**(5,417)**	(3,541)
Amortization of tangible capital assets	6,871	**6,543**	7,052
Loss on disposal of tangible capital assets	-	**37**	201
Increase in prepaid expenses and deposits	-	**(982)**	(1,106)
Decrease in spent deferred capital contributions	-	**(754)**	(4,092)
Decrease (Increase) in accumulated remeasurement losses	-	**1,305**	(5,854)
Increase in net financial assets	-	**9,852**	2,122
Net financial assets, beginning of year	-	**27,710**	25,588
Net financial assets, end of year	-	**$ 37,562**	$ 27,710

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

NORQUEST COLLEGE

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED JUNE 30, 2023
in thousands of dollars

		2023		2022
Accumulated remeasurement (losses) gains, beginning of year	**$**	**(3,473)**	$	2,381
Unrealized gains (losses) attributable to:				
Quoted in active market financial instruments				
Portfolio investments - non-endowment		**1,368**		(4,141)
Foreign exchange losses		**(15)**		(13)
Amounts reclassified to consolidated statement of operations:				
Quoted in an active market financial instruments				
Portfolio investments - non-endowment		**(50)**		(1,692)
Foreign exchange gains (losses)		**2**		(8)
Change in accumulated remeasurement gains (losses)		**1,305**		(5,854)
Accumulated remeasurement losses, end of year	**$**	**(2,168)**	$	(3,473)

Accumulated remeasurement losses is comprised of:				
Portfolio investments - non-endowment	**$**	**(2,134)**	$	(3,452)
Foreign exchange losses		**(34)**		(21)
	$	**(2,168)**	$	(3,473)

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

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
in thousands of dollars

	2023	2022 (Restated note 3)
Operating transactions		
Annual surplus	**$ 9,120**	$ 9,462
Add (deduct) non-cash items:		
Amortization of tangible capital assets	**6,543**	7,052
Gain on sale of portfolio investments	**(83)**	(1,989)
Loss on foreign exchange	**(13)**	(21)
Loss on disposal of tangible capital assets	**37**	201
Expended capital contributions recognized as revenue	**(4,694)**	(5,619)
Increase (decrease) in employee future benefit liabilities	**50**	(290)
Change in non-cash items	**1,840**	(666)
Increase in accounts receivable	**(1,686)**	(1,935)
Increase in inventories held for sale	**(240)**	(53)
Increase in accounts payable and accrued liabilities	**1,113**	254
Increase in deferred revenue, excluding change in restricted unrealized gain	**7,174**	19,170
Increase in prepaid expenses and deposits	**(982)**	(1,106)
Cash provided by operating transactions	**16,339**	25,126
Capital transactions		
Acquisition of tangible capital assets	**(5,417)**	(3,541)
Cash applied to capital transactions	**(5,417)**	(3,541)
Investing transactions		
Purchase of portfolio investments	**(19,015)**	(9,755)
Proceeds on sale of portfolio investments	**9,358**	6,470
Cash applied to investing transactions	**(9,657)**	(3,285)
Financing transactions		
Debt - repayment	**(156)**	(152)
Increase in spent deferred capital contribution, less expended capital contributions recognized as revenue	**3,940**	1,527
Cash provided by financing transactions	**3,784**	1,375
Increase in cash	**5,049**	19,675
Cash, beginning of year	**57,182**	37,507
Cash, end of year	**$ 62,231**	$ 57,182

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

1. Authority and Purpose

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

2. Summary of Significant Accounting Policies and Reporting Practices

(a) General - Canadian Public Sector Accounting Standards (PSAS) and Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian PSAS.

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

(b) Valuation of Financial Assets and Liabilities

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

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

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

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

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

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

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

(b) Valuation of Financial Assets and Liabilities (continued)

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

(c) Revenue Recognition

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

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

Government transfers are referred to as government grants.

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

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

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

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

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

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

iii. **Endowment contributions**

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

iv. **Investment income**

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

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

in thousands of dollars

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

(d) Endowments

Endowments consist of:

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

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

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

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

(e) Inventories Held for Sale

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

(f) Tangible Capital Assets

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

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

	2023	2022
Buildings	10 to 50 years	10 to 40 years
Site improvements	Remaining useful life of buildings	10 to 40 years
Leasehold improvements	Term of lease	Term of lease
Furniture, equipment and vehicle	5 to 20 years	10 years
Computer hardware and software	3 to 10 years	3 years

In accordance with PSAS, the college reviews on a regular basis the estimated useful life of tangible capital assets to confirm if these estimates are still valid. The review resulted in a change in estimated useful life which was implemented July 1, 2022. This change in estimate was applied prospectively and resulted in an approximate $857 reduction in amortization expense for the current year.

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

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

(f) Tangible Capital Assets (continued)

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

(g) Foreign Currency Translation

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

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

(h) Employee Future Benefits

i. **Pension**

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

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

ii. **Long-term disability**

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

iii. **Short-term illness**

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

(i) Basis of Consolidation

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

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

(j) Liability for Contaminated Sites

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

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

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

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

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

As at June 30, 2023, the college had no liability for contaminated sites to report (2022 - $nil).

(k) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

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

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

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

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

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

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

(l) Expense by Function

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

Instruction

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

Academic support

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

Student support

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

Computing and data communication

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

Operational

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

Administration

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

Other

Includes the following expenses:

<u>Ancillary services</u>

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

<u>Sponsored research</u>

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

<u>Fundraising</u>

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

<u>Special purpose</u>

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

in thousands of dollars

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

(m) Funds and Reserves

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

(n) Future Changes in Accounting Standards

In November 2018, PSAB issued PS 3400 Revenue. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2023. Revenue provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

In November 2020, PSAB issued PSG-8 Purchased intangibles. This accounting guideline is effective for fiscal years starting on or after April 1, 2023. Purchased intangibles provides guidance on how to recognize intangibles as non-financial assets.

Management has not yet adopted these standards, and is currently assessing the impact of these new standards on the consolidated financial statements.

3. Changes in Accounting Policy

Effective July 1, 2022, the college adopted the new accounting standard PS 3280 Asset Retirement Obligations (ARO) and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

At the beginning of the fiscal year in which PS 3280 was in effect, the college recognized the following to conform to the new standard;

i. asset retirement obligations;
ii. asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
iii. accumulated amortization on the capitalized cost; and
iv. adjustment to the opening balance of the accumulated surplus.

Amounts are measured using information and assumptions that are current at the beginning of the fiscal year in which the standard is in effect. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated amortization is measured for the period from the date liability would have been recognized, had the provisions of this standard been in effect to the date as of which this standard is first applied.

The impact of adoption PSAS 3280 on the prior year financial statements is noted in the table below:

	2022		
	As previously reported	**ARO adjustment recognized**	**As restated**
Increase (decrease) in:			
Consolidated Statement of Financial Position			
Liability - Asset retirement obligations	$ -	$ 272	$ 272
Net financial assets excluding portfolio investments restricted for endowments	21,777	(272)	21,505
Net financial assets	27,982	(272)	27,710
Non-Financial Assets - Tangible capital assets	165,155	165	165,320
Net assets before spent deferred capital contributions	195,415	(107)	195,308
Net assets	48,324	(107)	48,217

in thousands of dollars

3. Changes in Accounting Policy (continued)

	2022		
	As previously reported	**ARO adjustment recognized**	**As restated**
Consolidated Statement of Operations			
Expense - Operational	13,657	5	13,662
Total expenses	122,719	5	122,724
Annual operating surplus	9,059	(5)	9,054
Annual surplus	9,467	(5)	9,462
Accumulated surplus, beginning of year	42,330	(102)	42,228
Accumulated surplus, end of year	51,797	(107)	51,690
Consolidated Statement of Change in Net Financial Assets			
Annual surplus	9,467	(5)	9,462
Amortization of tangible capital assets	7,047	5	7,052
Net financial assets, beginning of year	25,860	(272)	25,588
Net financial assets, end of year	27,982	(272)	27,710

4. Portfolio Investments

	2023	2022
Portfolio investments - non-endowment	**$ 48,094**	$ 37,246
Portfolio investments - restricted for endowments	**6,820**	6,205
	$ 54,914	$ 43,451

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

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Pooled investment funds				
Fixed income	**$ 34,164**	**$ -**	**$ -**	**$ 34,164**
Canadian equities	**10,249**	**-**	**-**	**10,249**
Foreign equities	**10,501**	**-**	**-**	**10,501**
Total portfolio investments	**$ 54,914**	**$ -**	**$ -**	**$ 54,914**
	100.00 %	**- %**	**- %**	**100.00 %**

in thousands of dollars

4. Portfolio Investments (continued)

	2022			
	Level 1	Level 2	Level 3	Total
Pooled investment funds				
Fixed income	$ 26,301	$ -	$ -	$ 26,301
Canadian equities	9,342	-	-	9,342
Foreign equities	7,808	-	-	7,808
Total portfolio investments	$ 43,451	$ -	$ -	$ 43,451
	100.00 %	- %	- %	100.00 %

The fair value measurements are those derived from:

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

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

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

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

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

5. Financial Risk Management

The college is exposed to the following risk:

Market price risk

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

In 2023, the college invested solely in pooled investment funds that have market-based unit values subject to fluctuation. The market value of a pooled investment fund is its net asset value, which is allocated to pool participants. Participants in the pools have no control over the management or selection of securities in the pool. The college is exposed to market price risk when it purchases units issued by the pools. Unrealized gains and losses attributable to changes in fair market value are reflected in either the consolidated statement of remeasurement gains and losses or deferred revenue if they relate to restricted funds.

in thousands of dollars

5. Financial Risk Management (continued)

The college assesses its portfolio sensitivity to a percentage increase or decrease in market prices. The sensitivity rate is determined using the beta coefficient relative to the security's benchmark, weighted by holding over a one-year period for total pooled equities as determined by the external investment manager. At June 30, 2023, if market prices had a 5% (2022 - 5%) increase or decrease, with all other variables held constant, the increase or decrease in deferred unrealized gains and losses and accumulated remeasurement gains and losses for the year would be $486 (2022 - $373).

Foreign currency risk

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

Credit risk

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

The college is exposed to credit risk on its fixed income investments and has established an investment policy with required minimum credit quality standards and issuer limits to manage this risk. As at June 30, 2023, fixed income investments consisted solely of pooled investment funds with a low credit risk that carried an average credit quality rating of at least AA (2022: AA).

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

Credit rating	**2023**	2022
AA	**100.0 %**	100.0 %

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

Liquidity risk

Liquidity risk is the risk that the college will encounter difficulty in meeting obligations associated with its financial liabilities. The college's liquidity risk arises due to its cash outflow requirements related to accounts payable and accrued liabilities, debt and financing of capital construction in progress. The college maintains and monitors adequate working capital and a line of credit to ensure that funds are available to meet current and forecasted financial requirements in the most cost effective manner. The future contractual payments related to fixed rate debt are described in note 7 and for other contractual obligations in note 16.

Interest rate risk

Interest rate risk is the risk to the college’s earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. The college's interest sensitive assets that generate interest income are its cash and portfolio investments. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the college holds. In 2023, the college was exposed to low interest rate risk on its cash balances. There was 325 basis point increase in 2023 (2022 - 125 basis point increase) in the prime rate that reflected in the interest earned on cash balances held in the college's bank accounts. Interest rates for fixed income funds, fluctuated between 2023 and 2022. If interest rates increased by 1%, and all other variables are held constant, the potential gain in fair value to the college would be approximately 4.25% or $1,452 on total investments in fixed income funds of $34,164 (2022 - approximately 3.53% or $928 on total investments in fixed income funds of $26,301). Interest risk on the college's debt is managed through a fixed-rate agreement with the Department of Treasury Board and Finance as described in note 7.

in thousands of dollars

5. Financial Risk Management (continued)

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

Asset class	< 1 year	1 - 5 year	> 5 years	Average effective market yield
Cash	100.00 %	-	-	4.37 %
Portfolio investments - fixed income funds	-	-	100.00 %	4.30 %

6. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2023	2022
Benefit liability for employees on long-term disability	$ 1,393	$ 1,280
Liability for short-term illness	53	116
	$ 1,446	$ 1,396

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

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

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

Benefit liability for employees on LTD was actuarial valuated as at June 30, 2023. The college performs an actuarial valuation annually. Benefit liability for employees on LTD for 2023 was based on the 2023 actuarial assessment. The college had 19 (2022 - 19) employees on LTD as at June 30, 2023.

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

	2023	2022
Expense		
Current service cost	$ -	$ -
Interest cost	48	15
Amortization of net actuarial loss	390	255
Total expense	$ 438	$ 270
Financial Position		
Accrued benefit liability:		
Balance, beginning of year	$ 1,280	$ 1,645
Adjustment for actuarial estimate	-	(393)
Current service cost	-	-
Interest cost	48	15
Benefits paid	(325)	(242)
Actuarial loss	390	255
Accrued benefit liability, end of year	$ 1,393	$ 1,280

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

in thousands of dollars

6. Employee Future Benefit Liabilities (continued)

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

	2023	2022
Accrued benefit obligation		
Discount rate	**5.00 %**	4.30 %
Long-term average compensation increase	**- %**	- %
Benefit cost		
Discount rate	**4.30 %**	1.30 %
Long-term average compensation increase	**- %**	- %
Alberta inflation (long-term)	**2.00 %**	2.00 %
Estimated average remaining service life	**5.90 yrs**	4.90 yrs

As there are no assets set aside to fund these liabilities, the 2023 and 2022 discount rates used for the accrued benefit obligation and benefit cost were provided by the actuary engaged by the college in the 2023 and 2022 actuarial review.

ii. Liability for Short-term Illness (STI)

The college provides short-term illness defined benefits to its permanent and term employees. The liability for short-term illness is recognized when an event occurs that obligates the college to provide such benefits for a maximum of 80 days. The college had 12 (2022 - 18) employees on STI as at June 30, 2023.

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

	2023	2022
Accrued benefit liability, beginning of year	**$ 116**	$ 41
Obligations arising/expense during the year	**967**	1,337
Benefits paid	**(1,030)**	(1,262)
Accrued benefit liability, end of year	**$ 53**	$ 116

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

Multi-employer pension plans

i. Public Service Pension Plan (PSPP)

The PSPP is a multi-employer contributory defined benefit pension plan for all permanent and term employees excluding management positions and is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is $5,907 (2022 - $6,292).

An actuarial valuation of the PSPP was carried out as at December 31, 2021 and was then extrapolated to December 31, 2022. At December 31, 2022, the PSPP reported a surplus of $4,258,721 (2021 - $4,588,479). For the year ended December 31, 2022, PSPP reported employer contributions of $287,703 (2021 - $310,371) and employee contributions of $283,081 (2021 - $299,408). For the 2022 calendar year, the college's employer contributions were $5,815 (2021 calendar year - $6,057).

ii. Management Employee Pension Plan (MEPP)

The MEPP is a multi-employer contributory defined benefit pension plan for management positions and is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is $1,685 (2022 - $1,366).

in thousands of dollars

6. Employee Future Benefit Liabilities (continued)

An actuarial valuation of the MEPP was carried out as at December 31, 2021, and was then extrapolated to December 31, 2022. At December 31, 2022, the MEPP reported a surplus of $924,735 (2021 - $1,348,160). For the year ended December 31, 2022, MEPP reported employer contributions of $81,992 (2021 - $76,674) and employee contributions of $79,505 (2021 - $73,075). For the 2022 calendar year, the college's employer contributions were $1,525 (2021 calendar year - $1,255).

iii. Supplementary Retirement Plan (SRP)

The SRP is a multi-employer contributory defined benefit pension plan providing additional pension benefits to managers of designated employers who participate in the MEPP and whose annual salary exceeds the maximum pensionable salary limit under the *Income Tax Act*. It is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is $70 (2022 - $65).

An actuarial valuation of the SRP was carried out as at December 31, 2021, and was then extrapolated to December 31, 2022. At December 31, 2022, the SRP reported an actuarial deficit of $25,117 (2021 - $20,982). For the year ended December 31, 2022, SRP reported employer contributions of $2,039 (2021 - $1,694) and employee contributions of $2,059 (2021 - $1,677). For the 2022 calendar year, the college's employer contributions were $59 (2021 calendar year - $72). The college participated in the SRP effective from January 1, 2013. The SRP's deficit is being discharged through additional contributions from the employers effective April 1, 2015. Other than the requirement to make additional contributions, the college does not bear any risk related to the SRP deficit.

7. Debt

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

	Collateral	**Maturity date**	**Interest rate**	**2023**	2022
Debentures payable to the Department of Treasury Board and Finance:					
Debenture for parkade loan	1	September 2042	2.989 %	**$ 4,194**	$ 4,350
				$ 4,194	$ 4,350

Collateral - (1) general security agreement.

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

	Principal	**Interest**	**Total**
2024	$ 161	$ 124	**$ 285**
2025	166	119	**285**
2026	171	114	**285**
2027	176	109	**285**
2028	181	104	**285**
Thereafter	3,339	801	**4,140**
	$ 4,194	**$ 1,371**	**$ 5,565**

Interest expense on debt is $128 (2022 - $132) and is included in the consolidated statement of operations.

in thousands of dollars

8. Deferred Revenue

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

	2023				2022
	Deferred contributions	**Unspent deferred capital contributions**	**Tuition and other fees**	**Total**	Total
Balance, beginning of year	**$ 23,165**	**$ 5,105**	**$ 28,150**	**$ 56,420**	$ 38,370
Grants, tuition, donations	**21,347**	**-**	**77,748**	**99,095**	88,474
Restricted investment income - realized gains	**1,221**	**151**	-	**1,372**	514
Restricted investment income - unrealized gains (losses)	**405**	-	-	**405**	(1,120)
Transfers to spent deferred capital contributions	**(1,616)**	**(2,324)**	-	**(3,940)**	(1,527)
Recognized as revenue	**(19,032)**	**(189)**	**(70,132)**	**(89,353)**	(68,272)
Transfer to endowments	**-**	-	-	**-**	(19)
Balance, end of year	**$ 25,490**	**$ 2,743**	**$ 35,766**	**$ 63,999**	$ 56,420

9. Tangible Capital Assets

	2023						2022 (Restated note 3)
	Land	**Buildings & site improvements**	**Leasehold improvements**	**Furniture, equipment & vehicle**	**Computer hardware & software**	**Total**	Total
Cost							
Balance, beginning of year	**$ 7,544**	**$ 180,018**	**$ 1,574**	**$ 7,539**	**$ 15,009**	**$ 211,684**	$ 213,956
Acquisitions	**-**	**2,714**	**-**	**1,625**	**1,078**	**5,417**	3,541
Disposals	**-**	**-**	**-**	**(33)**	**(592)**	**(625)**	(5,813)
	7,544	**182,732**	**1,574**	**9,131**	**15,495**	**216,476**	211,684
Accumulated Amortization							
Balance, beginning of year	**$ -**	**$ 29,737**	**$ 898**	**$ 3,657**	**$ 12,072**	**$ 46,364**	$ 44,924
Amortization expense	**-**	**4,330**	**216**	**708**	**1,289**	**6,543**	7,052
Effects on disposals	**-**	**-**	**-**	**(25)**	**(563)**	**(588)**	(5,612)
	-	**34,067**	**1,114**	**4,340**	**12,798**	**52,319**	46,364
Net book value, June 30, 2023	**$ 7,544**	**$ 148,665**	**$ 460**	**$ 4,791**	**$ 2,697**	**$ 164,157**	
Net book value, June 30, 2022 (Restated note 3)	$ 7,544	$ 150,281	$ 676	$ 3,882	$ 2,937		$ 165,320

Cost includes work-in-progress as at June 30, 2023 totaling $301 (2022 - $2,870) comprised of Land $0 (2022 - $792), Site improvements $189 (2022 - $1,143), development of information systems $0 (2022 - $672) included in Computer hardware & software and equipment & fixtures $112 (2022 - $263) included in Furniture, equipment & vehicle, which are not amortized as the assets are not in service.

in thousands of dollars

10. Spent Deferred Capital Contributions

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

	2023	2022
Balance, beginning of year	**$ 147,091**	$ 151,183
Transfers from unspent deferred capital contributions	**2,324**	795
Transfers from deferred contributions	**1,616**	732
Expended capital contributions recognized as revenue	**(4,694)**	(5,619)
Balance, end of year	**$ 146,337**	$ 147,091

11. Asset Retirement Obligations

The composition of liability is as follows:

	2023	2022 (Restated note 3)
Balance, beginning of year	**$ 272**	$ 272
Liability incurred	**-**	-
Liability settled	**-**	-
Revision in estimates	**-**	-
Balance, end of year	**$ 272**	$ 272

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

Asset retirement obligations are initially measured as of the later of the acquisition or the date of legislation, based on management's best estimate of the amount required to retire tangible capital assets and subsequently remeasured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on the previous experience and professional judgment of the college.

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

Included in ARO estimate is $272 measured at its current estimated cost to settle or otherwise extinguish the liability. The college has measured AROs related to remediation of hazardous asbestos fiber containing materials as its current value due to the uncertainty about when the hazardous materials would be removed.

For the year ended June 30, 2023, a recovery of $0 was recognized.

in thousands of dollars

12. Net Assets

The composition of net assets is as follows:

	Accumulated surplus from operations (Restated note 3)	Investment in tangible capital assets (Restated note 3)	Internally restricted surplus	Endowments	Total (Restated note 3)
Net assets, as at June 30, 2021	**$ 18,899**	**$ 10,869**	**$ 9,511**	**$ 5,330**	**$ 44,609**
Annual operating surplus	9,054	-	-	-	9,054
Endowments					
New donations	-	-	-	18	18
Transfer to endowments	-	-	-	19	19
Capitalized investment income	-	-	-	371	371
Internally funded tangible capital assets					
Amortization of tangible capital assets	1,617	(1,617)	-	-	-
Acquisition of tangible capital assets	(2,015)	2,015	-	-	-
Debt repayment	(152)	152	-	-	-
Increase (decrease) in asset retirement obligations (note 11)	-	-	-	-	-
Net book value of tangible capital asset disposals	37	(37)	-	-	-
Expenditures funded from internally restricted surplus	4,171	-	(4,171)	-	-
Net Board appropriation to internally restricted surplus	(9,940)	-	9,940	-	-
Change in accumulated remeasurement losses	(5,854)	-	-	-	(5,854)
Net assets, beginning of year	**$ 15,817**	**$ 11,382**	**$ 15,280**	**$ 5,738**	**$ 48,217**
Annual operating surplus	9,085	-	-	-	9,085
Endowments					
New donations	-	-	-	10	10
Capitalized investment income	-	-	-	25	25
Internally funded tangible capital assets					
Amortization of tangible capital assets	1,921	(1,921)	-	-	-
Acquisition of tangible capital assets	(1,753)	1,753	-	-	-
Debt repayment	(156)	156	-	-	-
Increase (decrease) in asset retirement obligations (note 11)	-	-	-	-	-
Net book value of tangible capital asset disposals	35	(35)	-	-	-
Expenditures funded from internally restricted surplus	3,430	-	(3,430)	-	-
Net Board appropriation to internally restricted surplus	(5,800)	-	5,800	-	-
Change in accumulated remeasurement losses	1,305	-	-	-	1,305
Net assets, end of year	**$ 23,884**	**$ 11,335**	**$ 17,650**	**$ 5,773**	**$ 58,642**
Net assets is comprised of:					
Accumulated surplus	$ 26,052	$ 11,335	$ 17,650	$ 5,773	**$ 60,810**
Accumulated remeasurement losses	(2,168)	-	-	-	**(2,168)**
	$ 23,884	**$ 11,335**	**$ 17,650**	**$ 5,773**	**$ 58,642**

in thousands of dollars

12. Net Assets (continued)

Investment in tangible capital assets

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

The college's opening net assets invested in tangible capital assets has been reduced by the college's asset retirement obligations of $272 (net of accumulated amortization of $102). A funding source for this obligation has not yet been determined.

Internally restricted surplus

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

Internally restricted surplus with significant balances include:

	Balance at beginning of year	Appropriations from unrestricted net assets	Disbursements during the year	Balance at end of year
Capital				
Downtown campus development	$ 454	$ (454)	$ -	$ -
Information and technology asset investment	8,046	3,760	(1,234)	10,572
Non-IT asset investment	2,597	2,709	(327)	4,979
	11,097	6,015	(1,561)	15,551
Operating				
Program and curriculum development	1,500	(129)	(86)	1,285
Scholarships and bursaries	56	(56)	-	-
Downtown campus development	30	(30)	-	-
Information and technology projects	2,016	-	(1,159)	857
Non-IT projects	431	-	(624)	(193)
	4,033	(215)	(1,869)	1,949
Research				
Applied research	150	-	-	150
	150	-	-	150
	$ 15,280	$ 5,800	$ (3,430)	$ 17,650

13. Contingent Assets

The college has no potential recoveries arising in the normal course of business in which the outcomes may result in assets in the future.

14. Contingent Liabilities

The college is a defendant in thirteen (2022 - ten) legal proceedings arising in the normal course of business. A liability is recorded where future liability is likely and the amount can be reasonably estimated based on legal advice. While the ultimate outcome and liability of other proceedings cannot be reasonably determined at this time, the college believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the college.

in thousands of dollars

14. Contingent Liabilities (continued)

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

15. Contractual Rights

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

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

	Operating leases	Other contracts	Total
2024	**$ 65**	**$ 802**	**$ 867**
2025	**65**	**1,092**	**1,157**
2026	**65**	**351**	**416**
2027	**65**	**-**	**65**
2028	**53**	**-**	**53**
Thereafter	**-**	**-**	**-**
Total at June 30, 2023	**$ 313**	**$ 2,245**	**$ 2,558**
	-	-	-
Total at June 30, 2022	$ -	$ 2,018	$ 2,018

16. Contractual Obligations

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

	Service contracts	Information systems and technology	Long-term leases	Capital projects	Total
2024	$ 2,262	$ 1,394	$ 1,147	$ 1,338	**$ 6,141**
2025	2,217	820	1,047	272	**4,356**
2026	1,818	253	663	272	**3,006**
2027	708	50	43	272	**1,073**
2028	-	1	-	272	**273**
Thereafter	1	8	-	3,861	**3,870**
Total at June 30, 2023	**$ 7,006**	**$ 2,526**	**$ 2,900**	**$ 6,287**	**$ 18,719**
	-	-	-	-	-
Total at June 30, 2022	$ 4,661	$ 2,687	$ 4,465	$ 4,522	$ 16,335

in thousands of dollars

17. Expense by Object

The following is a summary of expense by object:

	2023 Budget (Note 23)	2023 Actual	2022 Actual (Restated note 3)
Salaries	$ 95,434	**$ 86,705**	$ 74,895
Employee benefits	21,623	**17,032**	13,658
Materials, supplies and services	28,694	**23,468**	18,050
Cost of goods sold	860	**1,074**	981
Scholarships and bursaries	2,180	**3,486**	1,495
Leases, maintenance and repairs	2,820	**4,751**	4,895
Utilities	1,544	**1,478**	1,365
Amortization of tangible capital assets (including loss on disposal)	6,920	**6,580**	7,253
Interest on debt	130	**128**	132
	$ 160,205	**$ 144,702**	$ 122,724

18. Funds Held on Behalf of Others

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

	2023	2022
NorQuest College Faculty Association	**$ 58**	$ 48
NorQuest College Student Association	**(140)**	(99)
	$ (82)	$ (51)

19. Related Parties

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

The college has debt liabilities with the Department of Treasury Board and Finance as described in note 7. The college received government transfers as described in note 20.

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

in thousands of dollars

20. Government Transfers

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

	2023	2022
Grants from Government of Alberta		
Ministry of Advanced Education:		
Operating	**$ 39,625**	$ 40,775
Capital	**1,280**	1,142
Recurring restricted grants[1][2]	**3,557**	5,440
Other	**5,160**	1,208
Total Ministry of Advanced Education	**49,622**	48,565
Other Government of Alberta departments and agencies:		
Ministry of Justice[2]	**2,625**	-
Ministry of Jobs, Economy and Trade	**1,842**	1,352
Ministry of Health	**168**	12,854
Total other Government of Alberta departments and agencies	**4,635**	14,206
Total contributions received and receivable	**54,257**	62,771
Expended capital contributions recognized as revenue	**4,539**	5,438
Change in deferred revenue	**(2,437)**	(13,156)
Total Government of Alberta grants	**$ 56,359**	$ 55,053
Federal and other government grants		
Contributions received	**$ 15,969**	$ 13,537
Change in deferred revenue	**803**	(300)
Total Federal and other government grants	**$ 16,772**	$ 13,237

[1] Recurring restricted grants include grants for health workforce action plan, support for learners with disabilities and SuperNet.

[2] The college received the inmate education grant from the Ministry of Justice in 2023, while this grant was provided by the Ministry of Advanced Education and reported under recurring restricted grants in prior years.

in thousands of dollars

21. Salary and Employee Benefits

Under the authority of the *Fiscal Management Act*, the President of Treasury Board and Minster of Finance requires the disclosure of certain salary and employee benefits information.

				2023	2022
	Base salary[2]	**Other cash benefits**[3][4]	**Other non-cash benefits**[5][6]	**Total**	Total
Governance[1]					
Chair of the Board of Governors	**$ -**	**$ 5**	**$ -**	**$ 5**	$ 6
Members of the Board of Governors	**-**	**38**	**-**	**38**	40
Executive					
President & Chief Executive Officer	**263**	**9**	**54**	**326**	319
Vice-Presidents (VP):					
VP Academic	**213**	**8**	**44**	**265**	240
VP Administration & Chief Financial Officer	**232**	**21**	**51**	**304**	283
VP External Relations & Partnerships[7]	**118**	**249**	**23**	**390**	234
VP Learner Experience	**200**	**-**	**41**	**241**	262
VP Marketing & Communications	**198**	**8**	**39**	**245**	228
VP People & Culture	**208**	**-**	**43**	**251**	236

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

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

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

(4) Other cash benefits for Executives include earnings such as car allowance, vacation payouts and other lump sum payments including severance. No bonuses were paid in 2023 and 2022.

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

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

(7) The role of VP External Relations and Partnerships was vacant on October 7, 2022 and was replaced on March 1, 2023. Included in other cash benefits was $221 severance as a result of a termination agreement.

22. Subsequent Events

The college received the Ministerial Order from the Minster of Alberta Advanced Education in April 2023 for the approval of the borrowing of $4,275 from the Department Treasury Board and Finance to acquire a property adjacent to existing college lands in downtown Edmonton. A deposit of $1,441 was paid for the acquisition and recorded as prepaid expenses and deposits in the consolidated statement of financial position. The debenture was issued and the acquisition of a property was closed subsequent to the financial statement date and are not included in the consolidated statement of financial position and respective notes.

23. Budget Figures

The college's 2022-23 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

24. Approval of Financial Statements

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

25. Comparative Figures

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

NORQUEST COLLEGE