

2024

**FINANCIAL
REPORT**

Assiniboine Community College
Consolidated
Financial Statements
For the year ended June 30, 2023

Assiniboine Community College

Consolidated Financial Statements

For the year ended June 30, 2023

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Assiniboine Community College (the College) and all the information in this annual report are the responsibility of management and have been approved by the Board of Governors.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly in all material respects.

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

The Board of Governors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Governors meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the consolidated financial statements and the external auditor's report. The Board of Governors also consider the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Board of Governors.

On behalf of Assiniboine Community College





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Independent Auditor's Report

To the Board of Governors of Assiniboine Community College

Opinion

We have audited the accompanying consolidated financial statements of Assiniboine Community College (the College), which comprise the consolidated Statement of Financial Position as at June 30, 2023, and the consolidated Statement of Remeasurement Gains and Losses, consolidated Statement of Changes in Net Assets, consolidated Statement of Operations, and consolidated statement of Cash Flows for the year then ended, and a summary of significant accounting policies.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these 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 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 College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College'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 College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of business activities within the College to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the College audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba

October 24, 2023

**Assiniboine Community College
Consolidated Statement of Financial Position**

June 30

2023

2022

Financial Assets

(excluding portfolio investments restricted for endowments)

Cash and short term investments (Note 3)	\$ 47,839,871	\$ 38,408,360
Accounts receivable (Note 4)	3,654,058	1,690,997
Inventories for resale (Note 5)	34,722	103,416
Due from Province of Manitoba (Note 6)	1,999,250	1,999,250
Portfolio Investments (Note 7)	<u>7,532,723</u>	<u>3,823,109</u>
	<u>61,060,624</u>	<u>46,025,132</u>

Liabilities

Accounts payable and accrued liabilities (Note 8)	13,493,655	11,863,777
Deferred revenue (Note 9)	11,932,914	9,099,483
Employee Future Benefits (Note 10)	4,345,723	4,769,515
Long-term debt (Note 11)	<u>2,344,388</u>	<u>2,612,318</u>
	<u>32,116,680</u>	<u>28,345,093</u>

**Net Financial Assets excluding portfolio
investments restricted for endowments**

28,943,944 17,680,039

Portfolio investments restricted for endowments (Note 7)

3,851,537 2,839,418

Net Financial Assets

32,795,481 20,519,457

Non-Financial Assets

Tangible capital assets (Note 12)	20,242,792	18,860,120
Prepaid expenses	<u>525,811</u>	<u>1,052,214</u>
	<u>20,768,603</u>	<u>19,912,334</u>

Accumulated Surplus

\$ 53,564,084 \$ 40,431,791

Accumulated surplus is comprised of:

Accumulated capital & other surpluses	\$ 53,155,706	\$ 40,228,073
Accumulated remeasurement gains (losses)	<u>408,378</u>	<u>203,718</u>

\$ 53,564,084 \$ 40,431,791

On behalf of the Board:


Board Chair


Vice-President, Administration & Finance

**Assiniboine Community College
Consolidated Statement of Remeasurement Gains & Losses**

For the year ended June 30	2023	2022
Accumulated remeasurement gains, beginning of year	\$ 203,718	\$ 499,586
Unrealized gains (losses) attributed to:		
Portfolio investments - restricted to endowments	204,660	(295,868)
Accumulated remeasurement gains, end of year	\$ 408,378	\$ 203,718

**Assiniboine Community College
Consolidated Statement of Changes in Net Financial Assets**

For the year ended June 30	Budget	2023	2022
Annual Surplus	\$ -	\$ 12,032,047	\$ 9,409,481
Capital activities			
Acquisition of tangible capital assets	-	(3,448,919)	(5,275,255)
Amortization of tangible capital assets	2,050,000	2,066,247	1,991,913
	2,050,000	10,649,375	6,126,139
Changes in non-financial assets			
Prepays	-	526,403	(77,106)
Endowments	-	895,586	-
	-	1,421,989	(77,106)
Net remeasurement gains (losses)	-	204,660	(295,868)
Increase in net financial assets	2,050,000	12,276,024	5,753,165
Net financial assets, beginning of year	-	20,519,457	14,766,292
Net financial assets, end of year	\$ 2,050,000	\$ 32,795,481	\$ 20,519,457

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

Assiniboine Community College Consolidated Statement of Operations

For the year ended June 30	Budget	2023	2022
Revenue			
Academic training fees	\$ 9,948,390	\$ 7,767,258	\$ 6,726,466
Government grants and reimbursements	33,902,736	34,174,475	33,764,597
Other grants and reimbursements	5,000	589,153	2,434,038
Research	343,543	368,747	373,241
Assiniboine international	6,351,764	7,276,683	4,082,297
Market driven training	3,203,074	4,298,903	2,542,885
Continuing studies	1,853,482	1,079,102	1,168,981
Ancillary services	200,000	286,546	194,812
Apprenticeship training	2,229,788	2,311,110	2,138,896
Academic division	2,098,991	2,040,767	2,016,741
Sundry and other revenue (Note 15)	821,000	7,227,269	4,017,547
	60,957,768	67,420,013	59,460,501
Expenditures (Note 16)			
Academic instruction	39,151,073	34,676,045	32,140,410
Student support and general operations	16,011,571	15,119,094	12,934,819
Facility operations & maintenance	5,269,011	5,023,689	4,475,615
Research	417,053	477,297	389,374
Ancillary services	109,060	91,841	110,802
	60,957,768	55,387,966	50,051,020
Annual Operating Surplus	\$ -	\$ 12,032,047	\$ 9,409,481
Endowment contributions & transfers	-	895,586	-
Annual Surplus	-	12,927,633	9,409,481
Accumulated surplus, beginning of year	-	40,228,073	30,818,592
Accumulated surplus, end of year	\$ -	\$ 53,155,706	\$ 40,228,073

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

Assiniboine Community College Consolidated Statement of Cash Flows

For the year ended June 30	2023	2022
Cash Flows from Operating Activities		
Annual surplus for the year	\$ 12,032,047	\$ 9,409,481
Adjustments for		
Amortization of tangible capital assets	2,066,247	1,991,913
	<u>14,098,294</u>	<u>11,401,394</u>
Changes in non-cash working capital balances		
Accounts receivable	(1,963,061)	166,907
Inventories	68,694	(32,398)
Prepaid expenses	526,403	(77,106)
Accounts payable and accrued liabilities	1,629,878	(679,164)
Deferred revenue	2,833,431	1,459,552
Employee future benefits	(423,792)	379,548
	<u>2,671,553</u>	<u>1,217,339</u>
	<u>16,769,847</u>	<u>12,618,733</u>
Cash Flows from Capital Activities		
Purchase of tangible capital assets	(3,448,919)	(5,275,255)
Increase in portfolio investments	(4,517,073)	(871,551)
	<u>(7,965,992)</u>	<u>(6,146,806)</u>
Cash Flows from Financing Activities		
Endowments	895,586	-
Repayment of long-term debt	(267,930)	(66,983)
Proceeds of long-term debt	-	2,679,300
	<u>627,656</u>	<u>2,612,317</u>
Increase in cash and cash equivalents during the year	9,431,511	9,084,244
Cash and cash equivalents, beginning of year	38,408,360	29,324,116
Cash and cash equivalents, end of year	\$ 47,839,871	\$ 38,408,360

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

Assiniboine Community College

Notes to Consolidated Financial Statements

June 30, 2023

1. Authority and Purpose

Assiniboine Community College (the College) operates under the authority of The Colleges Act, Chapter C150.1 of the Continuing Consolidation of the Statutes of Manitoba. The College offers undergraduate programs in the fields of agriculture, environment, business, health and human services and trades and technology. The College is a registered charity and is exempt from the payment of income taxes under section 149 of the *Income Tax Act*.

2. Nature of Operations and Summary of Significant Accounting Policies

General

The College's consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

Consolidated Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the Assiniboine Community College Foundation Inc. and the Assiniboine Campus Community Radio Society Inc., organizations controlled by the College. Inter-organizational transactions and balances have been eliminated on consolidation.

Assiniboine Community College Foundation Inc. (the Foundation) was incorporated under the laws of the Province of Manitoba and commenced operations on July 20, 1995. The Foundation is a non-profit organization formed to foster, support and encourage the plans and initiatives of the College and its Alumni. The College has exclusive and ultimate control over the assets and the eventual disposition of all funds collected on its behalf. The financial statements of the Foundation are audited on an annual basis for the year ending June 30.

Assiniboine Campus Community Radio Society Inc. (the Radio Society) was incorporated under the laws of the Province of Manitoba. The Radio Society is a non-profit organization that was formed to provide a community radio station to Brandon and surrounding area and received a license to operate from the CRTC on December 10, 2002. The Radio Society is exempt from income taxes under the *Income Tax Act*. The financial statements of the Radio Society are audited on an annual basis for the year ending June 30.

Assiniboine Community College

Notes to Consolidated Financial Statements

June 30, 2023

2. Nature of Operations and Summary of Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded on an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations, other than financial instruments related to endowment funds. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recognized directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs related to the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Capital Assets

Tangible capital assets purchased by the College are recorded at cost. Donated assets are recorded at fair market value on the date received. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets. Amortization rates are as follows:

Buildings	2 % - 10 %
Computer systems/ computer equipment	10 % - 20 %
Furniture and equipment	10 %
Leasehold improvements	2 %
Laptop program	50 %
Vehicles	30 %

Amortization on tangible capital assets commences once the assets are put into service. Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

A base library was established at April 1, 1993. Library holdings are accounted for using the "base stock" method with current library acquisitions not capitalized because annual library acquisitions net of annual library dispositions are not significant. The base stock is reviewed annually to determine if adjustments are required to the total library stock held.

Assiniboine Community College

Notes to Consolidated Financial Statements

June 30, 2023

2. Nature of Operations and Summary of Significant Accounting Policies (continued)

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. The College evaluates all leases at the inception of the lease agreement to determine if it should be classified as a capital or operating lease. Where a capital lease is identified, the amount of the payment made each year is capitalized and amortized using the straight-line method over the lesser of five years or the remaining lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Revenue Recognition

Government transfers are recognized as revenue in the financial statements when the transfer has been authorized and any eligibility criteria have been met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Academic training fees, Assiniboine international, Market driven training, Continuing studies, Ancillary services and other sales of goods and services are recognized as revenue in the period in which the goods are provided or the services rendered, or substantially rendered, and collection is reasonably assured. All other revenue for which goods and services have not been provided is recognized as deferred revenue.

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.

Endowment contributions are recognized as revenue in the year in which they are received. Endowed donations are required by donors to be maintained in perpetuity.

Employee Future Benefits

The college provides severance benefits based on length of service and final earnings, payable on retirement, death, or permanent layoff. Accounting standards require the recognition of a liability and an expense for such employee future benefits in the period in which the employee renders service in return for the benefits. The recognition date begins on the hiring date or the date when credited service begins, and runs until the date when full eligibility is attained. The cost of these future benefits earned by employees is determined by an actuary using the projected benefit method pro rated on service and management's best estimates for the discount rate for liabilities, the rate of salary escalation and the ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. There are no assets supporting the plan benefits.

Actuarial gains and losses are recognized in the period they arise.

Assiniboine Community College

Notes to Consolidated Financial Statements

June 30, 2023

2. Nature of Operations and Summary of Significant Accounting Policies (continued)

Foreign Currency Translation Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

Endowment Funds Endowment funds consist of restricted contributions to the College, subject to externally initiated stipulations. The investment income from these funds must be used in accordance with the purposes specified by the donors.

Use of Estimates Preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the collectability of accounts receivable, useful life of tangible capital assets, and the liabilities for pension, severance and retiring allowances, and other compensated absences. Where the actual results differ from the estimates, the impact will be recorded in the future periods when the difference becomes known.

Contaminated Sites A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. The College does not have and is not responsible for any such sites and therefore no liability for remediation of contamination has been recognized.

Assiniboine Community College Notes to Consolidated Financial Statements

June 30, 2023

3. Cash and Short-term Investments

	2023	2022
Cash	\$ 23,923,972	\$ 14,694,547
Term deposits - Manitoba Finance	23,915,900	23,713,813
Cash and short-term investments	\$ 47,839,871	\$ 38,408,360

Cash includes bank accounts and term deposits with deposits dated three months or less. Term deposits bear interest at a rate of 3.97% - 4.53% (2022 - 0.86% - 1.64%) maturing in three months, between August 29, 2023 to November 2, 2023.

4. Accounts Receivable

	2023	2022
Current		
Tuition and contract training	\$ 3,937,383	\$ 2,130,800
Goods and Services tax rebate	42,160	33,273
Loans receivable - SA Capital Renovation Project	209,925	-
Allowance for doubtful accounts	(756,525)	(714,771)
	3,432,943	1,449,302
Non-current		
Payroll advance	221,115	241,695
	\$ 3,654,058	\$ 1,690,997

The payroll advance represents funds advanced to employees as a result of timing differences in payroll dates due to a system conversion. The amounts are to be repaid to the College when employment ceases.

5. Inventories

	2023	2022
Books and supplies	\$ 34,722	\$ 103,416

Inventory expensed during the fiscal year was \$3,063,526 (in actual \$) (2022 - \$2,717,595).

Assiniboine Community College Notes to Consolidated Financial Statements

June 30, 2023

6. Due from Province of Manitoba

	2023	2022
Non-current		
Severance pay	\$ 1,124,250	\$ 1,124,250
Vacation pay	875,000	875,000
	\$ 1,999,250	\$ 1,999,250

The Province of Manitoba has guaranteed the receivable for severance and vacation pay in the amount of \$1,999,250 (in actual \$). The amount of this deferred funding was established in 1998 and was calculated as the severance and vacation pay owing at that time to employees for pre-1998 employee service. The amount of this receivable will not change as the liability for vacation and severance pay increases or decreases on an annual basis. The receivable is non-interest bearing and no payment terms have been established. To date, the College has paid out \$4,099,733 in severance pay relating to pre-1998 employee service (in actual \$). No payments have been received from the Province with respect to this receivable.

7. Portfolio Investments

Investments are recorded at market value. Book value at June 30, 2023 was \$11,427,342 (\$7,030,317 in 2022). Investments with terms maturing beyond one year are held in various term deposits with interest rates ranging from 1.75% to 5.85% and maturity dates ranging from January 28, 2027 to December 2, 2051.

	2023	2022
Non-endowed portfolio investments	\$ 7,532,723	\$ 3,823,109
Restricted endowment investments carried at fair value	3,851,537	2,839,418
	\$ 11,384,260	\$ 6,662,527

8. Accounts Payable and Accrued Liabilities

	2023	2022
Trade accounts payable	\$ 4,462,063	\$ 3,698,201
Accrued wages and vacation pay	8,743,781	7,911,682
Assiniboine Community College Foundation Inc.	287,811	253,894
	\$ 13,493,655	\$ 11,863,777

Assiniboine Community College Notes to Consolidated Financial Statements

June 30, 2023

9. Deferred Revenue

Deferred revenues represent funds received for tuition, contract training fees and other revenues for which services have not yet been provided. Changes in the deferred revenue are as follows:

	2023	2022
Balance, beginning of year	\$ 9,099,483	\$ 7,639,931
Contributions received and receivable		
Tuition and commitment fees	10,864,786	7,993,536
Contract training fees	54,319,732	29,827,804
Other deferrals/revenue	549,395	668,950
Provincial grant	17,744,657	571,877
	83,478,570	39,062,167
Recognized as revenue		
Tuition and commitment fees	(9,316,686)	(8,136,575)
Contract training fees	(52,913,163)	(27,615,856)
Other deferrals/revenue	(677,311)	(1,239,792)
Provincial grant	(17,737,979)	(610,392)
	(80,645,139)	(37,602,615)
Balance, end of year	\$ 11,932,914	\$ 9,099,483
Balance consists of:		
Tuition and commitment fees	\$ 5,630,455	\$ 4,082,355
Contract training fees	5,657,684	4,251,115
Other deferrals/revenue	644,775	766,013
Deferred revenues	\$ 11,932,914	\$ 9,099,483

Assiniboine Community College Notes to Consolidated Financial Statements

June 30, 2023

10. Employee Future Benefits

	2023	2022
Accrued sick leave liability	\$ 986,400	\$ 855,300
Accrued severance liability	3,359,323	3,914,215
	\$ 4,345,723	\$ 4,769,515

Accrued Sick Leave

The College provides sick days to their employees. The most recent actuarial valuation was at June 30, 2023.

The accrued benefit liability for accrued sick pay is reported in the College's Statement of Financial Position under Accrued Sick Pay Leave.

The benefit liability of College's accrued sick pay includes the following components:

	2023	2022
Accrued sick pay obligation, beginning of year	\$ 855,300	\$ 865,600
Current service cost	92,500	89,700
Interest cost	44,200	45,000
Benefits paid	(265,500)	(267,100)
	726,500	733,200
Accrued sick pay obligation, end of year	726,500	733,200
Unamortized net actuarial gain	259,900	122,100
	\$ 986,400	\$ 855,300

The benefit expense of the College's employee future benefits includes the following components:

	2023	2022
Current service cost	\$ 92,500	\$ 89,700
Interest cost	44,200	45,000
	\$ 136,700	\$ 134,700

The significant actuarial assumptions adopted in measuring the College's accrued sick pay obligation are as follows:

	2023	2022
Discount rate on accrued sick pay obligation	4.90 %	5.75 %
Expected future inflation rate	3.50 %	3.50 %
Expected rate of compensation increase	2.00 %	2.00 %

Assiniboine Community College Notes to Consolidated Financial Statements

June 30, 2023

10. Employee Future Benefits (continued)

Accrued Severance Liability

The College provides certain severance benefits payable upon retirement. The most recent actuarial valuation was as at June 30, 2023.

The accrued benefit liability for employee future benefits is reported in the College's Statement of Financial Position under Accrued Severance Liability.

Information about the College's employee future benefits is as follows:

	2023	2022
Accrued severance pay obligation, beginning of year	\$ 4,030,000	\$ 4,000,600
Current service cost	231,100	256,400
Interest cost	231,600	230,300
Benefits paid	(574,177)	(361,385)
Accrued severance pay obligation, end of year	3,918,523	4,125,915
Unamortized net actuarial loss (gain)	(559,200)	(211,700)
Accrued severance pay liability, end of year	\$ 3,359,323	\$ 3,914,215

The significant actuarial assumptions adopted in measuring the College's accrued severance liability and cost are as follows:

	2023	2022
Discount rate on accrued severance pay obligation	4.90 %	5.75 %
Expected future inflation rate	3.50 %	3.50 %
Expected rate of compensation increase	2.00 %	2.00 %

Assiniboine Community College Notes to Consolidated Financial Statements

June 30, 2023

11. Long-term Debt

The long-term debt of the College includes a promissory note with the Province of Manitoba. Grants are received from the Province of Manitoba, Advanced Education, Skills and Immigration Department to offset the principal payments and interest expense of the promissory notes.

	Maturity Date	Interest Rate	2023	2022
Promissory Note - Province of Manitoba, Advanced Education, Skills & Immigration: Nursing Expansion	2032	2.50 %	\$2,344,388	\$2,612,318

Principal and interest payments relating to the long-term debt over the next five years and thereafter are as follows:

	Principal Repayments	Interest
2024	\$ 267,930	\$ 267,930
2025	267,930	267,930
2026	267,930	267,930
2027	267,930	267,930
2028	267,930	267,930
Thereafter	1,004,738	1,272,668
	\$ 2,344,388	\$ 2,612,318

Assiniboine Community College Notes to Consolidated Financial Statements

June 30, 2023

12. Tangible Capital Assets (in 000's)

The College received \$14,500 (2022 - \$3,500) of donated tangible capital assets in the year. The total book value of donated capital assets is \$1,448,288 (2022 - \$1,433,788).

For the year ended June 30, 2023	Land	Buildings	Computer systems/ equipment	Furniture and equipment	Leasehold improvements	Laptop program	Vehicles	Library holdings*	Total
Cost, beginning of year	\$ 4	\$ 3,405	\$ 15,922	\$ 24,509	\$ 12,044	\$ 280	\$ 55	\$ 661	\$ 56,880
Additions	-	-	501	2,570	378	-	-	-	3,449
Cost, end of year	4	3,405	16,423	27,079	12,422	280	55	661	60,329
Accumulated amortization, beginning of year	-	1,692	14,691	19,351	2,124	107	55	-	38,020
Amortization	-	173	707	971	214	-	1	-	2,066
Accumulated amortization, end of year	-	1,865	15,398	20,322	2,338	107	56	-	40,086
Net carrying amount, end of year	\$ 4	\$ 1,540	\$ 1,025	\$ 6,757	\$ 10,084	\$ 173	\$ (1)	\$ 661	\$ 20,243

For the year ended June 30, 2022	Land	Buildings	Computer systems/ equipment	Furniture and equipment	Leasehold improvements	Laptop program	Vehicles	Library holdings*	Total
Cost, beginning of year	\$ 4	\$ 3,405	\$ 15,401	\$ 22,961	\$ 8,842	\$ 276	\$ 55	\$ 661	\$ 51,605
Additions	-	-	521	1,548	3,202	4	-	-	5,275
Cost, end of year	4	3,405	15,922	24,509	12,044	280	55	661	56,880
Accumulated amortization, beginning of year	-	1,519	13,876	18,526	1,953	107	48	-	36,029
Amortization	-	173	815	825	171	-	7	-	1,991
Accumulated amortization, end of year	-	1,692	14,691	19,351	2,124	107	55	-	38,020
Net carrying amount, end of year	\$ 4	\$ 1,713	\$ 1,231	\$ 5,158	\$ 9,920	\$ 173	\$ -	\$ 661	\$ 18,860

* Library holdings are reported at estimated value.

Assiniboine Community College

Notes to Consolidated Financial Statements

June 30, 2023

13. Pension Costs and Obligations

The College makes contributions to the Civil Service Superannuation Plan, which is a multiemployer plan, on behalf of members of its staff. The plan provides defined pension benefits to employees based on their length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The College is only one of a number of employers that participates in the plan and the financial information provided to the College on the basis of the contractual agreements is usually insufficient to reliably measure the College's proportionate share in the plan assets and liabilities on defined benefit accounting requirements. A liability has been recognized for the contributions adjusted for the time value of money and an equal expense has been recognized in net income.

14. Contractual Obligations

The College has entered into various leases for classroom space, office equipment, and a maintenance agreement for the Colleague computer system. The following disclosure represents the future payments (in actual dollars):

2024	\$	886,494
2025		255,939
2026		78,473
2027		41,050
Thereafter		7,400

15. Other Revenue

	<u>2023</u>	<u>2022</u>
Fees	\$ 1,054,468	\$ 893,313
Donations	3,207,116	2,743,180
Scholarships, awards, and bursaries	225,450	104,692
Unrealized gain/(loss) on non-endowed investments	420,122	(736,084)
Interest	2,089,181	469,932
Capital	(13,000)	403,302
Sales	222,499	124,557
Miscellaneous grants	9,050	1,660
Currency exchange	(2,893)	(2,575)
Commissions	7,623	2,446
Radio Society	7,653	13,124
	<u>\$ 7,227,269</u>	<u>\$ 4,017,547</u>

Assiniboine Community College Notes to Consolidated Financial Statements

June 30, 2023

16. Expenses by Object

The following is a summary of expenses by object.

	Budget 2023	Actual 2023	Actual 2022
Advertising and PR	\$ 515,110	\$ 459,990	\$ 336,724
Amortization	2,050,000	2,066,247	1,991,912
Bank charges, interest and bad debts	708,919	678,229	569,522
Building, Equipment, operations and maintenance	5,066,014	5,236,511	4,548,733
Bursaries, awards and scholarships	182,000	1,302,566	1,000,719
Computer supplies and licenses	1,593,189	1,635,692	1,383,892
Professional fees and contracted services	1,214,783	1,548,600	1,021,229
Salaries and benefits	42,941,012	37,593,421	34,767,307
Supplies, portage and freight	6,686,741	4,866,710	4,430,982
	\$ 60,957,768	\$ 55,387,966	\$ 50,051,020

17. Cash Flows - Supplemental Information

The College paid interest on long term debt in the year of \$62,251 (2022 - \$nil) (in actual \$). In the year, the college received interest of \$2,154,878 (2022 - \$161,144) (in actual \$).

18. Comparative Figures

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

Assiniboine Community College

Notes to Consolidated Financial Statements

June 30, 2023

19. Financial Risk Management

There have been no substantive changes in the College's exposure to financial instrument risks. The board monitors the financial statements including its financial instruments on a monthly basis to determine if there any increases or changes in its risk.

The principal financial instruments used by the entity, from which financial risk arises, are as follows: cash and short-term investments, receivables and payables and accrued liabilities.

Market Risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The College is exposed to this risk through its interest bearing investments. Interest rates range from 1.75% to 5.85%. \$15,910 matures in June 2024, \$139,145 in 2026, \$123,516 in January 2027, \$82,638 in March 2028 and the remainder \$872,997 in 2029 to 2051.

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The College is exposed to minimal foreign exchange risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The College is not exposed to other price risk.

Liquidity Risk

Liquidity risk is the risk that the College will encounter difficulty in having available sufficient funds to meet its commitments. It is the College's policy to ensure that it will have sufficient cash and short-term investments to allow it to meet its liabilities when they come due.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the College by failing to discharge an obligation. The credit risk from accounts receivable is relatively low as the majority of receivables are from students and the balance from government agencies. Credit risk from student receivables is managed through registration cancellations and by maintaining standard collection procedures. The maximum exposure to credit risk was:

	2021	2020
Cash and short-term investments	\$47,839,871	\$38,408,360
Accounts receivable	3,654,058	1,690,997
Due from Province of Manitoba	1,999,250	1,999,250
Portfolio Investments (non-endowed)	7,532,723	3,823,109
Total	\$61,025,902	\$45,921,716



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